

**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 otherwise transfer or have sold or otherwise transferred all of your registered holding of Shares, please send this document, together in the case of Ordinary Shareholders with the accompanying Form of Proxy, as 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, forwarded or transmitted in, into or from any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. If you sell or otherwise transfer or have sold or otherwise transferred part of your registered holding of Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Company is an authorised closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission.

This document has not been delivered to the Registrar of Companies in Guernsey or any other authority in any jurisdiction for registration.

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## **JZ CAPITAL PARTNERS LIMITED**

*(Incorporated in Guernsey as a non-cellular company limited by shares under The Companies (Guernsey) Law 2008 (as amended) with registered no. 48761)*

**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**

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**This document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.**

This is not a prospectus but a shareholder circular. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Your attention is drawn to the Letter from the Chairman of the Company set out in Part I ("*Chairman's Letter*") of this document which contains the unanimous recommendation of the Directors of the Company that Ordinary Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting of the Company in respect of which they are entitled to vote as the Directors intend to do in respect of their own beneficial holdings. Your attention is also drawn to the section entitled "*Proxy Form Accompanying this Document and Action to be Taken*" and paragraph 6 of the Letter from the Chairman of the Company set out in Part I ("*Chairman's Letter*") of this document which explains the Form of Proxy accompanying this document and the action to be taken by Ordinary

Shareholders in respect thereof. This document and, if applicable, the accompanying Form of Proxy should be read in its entirety.

A Notice of Extraordinary General Meeting of the Company is set out at the end of this document. The Notice provides all Shareholders with notice of the Extraordinary General Meeting. Shareholders are advised that Ordinary Shareholders only have the right to attend and vote on the Resolutions to be proposed at the Extraordinary General Meeting in respect of which they are entitled to vote. For the avoidance of doubt, ZDP Shareholders do not have the right to attend or vote at the Extraordinary General Meeting.

The Extraordinary General Meeting of the Company is to be held at 1.00 p.m. on 24 October 2019. The Extraordinary General Meeting is 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.

A Form of Proxy will accompany this document for use by Ordinary Shareholders in connection with the Extraordinary General Meeting of the Company. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible and in any event not later than 48 hours before the appointed time for the holding of the Extraordinary General Meeting (excluding any part of a day which is non-working). Completion and return of the Form of Proxy will not preclude Ordinary Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish and be so entitled to vote. Ordinary Shareholders are advised to review the instructions which are set out in the section entitled "*Proxy Form Accompanying this Document and Action to be Taken*" and paragraph 6 of the Letter from the Chairman of the Company set out in Part I ("*Chairman's Letter*") of this document regarding the proper completion and return of the Form of Proxy.

J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) ("**JPMC**"), which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting solely for the Company and no one else in connection with the Proposal concerning the Company's proposed investments in the US Side-Car Fund which is a Related Party Transaction of the Company (insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance with the same), being the US Side-Car Fund Proposal and will not be responsible to anyone other than the Company for providing the protections afforded to clients of JPMC nor for providing advice in relation to the US Side-Car Fund Proposal or any other matter referred to in this document.

Shareholders should note that the Proposal concerning the Company's proposed disposal of its entire ownership interest in Xpress Logistics Solutions, Inc., being the Xpress Logistics Proposal is also a Related Party Transaction of the Company (insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance with the same). However, 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 US Side-Car Fund Proposal and not (for reasons explained in paragraph 4 of the Letter from the Chairman of the Company set out in Part I ("*Chairman's Letter*") of this document) the Xpress Logistics Proposal. The Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("**JZAI**" or the "**Investment Adviser**") 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 and save for that exception the Xpress Logistics Proposal is otherwise being treated in accordance with the Listing Rules including the requirement to obtain Shareholder approval. Shareholders should be aware that JZAI is the Company's investment adviser and is acting solely for the Company in that capacity and for no one else in connection with the Xpress Logistics Proposal and will not be responsible to anyone other than the Company including for providing advice in relation to the Xpress Logistics Proposal or any other matter referred to in this document. For the avoidance of doubt, JPMC has not given any financial advice in connection with the Xpress Logistics Proposal.

This document and any document or announcement in connection herewith is not, and is not intended to, constitute a recommendation regarding any investment decision in the US Side-Car Fund and should not

be construed as: (i) an offer, solicitation or invitation to investment in the US Side-Car Fund, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment whatsoever with respect to any investment in the US Side-Car Fund and shall therefore not be considered marketing (as defined in the Alternative Investment Funds Managers Directive); or (ii) any form of financial opinion, recommendation or investment advice with respect to any investment in the US Side-Car Fund.

**Cautionary note regarding forward-looking statements**

This document contains a number of "forward-looking statements". Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates", "forecast", "plan" and "project" or in each case, their negative, or similar expressions identify forward-looking statements. Such statements reflect the relevant company's current views with respect to future events and are subject to risks, assumptions and uncertainties that could cause the actual results to differ materially from those expressed or implied in the forward-looking statements. Many of these risks, assumptions and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions, changes in general economic and business conditions, introduction of competing products and services, lack of acceptance of new products or services and the behaviour of other market participants. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Shareholders should not, therefore, place undue reliance on these forward-looking statements, which speak only as of the date of this document. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Unless otherwise defined herein, capitalised terms used in this document have the meanings given to them in the section entitled "Definitions" set out in Part IV ("*Definitions*") of this document.

4 October 2019

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### EXPECTED TIMETABLE

Publication and posting of this document and the accompanying Form of Proxy for the Extraordinary General Meeting	4 October 2019
Latest time and date for receipt of the Form of Proxy for the Extraordinary General Meeting	1.00 p.m. on 22 October 2019
Extraordinary General Meeting	1.00 p.m. on 24 October 2019
Announcement of the results of the Extraordinary General Meeting	24 October 2019

#### NOTES:

1. All references in this document are to London time unless otherwise stated.
2. The times and dates set out in the Expected Timetable above and mentioned throughout this document may be adjusted by the Company in its sole and absolute discretion in which event details of the new times and dates will be notified, where required, to the Guernsey Financial Services Commission, the London Stock Exchange and the Shareholders.
3. The Extraordinary General Meeting is 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.

