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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:

**Amendments to the Company's investment policy
The Company's proposed investments in the US Side-Car Fund
The Company's proposed disposal of its entire ownership interest in
Xpress Logistics Solutions, Inc.**

and

Notice of Extraordinary General Meeting

4 October 2019

Unless otherwise defined herein, capitalised terms used in this document have the meanings given to them in the Circular of the Company dated 4 October 2019.

Further to the Company's announcement on 2 October 2019, the Company announces today that it is posting a Circular to Shareholders containing details of a revised investment policy for the purpose of enshrining the Company's strategy of realising investments, paying down debt and materially reducing commitments to new investments. As previously announced, the strategy is intended to enable the Company to pay down a substantial amount of debt and to return a substantial amount of capital to Shareholders while also meeting the capital requirements of the Company's portfolio in order to achieve NAV growth.

In addition to containing details of the revised investment policy, the Circular also convenes an Extraordinary General Meeting of the Company to consider and, if thought fit, approve the following proposals:

- the proposed amendments to the Company's investment policy (the "**Investment Policy Amendment Proposal**");
- the Company's proposed investments in the previously announced US Side-Car Fund (the "**US Side-Car Fund Proposal**"); and
- the Company's proposed disposal of its entire ownership interest in one of its portfolio companies, Xpress Logistics (the "**Xpress Logistics Proposal**"),

(together, the "**Proposals**").

The Company notes that the US Side-Car Fund is being launched for the purpose of directing the bulk of any new US microcap investments to it and is expected to be substantially funded by third party limited partners with the Company's level of proposed investments also being expected to put significantly less of a burden on its future cash flows. Such investments are therefore considered by the Board to be consistent with the Company's revised investment policy and its strategy to materially reduce commitments to new investments. Similarly, the Company's proposed disposal of its ownership interest in Xpress Logistics is also considered by the Board to be consistent with the Company's revised investment policy and its strategy of raising further liquidity by achieving realisations from existing investments. Both of these Proposals would be considered Related Party Transactions of the Company and accordingly Shareholder approval is required for each of them.

As Shareholder approval is required for each of the above Proposals, an Extraordinary General Meeting of the Company is being convened to be held at 1.00 p.m. on 24 October 2019. 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.

Investment Policy Amendment Proposal

Firstly, the Company is proposing to amend and restate its investment policy to enshrine the Company's strategy of realising investments, paying down debt and materially reducing commitments to new investments.

The principal amendments to the Company's existing investment policy relate to the Company's strategy and its implementation over the next few years. The principal amendments are set out below:

- the strategy is to realise investments, pay down debt and materially reduce commitments to new investments;
- the strategy is intended to enable the Company to pay down a substantial amount of debt and to return a substantial amount of capital to Shareholders while also meeting the capital requirements of the Company's portfolio in order to achieve NAV growth;

- in implementing the strategy, 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. In relation to its real estate investments, the Company does not expect to make any new investments in this area other than in its existing real estate portfolio; and
- as part of implementing the strategy, the Company intends to concentrate on achieving realisations and working on its current portfolio of assets to enhance values.

Save for those principal amendments as set out above, the Company is not otherwise proposing to make any other 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 Board considers that the amendments to the Company's investment policy and the enshrining of the Company's strategy therein (including with the intention of enabling the Company to pay down a substantial amount of debt, return a substantial amount of capital to Shareholders and also to meet the capital requirements of the Company's portfolio) are in the best interests of the Company and the Ordinary Shareholders.

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.

US Side-Car Fund Proposal

Secondly, the Company is proposing to make investments in a new US Side-Car Fund expected to be launched shortly by the Company's Investment Adviser, JZAI, which is targeting approximately US\$500 million of aggregate capital commitments for investments in the fund. The Company's proposed investments in the US Side-Car Fund will be made jointly with David Zalaznick and Jay Jordan (together, the JZAI Founders who are the founders and principals of the Investment Adviser, JZAI) and various members of the JZAI US microcap investment team (together with the JZAI Founders, the US Side-Car Fund Principals), each as Related Parties of the Company.

