

JZ CAPITAL PARTNERS LIMITED (the "Company")

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

LEI 549300TZCK08Q16HHU44

Notice of Extraordinary General Meeting

and

**Recommended Proposals to approve
The Company's proposed acquisition of a 27.696% ownership interest and related investments
in Deflecto Holdings, LLC and
The Company's proposed investments in JZI Fund IV, L.P.**

6 June 2018

Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting ("EGM") 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 1.30 p.m. on 26 June 2018 (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 purpose of the EGM is to consider and, if thought fit, approve the Company's proposed: (i) acquisition of a 27.696 per cent. ownership interest and related initial and additional investments in Deflecto Holdings, LLC ("Deflecto") (the "Deflecto Proposal"), and (ii) investments in JZI Fund IV, L.P. ("Fund IV") (the "Fund IV Proposal" and together with the Deflecto Proposal, the "Proposals").

Both of the Proposals would be considered related party transactions 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 therefore shareholder approval is required for the Proposals which will be sought at the EGM.

Deflecto Proposal

The Company intends to acquire from Edgewater Growth Capital Partners ("Edgewater") a 27.696 per cent. ownership interest in Deflecto for an amount of initial consideration of approximately US\$23.175 million payable to Edgewater upon completion of the acquisition. The initial consideration comprises approximately US\$22.5 million payable to Edgewater plus an additional amount of approximately US\$675,000 as reimbursement to Edgewater for costs incurred by it since the acquisition of its ownership interest in Deflecto in 2017. Following completion of the acquisition, the ownership interests in Deflecto will be held 52.304 per cent. by Edgewater, 27.696 per cent. by the Company, and 20 per cent. in aggregate by existing and future management of Deflecto.

Deflecto is a diversified, highly scalable and global US company that designs, manufactures and sells innovative plastic products to multiple industry segments, including point-of-purchase/point-of-sale, safety, floor protection, office products and air distribution. The business is headquartered in Indianapolis, Indiana, USA and has operations elsewhere in the United States, Canada, the United Kingdom, China and India. It serves a range of customers across multiple channels including big box retailers, drug and convenience stores, wholesalers and distributors, and original equipment manufacturers. Prior to its acquisition by Edgewater in 2017 and since 1985, Deflecto was owned by Jordan Industries International LLC, a company owned approximately 50 per cent. by David Zalaznick and Jay Jordan together being also the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("JZAI") with the balance of the company's ownership interests being owned by their respective affiliates which included a small minority stake of less than 0.1 per cent. owned by the Company. JZAI is therefore intimately familiar with the Deflecto business and its operations for over the past 25 years.

Deflecto has gross assets of US\$153.480 million as at 31 December 2017 and net sales and EBITDA of US\$151.347 million and US\$15.082 million respectively for the financial year ended 31 December 2017. These figures all of which are unaudited are presented as the total gross assets of and net sales and EBITDA attributable to the whole of Deflecto and not the proportionate 27.696 per cent. ownership interest proposed to be acquired by the Company. Existing members of the management team of Deflecto run the Deflecto business and the key individuals important to the business are Jim Farrell and Bob Flynn as a senior leader and chief financial officer of Deflecto respectively.

In addition to the initial consideration payable by the Company to Edgewater, the Company intends to make investments in Deflecto jointly with Edgewater on a pro rata basis according to their respective ownership interests (as between themselves and excluding Deflecto management), being joint investments in the proportions of 34.62 : 65.38 economically (the "Deflecto JZCP/Edgewater Ownership Proportions"). The joint investments are intended to be made:

- firstly in the form of the Company making an initial working capital contribution to Deflecto in an amount of approximately US\$5 million with Edgewater also making its own contribution to Deflecto's working capital pro rata according to the Deflecto JZCP/Edgewater Ownership Proportions. The working capital contributions are to be made by the Company and Edgewater at the same time as the payment of the initial consideration; and
- thereafter in the form of the Company making additional joint

investments in Deflecto from time to time in an amount of up to approximately US\$31.825 million with Edgewater also making its own additional joint investments in Deflecto at the same time pro rata according to the Deflecto JZCP/Edgewater Ownership Proportions. The additional joint investments are to be made by the Company and Edgewater principally for the purpose of funding complementary acquisitions to be made by Deflecto.

The total amount of the initial consideration payable to Edgewater together with the initial and further joint investments in Deflecto in each case to be made by the Company are not to exceed an amount of up to US\$60 million.

Edgewater from whom the Company is acquiring its ownership interest in Deflecto and making its related joint investments alongside is a substantial shareholder of the Company and therefore a related party of the Company under the Listing Rules. The Board believes that the Deflecto Proposal represents an attractive investment opportunity for the Company particularly given JZAI's knowledge and understanding of the Deflecto business and the Company's considerable experience of co-investing with Edgewater.