## **PROXY FORM ACCOMPANYING THIS DOCUMENT AND ACTION TO BE TAKEN**

In the case of Ordinary Shareholders, a Form of Proxy will accompany this document for use by Ordinary Shareholders in connection with the Extraordinary General Meeting of the Company.

**IF YOU CURRENTLY ONLY HOLD ZDP SHARES, YOU SHOULD DISREGARD THE FORM OF PROXY FOR USE IN CONNECTION WITH THE EXTRAORDINARY GENERAL MEETING.**

**SHAREHOLDERS SHOULD READ THE WHOLE OF THIS DOCUMENT, WHICH CONTAINS, AMONG OTHER THINGS, THE MATERIAL TERMS OF THE PROPOSALS, AND NOT JUST THIS SECTION OF THIS DOCUMENT ENTITLED "*PROXY FORM ACCOMPANYING THIS DOCUMENT AND ACTION TO BE TAKEN*", INCLUDING IN THE CASE OF ORDINARY SHAREHOLDERS BEFORE DECIDING WHAT ACTION TO TAKE.**

**ORDINARY SHAREHOLDERS ARE ALSO ADVISED TO REVIEW THE INSTRUCTIONS SET OUT IN PARAGRAPH 6 OF THE LETTER FROM THE CHAIRMAN OF THE COMPANY SET OUT IN PART I ("*CHAIRMAN'S LETTER*") OF THIS DOCUMENT REGARDING THE PROPER COMPLETION AND RETURN OF THE FORM OF PROXY. IN ADDITION, ORDINARY SHAREHOLDERS ARE ADVISED TO REVIEW THE INSTRUCTIONS ON THE FORM OF PROXY ITSELF REGARDING THE SAME.**

**For Ordinary Shareholders to complete and return the Form of Proxy for the purpose of the Extraordinary General Meeting:**

If you are an Ordinary Shareholder, whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible and in any event not later than 48 hours before the appointed time for the holding of the Extraordinary General Meeting (excluding any part of a day which is non-working). The completion and return of the Form of Proxy will not preclude Ordinary Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish and are so entitled.

## **PART I – CHAIRMAN'S LETTER**

### **JZ CAPITAL PARTNERS LIMITED**

*(Incorporated in Guernsey as a non-cellular company limited by shares under The Companies (Guernsey) Law 2008 (as amended) with registered no. 48761)*

#### **Non-Executive Directors**

David Macfarlane (Chairman)  
James Jordan  
Tanja Tibaldi  
Christopher Waldron  
Sharon Parr

#### **Registered Office**

JZ Capital Partners Limited  
PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

4 October 2019

Dear Shareholder,

**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**

#### **1. Introduction**

On 2 October 2019, the Company announced its plans to seek approval from Shareholders for the adoption 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. 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.

The Board is pleased with the progress made to date by the Company in implementing its strategy. As also reported by the Company in its recent update announced on 2 October 2019, the Company has already completed its first tender offer returning approximately US\$30 million to Shareholders, as well as, finalising the sale of 80 per cent. of its ownership interests in portfolio companies, Orizon, Avante and MERS, 34 per cent. above NAV, for gross proceeds of US\$65.5 million. This sale brought total gross proceeds realised during the first six months of the fiscal year to more than US\$120 million, generating more liquidity for the Company.

The Company's plan as part of the strategy is to now raise approximately US\$400-500 million in liquidity by the end of the fiscal year ending February 2023. The plan accordingly calls for raising further liquidity from realisations, secondary sales of certain asset portfolios, joint venture partnerships and, as previously announced, the US Side-Car Fund. It also anticipates that no meaningful capital will be dedicated to new investments by the Company other than honouring its funding commitments and supporting its portfolio of assets. Rather, the plan envisages the Company intending to concentrate on achieving realisations and working on its current portfolio of assets to enhance values. In the near term and subject to the timing of upcoming realisations, the Company expects as part of the plan to return approximately US\$70 million to Shareholders (being the balance of the previously announced proposal to return approximately US\$100 million) via a series of tender offers, special dividends or opportunistic market buybacks over the next 12 to 15 months.

In addition to the Company seeking Shareholder approval for the adoption of a revised investment policy that enshrines this strategy, the Company is also seeking approval from Shareholders for the Company's proposed investments in the above mentioned US Side-Car Fund, as well as its proposed disposal of its entire ownership interest in portfolio company Xpress Logistics. 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 interests 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 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 this document.

The principal purpose of this document is therefore to set out and explain the above Proposals to approve:

- the proposed amendments to the Company's investment policy, being referred to herein as the "**Investment Policy Amendment Proposal**";
- the Company's proposed investments in the US Side-Car Fund, being referred to herein as the "**US Side-Car Fund Proposal**"; and
- the Company's proposed disposal of its entire ownership interest in Xpress Logistics, being referred to herein as the "**Xpress Logistics Proposal**".

In addition to the principal purpose of this document, the purpose of this document is also to:

- provide Ordinary Shareholders with notice of the Extraordinary General Meeting at which the Resolutions to be proposed at that meeting concerning the Proposals will be put forward to, and voted on by, the Ordinary Shareholders in respect of which they are entitled to vote;
- provide ZDP Shareholders with details of the Proposals by providing notice of the Extraordinary General Meeting, although ZDP Shareholders do not have the right to attend or vote at the Extraordinary General Meeting; and
- explain why the Board:
  - considers the Proposals and the Resolutions to be proposed at the Extraordinary General Meeting to be in the best interests of the Company and the Ordinary Shareholders;
  - unanimously recommends that Ordinary Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting in respect of which they are entitled to vote, as the Directors intend to do in respect of their own beneficial holdings; and
  - considers the terms of the US Side-Car Fund Proposal and the Xpress Logistics Proposal, which concern Related Party Transactions of the Company (insofar as the Listing Rules are applicable to the Company by virtue of its voluntary compliance with the same), to be fair and reasonable as far as the Ordinary Shareholders are concerned.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. Further details of the Proposals are set out below.