The Company's Investment Adviser, JZAI, intends to establish the US Side-Car Fund, which will be a Delaware limited partnership. The general partner of the US Side-Car Fund will also be a Delaware limited partnership of which JZAI (or an affiliated entity) will be the general partner. The US Side-Car Fund will be managed by JZAI (or an affiliated entity). The US Side-Car Fund will be a US microcap buyout fund and is being established to make new US microcap investments. Acquisitions are intended to be made with a focus on buyouts and build-ups of companies and in growth company platforms in the US microcap market, generally with:

- enterprise values of between US\$30 million and US\$150 million;
- a focus on businesses generating or capable of generating EBITDA of US\$5 million to US\$20 million per annum; and
- principal offices and a majority of their operating assets located in the United States or revenues associated with persons located in or associated with the United States.

The timing for the first closing of the US Side-Car Fund on capital commitments by investors is anticipated to be in the fourth quarter of the Company's current financial year. At or around the time of the first closing, it is proposed that:

- (i) the Company will undertake a capital commitment to make investments in the US Side-Car Fund (through the general partner of the fund) of up to approximately US\$25 million; and
- (ii) the US Side-Car Fund Principals will undertake a capital commitment to make investments in the US Side-Car Fund (also through the general partner of the fund) of up to approximately US\$25 million.

As such, the Company will be investing jointly with the US Side-Car Fund Principals in the US Side-Car Fund in the proportions of approximately 50:50. It is anticipated that the Company's proposed investment will be called over a five-year period. With respect to the balance of the targeted aggregate capital commitments to the US Side-Car Fund, these amounts are expected to be funded by other third party limited partners extending capital commitments to make investments in the fund.

It is also noted that, at or around the time of the first closing, the US Side-Car Fund will purchase from the Company one or more US microcap warehoused investments which may be made by the Company on the expectation that either all or a portion of them will be sold to the US Side-Car Fund upon it being established. Any such warehoused investments will be sold at the Company's cost plus interest at a rate of 8 per cent. per annum and allocated fees and expenses.

The Board considers that the Company's proposed investments and participation in the US Side-Car Fund (and in particular that other third party limited partners are expected to take up a larger proportion of each US microcap investment going forward) are consistent with the Company's amended and restated investment policy (including its strategy to materially reduce commitments to new investments) and are in the best interests of the Company and the Ordinary Shareholders.

The US Side-Car Fund Proposal would 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). The US Side-Car Fund Principals comprise the JZAI Founders and various members of the JZAI US microcap investment team each being considered to be Related Parties of the Company. The JZAI Founders are the founders and principals of the Company's Investment Adviser, JZAI (which includes the JZAI US microcap investment team) and are also substantial Shareholders of the Company as they are entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast at a general meeting of the Company. The Company's proposed investments in the US Side-Car Fund which involves the US Side-Car Fund Principals as Related Parties of the Company would be considered to be arrangements whereby the Company and its Related Parties invest in, or provide finance to, another undertaking or asset. Accordingly, the US Side-Car Fund Principals as Related Parties and the US Side-Car Fund Proposal as arrangements between them would be considered a Related Party Transaction of the Company 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) and Shareholder approval is accordingly being sought. A fair and reasonable written confirmation in a form prescribed by the Listing Rules has been received in relation to the US Side-Car Fund Proposal.

As such, a Resolution is to be proposed at the Extraordinary General Meeting in relation to the US Side-Car Fund Proposal and is being proposed to seek Shareholder approval for the Company's proposed investments in the US Side-Car Fund.

Xpress Logistics Proposal

Third and finally, the Company is also proposing to dispose of its entire ownership interest in Xpress Logistics, a subsidiary of one of the Company's portfolio companies, U.S. Logistics. The Company's proposed disposal of its ownership interests will in effect be made to Capstone Logistics which is a portfolio company of Resolute Fund III, being one of the funds managed by The Jordan Company. David Zalaznick and Jay Jordan (together the JZAI Founders who are the founders and principals of the Company's Investment Adviser, JZAI), each as Related Parties of the Company, are also the founders of The Jordan Company (with Jay Jordan being the non-executive Chairman) and have an economic interest in Resolute Fund III or its affiliated funds.

On 26 September 2019, Xpress Logistics entered into a merger agreement with Capstone in relation to a proposed Merger between them. The Merger, if effected, will have the effect of the Company realising its investment in Xpress Logistics by disposing of its entire ownership interests as well as its debt investments therein.