Fund IV Proposal

JZAI, the Company's investment adviser, intends to establish Fund IV which will be a Cayman Islands exempted limited partnership. The general partner of Fund IV will be JZI Fund IV GP, L.P. ("Fund IV GP") which will also be a Cayman Islands exempted limited partnership and of which JZAI will be the general partner. Fund IV will be managed by JZ Asset Management, LLC ("JZAM"), acting through JZ Asset Management UK LLP. JZAI is JZAM's managing member.

Fund IV will be a new pan European microcap buyout fund and a follow-on fund to EuroMicrocap Fund 2010, L.P. and JZI Fund III, L.P. and is being established to expand and diversify the Company's investments in Western Europe with acquisitions intended to be made with a focus on buyouts and build-ups of companies and in growth company platforms in the microcap market. Key individuals important to Fund IV are the founders and principals of JZAI, David Zalaznick and Jay Jordan, as well as Miguel Rueda who is the managing partner of JZ International Ltd.

It is intended that JZAI will target aggregate capital commitments to make investments in Fund IV of approximately €650 million (subject to a hard cap of €800 million). The first closing of Fund IV is targeted to occur in or around Q3 2018.

In light of the above, the Company is intending to make investments in Fund IV jointly with David Zalaznick and Jay Jordan and various members of the JZAI European investment team (together, the "Fund IV Principals"). Specifically, the Company intends at or about the time of the first closing of Fund IV to undertake a capital commitment to make investments in Fund IV (through Fund IV GP) of up to €64 million. At or around the same time, the Fund IV Principals would also undertake a capital commitment to make investments in Fund IV (also through Fund IV GP) of up to €20 million. Both the Company's and the Fund IV Principals' capital commitments taken together shall not however exceed in aggregate approximately €80 million of which at JZAI's discretion the Company's commitment shall be between approximately 75 – 80 per cent. and the Fund IV Principals' commitment shall be between approximately 20 – 25 per cent. in each of such aggregate amount. As such, the Company would be investing jointly with the Fund IV Principals in Fund IV (all through Fund IV GP) in the proportions of between approximately 75 : 25 and 80 : 20. The joint investments by the Company and the Fund IV Principals in Fund IV will therefore be made on a 75 - 80 : 25 - 20 basis economically. It is anticipated that the balance of the targeted aggregate capital commitments to Fund IV will be fulfilled by other third party co-investors extending capital commitments to make investments in Fund IV.

Each of the Fund IV Principals alongside whom the Company is proposing to make its joint investments in Fund IV are related parties of the Company under the Listing Rules. Following the Company's investments in EuroMicrocap Fund 2010, L.P. and JZI Fund III, L.P., the Board considers that the participation in further investment opportunities in Europe via Fund IV, and in particular the increased diversification and access to third party co-investors offered by this investment, also represents an attractive investment opportunity for the Company.

Notice of EGM and Shareholder Circular

Further details of both Proposals are included in the Notice convening the EGM and the circular of the Company in connection with the Proposals.

In particular, shareholders should note that, as detailed in the circular, 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 only been received in relation to the Fund IV Proposal and not the Deflecto Proposal.

This is because, whilst the Company has sought to obtain a fair and reasonable written confirmation for Deflecto, it has been unable to do so at a cost which can be justified relative to the size of the investment that the Company proposes to make as part of the Deflecto Proposal and within the time constraints needed to be met in order to transact on and complete the transaction on the terms negotiated. The Company understands that the costs and time for obtaining a fair and reasonable written confirmation can often be greater for a related party transaction that concerns an acquisition such as the Deflecto Proposal as opposed to a co-investment in the case of the Fund IV Proposal, which can be attributed to the additional due diligence and valuation work that may need to be undertaken on the target the subject of the acquisition.

The Company has therefore decided to depart from the requirement to obtain a fair and reasonable written confirmation on this occasion but notwithstanding that the Board, which has been so advised by the Company's investment adviser, JZAI nevertheless considers the Deflecto Proposal to have been negotiated on arm's length terms. That negotiation has been undertaken on the Company's behalf by JZAI, the founders and principals of which are also substantial shareholders of the Company and whose combined shareholding exceeds that of Edgewater's. JZAI has a selective and disciplined approach to investing which is applied across all investments including in the case of Deflecto. In addition, JZAI has also provided written confirmation to the Company that

the terms of the Deflecto Proposal are fair and reasonable as far as ordinary shareholders are concerned. JZAI is ideally placed to assess the value and merits of the Deflecto Proposal given its historic links and resultant in-depth knowledge and understanding of the Deflecto business. 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 Deflecto Proposal is otherwise being treated in accordance with the Listing Rules including the requirement to obtain shareholder approval. The Directors of the Company, who have been so advised by JZAI, consider this departure is justified for the aforementioned reasons and is in the best interests of the Company and the ordinary shareholders. The Company otherwise intends to continue to comply voluntarily with the requirements of the Listing Rules.

The Notice convening the EGM 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/hsm. The notice convening the EGM is also included within the circular.

Ends

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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.