## 2. **Investment Policy Amendment Proposal**

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. Specifically, the principal amendments are to provide that:

- 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.

With respect to the Company's existing real estate portfolio and the investments that may be made in this area, such investments may include those that are required for debt service and certain pre-development expenses, though as part of the realisation aspects of the strategy the Company's Investment Adviser is actively seeking new investment partners or outright sales for a number of the Company's development sites.

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. Accordingly, the Company's Investment Adviser retains the flexibility to invest through identifying appropriate asset classes and industries and by backing exceptional management teams allowing it to invest in the most attractive investment opportunities as are identified and are available from time to time. A copy of the fully amended and restated investment policy (marked to show the amendments being proposed) is set out in paragraph 1 of Part II ("*Further Details of the Proposals*") of this document, as well as being on display and available for inspection as set out in paragraph 8 of this Part III ("*Additional Information*") of this document.

Shareholders should also be aware that, with respect to the realisation aspects of the Company's strategy, notwithstanding the fact that the Company's Investment Adviser is aggressively pursuing such realisations of existing investments, the Company's portfolio of assets is highly illiquid and the sale of which is dependent upon positive market conditions. Further, Shareholders should note that the Company and the Investment Adviser do not have control over a large portion of the portfolio and, as such, the Investment Adviser must seek the co-operation of the Company's portfolio partners to realise assets. To date, the Investment Adviser has been successful in securing that co-operation but this of course cannot be guaranteed going forward.

The Board however 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) is 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, Resolution 1 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. Further information relating to the Investment Policy Amendment Proposal and the fully amended and restated investment policy (marked to show the amendments being proposed) is set out in paragraph 1 of Part II ("*Further Details of the Proposals*") of this document.

### 3. **US Side-Car Fund Proposal**

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, 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 W. Zalaznick and John (Jay) W. Jordan II (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.

As mentioned above, the bulk of any new US microcap investments will be directed to the US Side-Car Fund, which is expected to be substantially funded by third party limited partners. For its part, it is proposed that of the US\$500 million targeted, the Company will invest up to approximately US\$25 million in order to validate to those other future limited partners that the Company will continue to support its US microcap buyout programme and team. It is anticipated that this investment will be called over a five-year period which, together with such other limited partners taking up a larger proportion of each US microcap investment, should put significantly less of a burden on the Company's future cash flow. The proposed investments by the Company in the US Side-Car Fund are therefore considered by the Board to be consistent with the Company's amended and restated investment policy and its strategy to materially reduce commitments to new investments.

The Company's Investment Adviser 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 Company's Investment Adviser intends, as mentioned above, to target aggregate capital commitments to make investments in the US Side-Car Fund of approximately US\$500 million. 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, the US Side-Car Fund will purchase from the Company one or more US microcap investments which may be made by the Company on the expectation that either all or a portion of those investments will be sold to the US Side-Car Fund upon it being established (referred to herein as the "**Warehoused Investments**"). The Warehoused Investments will include US microcap investments if consummated prior to, or at or around the time of, the first closing. Further information relating to the Warehoused Investments is set out in paragraph 2 of Part II ("*Further Details of the Proposals*") of this document.

Also, at or around the time of the first closing, it is proposed that 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. At or around the same time, the US Side-Car Fund Principals (being the JZAI Founders and various members of the JZAI US microcap investment team together) 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 (all through the general partner of the fund) in the proportions of approximately 50:50. The joint investments by the Company and the US Side-Car Fund Principals in the US Side-Car Fund will be made on an approximate 50:50 basis economically, and substantially on the same terms and circumstances of investment, although the Company (and not the US Side-Car Fund Principals) will pay carry on gains achieved on its invested capital in the US Side-Car Fund and certain different structural features may be used for tax, regulatory, legal or other reasons. 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.

The Board considers, as mentioned above, 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, Resolution 2 is to be proposed at the Extraordinary General Meeting in relation to the US Side-Car Fund Proposal as a Related Party Transaction of the Company and is being proposed to seek Shareholder approval for the Company's proposed investments in the US Side-Car Fund. Further information relating to, and a summary of the principal terms of, the US Side-Car Fund Proposal is set out in paragraph 2 of Part II ("*Further Details of the Proposals*") of this document.

#### **4. Xpress Logistics Proposal**

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, LLC which is a portfolio company of Resolute Fund III, being one of the funds managed by The Jordan Company. David W. Zalaznick and John (Jay) W. Jordan II (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 John (Jay) W. Jordan II being the non-executive Chairman) and have an economic interest in Resolute Fund III or its affiliated funds.

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 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, as mentioned above, 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.

#### *Details of the Xpress Logistics Proposal*

On 26 September 2019, Xpress Logistics, being (as mentioned above) a subsidiary of one of the Company's portfolio companies, U.S. Logistics entered into a merger agreement with Capstone in relation to a proposed merger between Xpress Logistics and Capstone (the "**Merger**"). 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 gross consideration of approximately US\$45 million in cash upon the Merger becoming effective, subject to various closing adjustments (the "**Initial Consideration**"). Under the terms of the Merger, an amount of US\$450,000 from the Initial Consideration will be held in escrow (the "**Escrow Amount**") 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 "**Earn-Out Consideration**").

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.