The shareholders of Xpress Logistics, including U.S. Logistics, will receive for the Merger, in aggregate, Initial Consideration of approximately US\$45 million in cash upon the Merger becoming effective, subject to closing adjustments. Under the terms of the Merger, an amount of US\$450,000 from the Initial Consideration will be held in escrow to be released in accordance with final closing adjustments to the Initial Consideration. The closing adjustments will be made to reflect the amount of cash, indebtedness, working capital and transaction expenses at the time of closing in respect of Xpress Logistics and its subsidiaries, being the Priority Express Business, as well as adjustments for certain minority shareholder repurchases, equity appreciation rights and preferred share redemptions relating to the Priority Express Business required to effect the Merger. In addition, the shareholders of Xpress Logistics may receive contingent Earn-Out Consideration of up to, in aggregate, approximately US\$5 million in cash based on certain adjusted EBITDA targets of the Priority Express Business for the year ending 31 December 2019.

The Company holds a 37.74 per cent. ownership interest in Xpress Logistics by way of both its 37.72 per cent. ownership interest in U.S. Logistics (which owns 90.5 per cent. of Xpress Logistics) and its 3.6 per cent. ownership interest directly in Xpress Logistics. Accordingly, the Merger effectively involves the Company disposing of its direct and indirect ownership interest in Xpress Logistics. The Company expects to receive in connection with the Merger a total amount of approximately US\$16,939,000. Such amount includes: (i) approximately US\$8,000,000 (plus unpaid interest) from the redemption by Xpress Logistics of certain loan notes held by the Company; (ii) approximately US\$7,747,607 (plus accrued dividends) pursuant to the redemption of the Company's preferred interests in U.S. Logistics; and (iii) approximately US\$863,000 from the Initial Consideration, subject to the final determination of the aforementioned closing adjustments. In addition, the Company may receive potentially up to approximately US\$1,382,000 from any Earn-Out Consideration that may be paid subject to the relevant adjusted EBITDA targets being met. The proceeds that the Company receives in connection with the disposal of its ownership interests are intended to be used towards the implementation of the aims of the amended and restated investment policy and for the Company's general corporate purposes.

The portfolio company the subject of the disposal, Xpress Logistics, is incorporated in Delaware and the Priority Express Business comprising its subsidiaries includes one direct subsidiary, Priority Express Courier, Inc., which in turn has a subsidiary, Priority Express, Inc. both of which are incorporated in Delaware. The Priority Express Business was founded in 2005 and provides over 500 customers in the healthcare and e-commerce end markets with expedited freight and distribution services, scheduled routed delivery services and on-demand delivery services. The business conducts its warehousing and logistics activities in five cross docking facilities strategically located across New Jersey, Delaware, New York, Connecticut, Virginia, Maryland, Pennsylvania and the Middle Atlantic region of the United States and has a network of more than 450 independent third party drivers for its delivery functions. The Priority Express Business has adjusted EBITDA of approximately US\$4.5 million, revenue of approximately US\$38.4 million and total gross assets of approximately US\$20.1 million for the 12 months ending 30 April 2019. These figures, all of which are unaudited, are attributable to the whole of the Priority Express Business and not the proportionate 37.7 per cent. ownership interest held and proposing to be disposed of by the Company through the Merger.

The Board considers that the proposed disposal by the Company of its ownership interests in Xpress Logistics currently provides the best opportunity to realise an attractive and certain value for its ownership interests. The selection of Capstone as the preferred bidder for Xpress Logistics was undertaken following a competitive auction process managed by an investment bank and an assessment that Capstone presented the superior offer. The Company's Investment Adviser, JZAI, (for reasons explained below) has also advised the Company that it considers the terms of the Xpress Logistics Proposal are fair and reasonable as far as Ordinary Shareholders are concerned. The Board considers that this assessment is further supported by the participation of Edgewater Growth Capital Partners (one of the Company's major Shareholders) in the transaction as one of the other selling shareholders of Xpress Logistics on the same terms as the Company. Accordingly, the Board considers the Xpress Logistics Proposal to be in the best interests of the Company and the Ordinary Shareholders. The Board also notes that it considers the Xpress Logistics Proposal to be

consistent with the Company's amended and restated investment policy and its strategy of raising further liquidity by achieving realisations from existing investments.