For information, the Company also notes that Edgewater (one of the Company's major Shareholders) and Fund A (of which the JZAI Founders are the senior personnel of the general partner, the manager and the senior investment team) hold a 46.03 per cent. ownership interest and a 8.28 per cent. ownership interest respectively in Xpress Logistics. Both Edgewater and Fund A are participating in the Merger on the same terms as the Company in respect of their respective ownership interests.

The Merger is subject to a number of conditions customary for US-style mergers as well as the approval of the Company's Ordinary Shareholders of the Resolution relating to the Xpress Logistics Proposal that is to be proposed at the Extraordinary General Meeting of the Company. Such customary conditions for US-style mergers which the Merger is subject to includes a no material adverse effect condition.

Completion of the Merger is expected to occur shortly after the aforementioned approval of the Resolution is obtained from Ordinary Shareholders assuming the Resolution is passed.

Further information relating to, and a summary of the principal terms of, the Xpress Logistics Proposal is set out in paragraph 3 of Part II ("*Further Details of the Proposals*") of this document.

#### *Information relating to Xpress Logistics*

Xpress Logistics is (as mentioned above) a subsidiary of one of the Company's portfolio companies, U.S. Logistics, which owns 90.5 per cent. of Xpress Logistics. As also mentioned above, the Company holds a 37.7 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.

Xpress Logistics is incorporated in Delaware and has one direct subsidiary, Priority Express Courier, Inc., which in turn has a subsidiary, Priority Express, Inc. both incorporated in Delaware (collectively, being the Priority Express Business).

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\$4.5million, 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.

Existing members of the management team of the Priority Express Business run its business and, as at the date of this document, the key individual important to it is John Rydel, who is the President and CEO of the Priority Express Business.

#### *Information relating to Capstone*

Capstone, a Delaware limited liability company headquartered in Georgia (in the United States), is (as mentioned above) a portfolio company of Resolute Fund III. Capstone is a North American supply chain solutions partner with more than 500 operating locations, 14,500 associates, and 60,000 carriers. Capstone provides freight management services, warehouse and distribution centre support, last mile delivery services, supply chain analytics and optimisation.

Resolute Fund III has a 94 per cent. ownership interest in Capstone and is one of the funds managed by The Jordan Company. Each of 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. John (Jay) W. Jordan II is the non-executive Chairman of The Jordan Company as well. Both JZAI Founders also have an economic interest in Resolute Fund III or its affiliated funds by way of certain fee arrangements including consultancy or similar fees or income, and also receive carried interest in relation to such funds.

#### *Related Party Transaction*

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 John (Jay) W. Jordan II 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 however be aware 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 RPTs last year and the Avante-MERS and Orizon RPTs earlier this year, all of which were approved by Shareholders (hereinafter referred to as the Recent Related Party Transactions).

The principal reason for departing from the requirement to obtain a fair and reasonable written confirmation is that the Company understands the costs and time for obtaining such a confirmation can often be greater for a Related Party Transaction that concerns an acquisition or disposal, such as the Recent Related Party Transactions and the Xpress Logistics Proposal. Such additional costs and time can be attributed to the additional due diligence and valuation work that may need to be undertaken on the target which is the subject of the acquisition or disposal (as the case may be). As was the case with the Recent Related Party Transactions, the Company has been unable to obtain a fair and reasonable written confirmation for the Xpress Logistics Proposal 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 Xpress Logistics Proposal on the terms negotiated.

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 Recent Related Party 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. 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 that Edgewater (one of the Company's major Shareholders) 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, like the Recent Related Party Transactions, is otherwise being treated in accordance with the Listing Rules including in respect of 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.

Accordingly, Resolution 3 is to be proposed at the Extraordinary General Meeting in relation to the Xpress Logistics Proposal as a Related Party Transaction of the Company and is being proposed to seek Shareholder approval for the Company's proposed disposal of its entire ownership interest in Xpress Logistics. The approval as a Related Party Transaction of the Company is being sought notwithstanding that the Company has not received a fair and reasonable written confirmation in a form prescribed by the Listing Rules and, if passed, such approval will be obtained on that basis.

## 5. **Extraordinary General Meeting**

Each of the Proposals are subject to the approval of Shareholders which will be sought at the Extraordinary General Meeting of the Company.

The Extraordinary General Meeting will be held at 1.00 p.m. on 24 October 2019 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands for the purpose of considering and, if thought fit, passing each of the Resolutions to be proposed at that meeting concerning each of the Proposals.

A Notice of Extraordinary General Meeting is set out at the end of this document. Each of the Resolutions to be proposed at the Extraordinary General Meeting are contained in the Notice.

Each of the Resolutions are intended to be proposed as Ordinary Resolutions.

Ordinary Shareholders only will have the right to attend and vote on each of the Resolutions to be proposed at the Extraordinary General Meeting in respect of which they are entitled to vote. Shareholders are also advised that for Resolutions 2 and 3 which involve Related Party Transactions of the Company: (i) for Resolution 2 only, the US Side-Car Fund Principals, each as Related Parties in respect of the Company for the purposes of that Resolution, have undertaken not to vote, and have taken all reasonable steps to ensure that their associates will not vote, on that Resolution; and (ii) for Resolution 3 only, the JZAI Founders, each as Related Parties in respect of the Company for the purposes of that Resolution, have undertaken not to vote, and have taken all reasonable steps to ensure that their associates will not vote, on that Resolution.

For the avoidance of doubt, ZDP Shareholders will not have the right to attend or vote at the Extraordinary General Meeting.

## 6. **Action to be taken**

A Form of Proxy will accompany this document for use by Ordinary Shareholders in connection with the Extraordinary General Meeting of the Company. If you currently only hold ZDP Shares, you should disregard the Form of Proxy.

If you are an Ordinary Shareholder, whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon, so as to be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom as soon as possible and in any event not later than 48 hours before the appointed time for the holding of the Extraordinary General Meeting (excluding any part of a day which is non-working).

The completion and return of the Form of Proxy will not preclude Ordinary Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish and are so entitled.

Ordinary Shareholders are also advised to review the instructions on the Form of Proxy itself regarding the proper completion and return of the Form of Proxy. Shareholders should also refer to the section entitled "*Proxy Form Accompanying this Document and Action to be Taken*" of this of document.

## 7. **Recommendation**

In relation to:

- the US Side-Car Fund Proposal as a Related Party Transaction of the Company, the Board, which has been so advised by JPMC, considers the terms of the US Side-Car Fund Proposal to be fair and reasonable as far as the Ordinary Shareholders are concerned. In providing its advice to the Board, JPMC has taken into account the Board's commercial assessment of the US Side-Car Fund Proposal; and
- the Xpress Logistics Proposal as a Related Party Transaction of the Company, the Board, which has been so advised by the Company's Investment Adviser, JZAI, considers the terms of the Xpress Logistics Proposal to be fair and reasonable as far as the Ordinary Shareholders are concerned.

In addition, the Board considers each of the Proposals (being the Investment Policy Amendment Proposal, the US Side-Car Fund Proposal and the Xpress Logistics Proposal) and each of the Resolutions to be proposed at the Extraordinary General Meeting to be in the best interests of the Company and the Ordinary Shareholders.

Accordingly, the Board unanimously recommends that Ordinary Shareholders vote in favour of each of the Resolutions to be proposed at the Extraordinary General Meeting in respect of which they are entitled to vote, as the Directors intend to do in respect of their own beneficial holdings, representing 0.15 per cent. of the voting rights of the Ordinary Shares.

Yours faithfully,

**David Macfarlane**  
Chairman



## PART II – FURTHER DETAILS OF THE PROPOSALS

### 1. Investment Policy Amendment Proposal

Set out below is a summary of the proposed amendments to the Company's existing investment policy, as well as, the fully amended and restated investment policy (marked to show the amendments being proposed as described in this document).

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 below. The policy has been marked to show the amendments being proposed.

Shareholders should also be aware that, with respect to the realisation aspects of the Company's strategy, notwithstanding the fact that the Company's Investment Adviser is aggressively pursuing such realisations of existing investments, the Company's portfolio of assets is highly illiquid and the sale of which is dependent upon positive market conditions. Further, Shareholders should note that the Company and the Investment Adviser do not have control over a large portion of the portfolio and, as such, the Investment Adviser must seek the co-operation of the Company's portfolio partners to realise assets. To date, the Investment Adviser has been successful in securing that co-operation but this of course cannot be guaranteed going forward.

#### ***Amended and Restated Investment Policy***

##### *Corporate Objective*

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

##### *Investment Policy*

*The Company targets predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing this 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:*

- 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 per cent. 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 Company's strategy with respect to the implementation of this Investment Policy over the next few years from its approval by shareholders is to realise investments, pay down debt and materially reduce commitments to new investments. This 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 this 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. The Company instead intends to concentrate on achieving realisations and working on its current portfolio of assets to enhance values.*

#### *Borrowing Policy*

*The Company has the power to borrow money under its articles of incorporation and may employ gearing to enhance investment returns. Under its articles of incorporation, the Company may borrow up to 100 per cent. of net assets. In addition, the Company may utilise borrowings on a short term basis to meet investment commitments pending the realisation of assets.*

## **2. US Side-Car Fund Proposal**

Set out below is further detail concerning the US Side-Car Fund Proposal.

### ***Principal terms of the US Side-Car Fund Proposal***

The US Side-Car Fund will be a US microcap buyout fund, which will be a Delaware limited partnership. The fund is being established to make new US microcap investments with acquisitions intended to be made with a focus on buyouts and build-ups of companies and in growth company platforms in the US microcap market. The general partner of the US Side-Car Fund will be a Delaware limited partnership (of which JZAI (or an affiliated entity) will be the general partner) and the fund will be managed by JZAI (or an affiliated entity). As at the date of this document, key individuals important to the US Side-Car Fund are the JZAI Founders, David W. Zalaznick and John (Jay) W. Jordan II.

It is intended that JZAI will target aggregate capital commitments to make investments in the US Side-Car Fund of approximately US\$500 million. 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.

In light of that, it is intended that the Company on the one hand, and the US Side-Car Fund Principals on the other, would at or around the time of the first closing undertake capital commitments to make investments in the US Side-Car Fund (all through the general partner of the fund) of up to approximately US\$25 million and up to approximately US\$25 million respectively. As such, the Company would be investing jointly with the US Side-Car Fund Principals in the US Side-Car Fund (all through the general partner of the fund) in the proportions of approximately 50:50.

The joint investments by the Company and the US Side-Car Fund Principals in the US Side-Car Fund will be made on an approximate 50:50 basis economically, and substantially on the same terms and circumstances of investment, although the Company (and not the US Side-Car Fund Principals) will pay carry on gains achieved on its invested capital in the US Side-Car Fund and certain different structural features may be used for tax, regulatory, legal or other reasons. 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 anticipated that the capital commitments to make investments in the US Side-Car Fund by the Company as well as the US Side-Car Fund Principals will, as above, be for a period of approximately five years after the first closing, subject to, under certain circumstances, earlier termination. It is also anticipated that the term of the US Side-Car Fund will be for a period of approximately 10 years after the first closing, subject to, again under certain circumstances, earlier termination. Finally, it is anticipated that there may be provisions for annual extensions of the US Side-Car Fund, potentially subject to certain requirements, of which it is intended at this stage for there to be no more than three such extensions.