The Xpress Logistics Proposal would 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). The JZAI Founders are the founders and principals of the Company's Investment Adviser, JZAI, and are also substantial Shareholders of the Company as they are entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast at a general meeting of the Company. Each of the JZAI Founders is considered to be a Related Party of the Company. As mentioned above, the counterparty to the Merger, Capstone, is a portfolio company of Resolute Fund III which has a 94 per cent. ownership interest in Capstone and is one of the funds managed by The Jordan Company. The JZAI Founders, each as Related Parties of the Company, are also the founders of The Jordan Company (with Jay Jordan being the non-executive Chairman) and have an economic interest in Resolute Fund III or its affiliated funds. As such, the Xpress Logistics Proposal would 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) and Shareholder approval is accordingly being sought.

Notwithstanding the foregoing, Shareholders should note that, whilst the Listing Rules provide for written confirmation to be obtained from a sponsor that the terms of a Related Party Transaction are fair and reasonable as far as shareholders are concerned, such a confirmation has not been received in relation to the Xpress Logistics Proposal. Shareholders are reminded that the Company also departed from the same requirement in relation to the Deflecto and Water Treatment transactions last year and the Avante-MERS and Orizon transactions earlier this year, all of which were approved by Shareholders. The reason for this being the case is because, as was the same for the aforementioned historic transactions, whilst the Company has sought to obtain a fair and reasonable written confirmation for the Xpress Logistics Proposal, it has been unable to do so at a cost which can be justified relative to its size and within the time constraints needed to be met in order to transact on and complete the transaction on the terms negotiated. The Company again reiterates its understanding that the costs and time for obtaining such a confirmation can be greater for a Related Party Transaction that concerns an acquisition or disposal, such as the Xpress Logistics Proposal.

The Company has therefore decided to depart from the requirement to obtain a fair and reasonable written confirmation on this occasion but notwithstanding that, and as was also the case with the historic transactions, the Company's Investment Adviser, JZAI, has instead provided written confirmation to the Company that the terms of the Xpress Logistics Proposal are fair and reasonable as far as Ordinary Shareholders are concerned. JZAI has a selective and disciplined approach to investing which is applied across all investments including in the case of Xpress Logistics. In addition, whilst the JZAI Founders do have an economic interest in Resolute Fund III or its affiliated funds as described above, the Company notes that the Merger and the selection of Capstone as the preferred bidder for Xpress Logistics was undertaken following a competitive auction process managed by an investment bank and an assessment of Capstone as presenting the superior offer as determined on the basis of price and ability to complete the Merger in a short time frame with certainty. The Company also notes again that Edgewater is participating in the transaction on the same terms as the Company, which the Board considers to provide additional support for JZAI's assessment that the terms of the Xpress Logistics Proposal are fair and reasonable. Shareholders are also reminded that the Company is not subject to, but rather voluntarily complies with, the Listing Rules and, save for the absence of a fair and reasonable written confirmation in a form prescribed by the Listing Rules, the Xpress Logistics Proposal is otherwise being treated in accordance with the Listing Rules including in respect of the requirement to obtain Shareholder approval.

As such, a Resolution is to be proposed at the Extraordinary General Meeting in relation to the Xpress Logistics Proposal and is being proposed to seek Shareholder approval for the Company's proposed disposal of its ownership interests in Xpress Logistics.

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 1.00 p.m. on 24 October 2019.

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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About JZCP

JZ Capital Partners ("**JZCP**") is one of the oldest closed-end investment companies listed on the London Stock Exchange. It seeks to

provide shareholders with a return by investing selectively in US and European microcap companies and US real estate. JZCP receives investment advice from Jordan/Zalaznick Advisers, Inc. ("JZAI") which is led by David Zalaznick and Jay Jordan. They have worked together for more than 35 years and are supported by teams of investment professionals in New York, Chicago, London and Madrid. JZAI's experts work with the existing management of microcap companies to help build better businesses, create value and deliver strong returns for investors. For more information please visit www.jzcp.com.

Important Notice

This announcement is not an offering of securities. Any securities offered have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This announcement also includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, policies and the development of its strategies may differ materially from the impression created by the forward-looking statements contained in this announcement. In addition, even if the investment performance, result of operations, financial condition, liquidity and policies of the Company and development of its strategies, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements speak only as at the date of this announcement. Subject to their legal and regulatory obligations, each of the Company, the Investment Adviser and their respective affiliates expressly disclaims any obligations to update, review or revise any forward-looking statement contained herein whether to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based or as a result of new information, future developments or otherwise.