Transaction advisory, financing, directors', consulting and similar fees charged by JZAI (or an affiliated entity) to the US Side-Car Fund portfolio companies in relation to the Company's investments will be charged in accordance with the Investment Advisory Agreement. The Company will however ring fence the US Side-Car Fund and its assets in relation to the Company's investments so that the Company will not suffer the double payment of fees in relation to those investments. Under the Investment Advisory Agreement, JZAI is paid a Base Management Fee, an Income Incentive Fee and a Capital Gains Incentive Fee, each as defined in the Investment Advisory Agreement. Under the terms proposed for the US Side-Car Fund, affiliates of the US Side-Car Fund Principals will charge the Company a carry on gains achieved on the Company's invested capital in the US Side-Car Fund but the Company will not be charged a management fee or an income incentive fee on its commitment for investment (or the assets purchased therewith). A letter between the Company and JZAI will be signed, as contemplated by the Investment Advisory Agreement, to the effect that the US Side-Car Fund and its assets in relation to the Company's investments will be included for the purposes of calculating the Base Management Fee and the Income Incentive Fee payable to JZAI under the Investment Advisory Agreement and will be excluded for the purposes of calculating the Capital Gains Incentive Fee under the Investment Advisory Agreement. Therefore, there will be no double payment of fees. For the avoidance of doubt, the US Side-Car Fund Principals will not pay carry on their investments in the US Side-Car Fund.

As noted in paragraph 3 of Part I ("*Chairman's Letter*") of this document, at or around the time of the first closing, the US Side-Car Fund will purchase from the Company certain 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 costs plus interest at a rate of 8 per cent. per annum and allocated fees and expenses. Transaction, closing, financing, directors', consulting and similar fees charged by JZAI (or an affiliated entity) to the US Side-Car Fund portfolio companies in relation to the Company's investments will be charged in accordance with the Investment Advisory Agreement.

### ***Risks relating to the US Side-Car Fund Proposal***

There are certain risks relating to the US Side-Car Fund Proposal.

The US Side-Car Fund has not yet commenced operations and has no financial track record. As a result, investors do not have financial or other information regarding the proposed investment or information on its future prospects. The state of the global economy, as well as, normal market fluctuations, may also negatively impact the business, financial condition and results of operation of the Company's investment in the US Side-Car Fund or the Company's return on its investment. In addition, the strategy and/or financial performance of the US Side-Car Fund may be unable or fail to generate the expected, or even any, returns on the Company's investment. There is therefore no guarantee that the Company's investment in the US Side-Car Fund will succeed and accordingly the Company may lose all or part of the value of its investment. The Company also believes that the success of its investment will depend to a significant extent upon the skills and expertise of the investment team of the US Side-Car Fund and in particular the key individuals important to the fund, being as at the date of this document the JZAI Founders, David

W. Zalaznick and John (Jay) W. Jordan II. There can be no guarantee that such key individuals will remain with the US Side-Car Fund or that it will be able to attract and retain suitable staff. The departure of such persons and/or an inability to attract and retain suitable staff may have an adverse impact on the performance of the US Side-Car Fund. Separately, in relation to the Warehoused Investments, if the US Side-Car Fund does not raise sufficient funds from the aggregate capital commitments for investments in the fund, then the Warehoused Investments may not be able to be purchased from the Company by the US Side-Car Fund and accordingly they may continue to be held by the Company

The risks set out above are the risks which are considered to be material but are not the only risks relating to the Company or its investment in the US Side-Car Fund. There may be additional risks that the Company does not currently consider to be material or of which the Company is not aware. If any of these additional risks or the above risks above were to materialise, the Company's business, financial condition, results or future operations could be materially or adversely affected. In such circumstances, the price of the Shares could decline and investors could lose all or part of their investment.

### 3. **Xpress Logistics Proposal**

Set out below is further detail concerning the Xpress Logistics Proposal.

#### *Principal terms of the Xpress Logistics Proposal*

Xpress Logistics entered into a merger agreement on 26 September 2019 with Capstone in relation to the proposed Merger between Xpress Logistics and Capstone (the "**Merger Agreement**").

The Merger is subject to a number of conditions customary to US-style mergers as well as the approval of the Company's Ordinary Shareholders of the Resolution relating to the Xpress Logistics Proposal that is to be proposed at the Extraordinary General Meeting of the Company.

Such customary conditions for US-style mergers to which the Merger is subject includes a no material adverse effect condition. The condition which, if triggered, would give rise to a walk away right includes (subject to certain exceptions) a change, effect, determination, event or occurrence that, individually or in aggregate, has or would reasonably be expected to have a material adverse change in the financial condition or operations of the Priority Express Business, or that has or would reasonably be expected to prevent or materially delay Xpress Logistics from closing the Merger.

Completion of the Merger is expected to occur shortly after the aforementioned approval of the Resolution is obtained from Ordinary Shareholders assuming the Resolution is passed. Upon completion of the Merger, the surviving entity will be wholly owned by Capstone.

#### *Consideration*

The shareholders of Xpress Logistics, including U.S. Logistics, will receive for the Merger, in aggregate, approximately US\$45 million as the Initial Consideration in cash upon the Merger becoming effective, subject to various closing adjustments. Under the terms of the Merger Agreement, an Escrow 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, as described below. 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 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 as the Earn-Out Consideration in cash based on certain adjusted EBITDA targets of the Priority Express Business. 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 Initial Consideration is subject to customary financial adjustments to reflect the amount of working capital in the Priority Express Business upon the Merger becoming effective as well as the amount of cash, indebtedness and transaction expenses of the Priority Express Business at the same time. Following the Merger becoming effective, Capstone and U.S. Logistics will agree or determine the amount of the adjustments to the Initial Consideration. In the case of the net working capital adjustment, the adjustment to the Initial Consideration will be determined by the amount by which the net working capital of the Priority Express Business upon the Merger becoming effective is either less than US\$2.9 million or greater than US\$3.5 million. If the net working capital is less than US\$2.9 million the adjustment will be equal to the amount of the deficit, if it is greater than US\$3.5 million the adjustment will be equal to the amount of the excess, and in any other case the adjustment will be zero. For the other closing adjustments, the adjustments will be made to reflect the amount of cash, indebtedness and transaction expenses of the Priority Express Business upon the Merger becoming effective as well as adjustments for certain minority shareholder repurchases and preferred share redemptions relating to the Priority Express Business required to effect the Merger. Any upwards or downwards adjustment of the Initial Consideration will be payable upon final determination of such adjustments in accordance with the terms of the Merger Agreement, which is expected to be between 60 and 90 days after the Merger becomes effective and, upon such determination, the Escrow Amount will be distributed accordingly. In the event of a downward adjustment to the Initial Consideration in excess of the Escrow Amount, such excess will only be recoverable by way of set-off against any Earn-Out Consideration up to an amount of US\$1.5 million. If there is an upward adjustment to the Initial Consideration in excess of the Escrow Amount, the Escrow Amount and an amount in cash equal to such excess will be distributed by Capstone to the shareholders of Xpress Logistics.

The Earn-Out Consideration is based upon the amount by which the Priority Express Business' adjusted EBITDA for the 12 month period ending 31 December 2019 exceeds US\$4.7 million provided that the Earn-Out Consideration shall not exceed US\$5 million, in aggregate. Capstone and U.S. Logistics will agree or determine the amount of the Earn-Out Consideration, if any, in accordance with the terms of the Merger Agreement, which is expected to be between 45 and 75 days following the publication of the audited financial statements of Xpress Logistics for the 12 month period ending 31 December 2019 (which is expected to be in or around April 2020).

#### *Representations and Warranties*

Xpress Logistics will give representations and warranties customary of a US-style public company merger transaction in favour of Capstone in relation to the existence, ownership and operations of Xpress Logistics. Accordingly, Capstone will only have recourse against Xpress Logistics for breaches of representations constituting fraud.

#### *Limits on Liability*

None of the shareholders of Xpress Logistics, including U.S. Logistics, have given any representations, warranties or indemnities under the Merger Agreement. The only liability that the shareholders of Xpress Logistics, including U.S. Logistics, have in relation to the Merger is for representations given in letters of transmittal in connection with the Merger regarding their ownership interests in Xpress Logistics and authority to execute the letter of transmittal and transfer such ownership interests in accordance with the Merger.

#### ***Risks relating to the Xpress Logistics Proposal***

There are certain risks relating to the Xpress Logistics Proposal.

Completion of the Merger is subject to a number of conditions customary to US-style mergers (including a no material adverse effect condition) as well as the approval of the Company's Ordinary Shareholders of the Resolution relating to the Xpress Logistics Proposal that is to be proposed at the Extraordinary General Meeting. There can be no assurance that any of the conditions which the Merger is subject to (including the no material adverse effect condition or the approval of the Company's Ordinary Shareholders of the Resolution) will be fulfilled and, accordingly, that completion of the Merger will take place. If the Merger does not complete for any reason, there can be no assurance that the Company will be able to dispose of its ownership interest in Xpress Logistics at a later date or on terms that are equal to or more favourable than those provided by the terms of the Merger. The ability of the Company to realise its interest in Xpress Logistics may also depend on its and its co-investor's governance rights

as well as their intentions and any such realisation could be on less favourable terms than those provided by the terms of the Merger.

Conversely, if the Company's Ordinary Shareholders approve the Resolution and the Merger does complete, there is no guarantee that the full amount, if any, of the Earn-Out Consideration will be received.

There are also certain risks and uncertainties that may continue to affect the Company's ownership interest in Xpress Logistics and therefore the Company's results if the Merger does not complete for any reason. For example, the state of the global economy, as well as normal market fluctuations, may negatively impact the business, financial condition and results of operation of the Company's investment in Xpress Logistics or the Company's return on its investment. The strategy and/or financial performance of Xpress Logistics may also be unable or fail to generate the expected, or even any, returns on the Company's investment. There is therefore no guarantee that the Company's investment will succeed and accordingly the Company may lose all or part of the value of its investment. In addition, the success of the Company's investment will depend at least in part upon the skills and expertise of the existing members of the management team of Xpress Logistics that run the Xpress Logistics business and in particular the key individuals important to the business, being as at the date of this document John Rydel, who is the President and CEO of the Priority Express Business. There can be no guarantee that such members of the management team and/or key individuals will remain with Xpress Logistics or that the business will be able to attract and retain suitable staff. The departure of such persons and/or an inability to attract and retain suitable staff may have an adverse impact on the performance of Xpress Logistics.

The risks set out above are the risks which are considered to be material but are not the only risks relating to the Company or its disposal of its interests in Xpress Logistics. There may be additional risks that the Company does not currently consider to be material or of which the Company is not aware. If any of these additional risks or the risks above were to materialise, the Company's business, financial condition, results or future operations could be materially or adversely affected. In such circumstances, the price of the Shares could decline and investors could lose all or part of their investment.

## PART III – ADDITIONAL INFORMATION

### 1. Company information

- 1.1 The Company was incorporated with limited liability in Guernsey on 14 April 2008 in anticipation of a scheme of reconstruction whereby the assets and liabilities of JZ Equity Partners Plc were transferred in their entirety to the Company on 1 July 2008. The Company was incorporated with the name JZ Capital Partners Limited under The Companies (Guernsey) Laws 1994 to 1996 with registered number 48761 and is an authorised closed-ended investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission. The Company is domiciled in Guernsey and now operates under The Companies (Guernsey) Law 2008 (as amended) and ordinances and regulations made thereunder. The Company is listed on the specialist fund segment of the Main Market of the London Stock Exchange.
- 1.2 The Company has been incorporated with an indefinite life. However, the rights attaching to the ZDP Shares provide that the ZDP Shares are to be redeemed by the Company on 1 October 2022. In addition, the rights attaching to the CULS (the Company's convertible unsecured subordinated loan stock) provide that the CULS are to be redeemed by the Company on the maturity date of the CULS, being 30 July 2021 (unless previously redeemed, purchased or converted and, in each case, cancelled).
- 1.3 The Company has its registered office and principal place of business at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL. The Company's telephone number at its registered office is +44 (0) 1481 745001.
- 1.4 The names of the Directors of the Company, all of whom are non-executive directors, are:
- David Macfarlane (Chairman)  
James Jordan  
Tanja Tibaldi  
Christopher Waldron  
Sharon Parr

### 2. Major Shareholders

As at 3 October 2019 (being the Latest Practicable Date), so far as the Company is aware, the following persons set out in the table below (other than the Directors) had notified the Company in accordance with the Disclosure and Transparency Rules that they held, directly or indirectly, five per cent. or more of the voting rights attributable to the issued Ordinary Share capital of the Company. The number and percentage of Ordinary Shares relate to the number informed by Shareholders on the relevant notification rather than the current share register.

Shareholder	As at 3 October 2019 <sup>(1)</sup>	
	No. of Ordinary Shares	% of Issued Ordinary Share Capital
Edgewater Growth Capital Partners	18,335,944	22.7%
David W. Zalaznick and affiliates	10,550,294	13.1%
John (Jay) W. Jordan II and affiliates	10,550,294	13.1%
Leucadia Financial Corporation	8,021,552	9.9%
Abrams Capital Management	7,744,366	9.6%
Arnhold LLC	4,573,007	5.7%
Finepoint Capital	4,413,067	5.5%

<sup>(1)</sup> *The notifiable interests set out in the table above do not reflect the number of Ordinary Shares bought back from each of those Shareholders pursuant to: (i) certain share buy backs of Ordinary Shares undertaken by the Company and as announced during the year ended 28 February 2019; and (ii) the tender offer and resultant off-market purchases in respect of Ordinary Shares, the results of which were announced by the Company on 27 August 2019.*

3. **Significant changes**

Other than the strategic initiatives detailed in the Company's announcement on 8 May 2019 and the Q1 2019 interim management statement announcement by the Company on 28 June 2019, there has been no significant change in the financial or trading position of the Company since 28 February 2019, being the date to which the last audited annual accounts of the Company were published.

4. **Material contracts**

Other than the Merger Agreement summarised in paragraph 3 of Part II ("*Further Details of the Proposals*") of this document and the Investment Advisory Agreement summarised in paragraph 8.2 of Part X ("*Additional Information*") of the prospectus dated 4 September 2015 prepared in connection with, amongst other things, the placing and open offer of Ordinary Shares and rollover offer relating to the ZDP Shares (the "**Prospectus**") (which such paragraph 8.2 of Part X ("*Additional Information*") of the Prospectus is incorporated by reference into this document by paragraph 7 of this Part III ("*Additional Information*") of this document), the Company has not entered into any contracts, other than in the ordinary course of business: (a) within the period of two years prior to the date of this document; or (b) which contain an obligation or entitlement that is material to the Company as at the date of this document and, in each case, which Ordinary Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolutions to be proposed at the Extraordinary General Meeting concerning the Proposals.

5. **JPMC consent**

JPMC has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which they appear. A copy of this written consent is on display and available for inspection as set out in paragraph 8 of this Part III ("*Additional Information*") of this document.

6. **JZAI consent**

JZAI has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context in which they appear. A copy of this written consent is on display and available for inspection as set out in paragraph 8 of this Part III ("*Additional Information*") of this document.

7. **Documentation incorporated by reference**

The document listed in the table below, which was sent to Shareholders at the relevant time and/or is available for inspection in accordance with paragraph 8 of this Part III ("*Additional Information*") of this document, contains information which is relevant to this document. This document should be read and construed in conjunction with that document, which has been previously published and that has been filed with the National Storage Mechanism. It should be noted that other sections of that document that are not incorporated by reference are either not relevant to Shareholders and others for the purpose of this document or are covered elsewhere in this document.

For the avoidance of any doubt, no information incorporated by reference in that document shall be incorporated by reference into this document.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Any information not listed below, but included in the document incorporated by reference, is given for information purposes only.



<i>Reference Document</i>	<i>Information incorporated by reference</i>	<i>Document references</i>	<i>Page references in this document</i>
Prospectus	Paragraph 8.2 of Part X (" <i>Additional Information</i> ")	204-206	24

**8. Documents on display**

Copies of the following documents will be available for inspection at the Company's registered office at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL and at the offices of Ashurst LLP at 1 Duval Square, London Fruit and Wool Exchange, London E1 6PW, United Kingdom, in each case, during normal business hours on each business day from the date of this document until the close of the Extraordinary General Meeting to be held on 24 October 2019 including for 15 minutes prior to and during the Extraordinary General Meeting:

- (a) the memorandum of incorporation of the Company;
- (b) the Articles of the Company;
- (c) the audited annual accounts of the Company for the financial years ended 28 February 2019 and 28 February 2018;
- (d) the Prospectus (which has also previously been published and filed with the National Storage Mechanism);
- (e) the written consent letter from JPMC referred to in paragraph 5 of this Part III ("*Additional Information*") of this document;
- (f) the written consent letter from JZAI referred to in paragraph 6 of this Part III ("*Additional Information*") of this document;
- (g) the amended and restated investment policy (marked to show the amendments being proposed as described in this document); and
- (h) this document.

## PART IV – DEFINITIONS

The following definitions apply throughout this document, the Notice of Extraordinary General Meeting and the accompanying Form of Proxy unless the context otherwise requires.

<b>"£" or "GBP" or "Pounds Sterling" or "pence"</b>	the lawful currency of the United Kingdom;
<b>"US\$" or "USD" or "US Dollars" or "cents"</b>	the lawful currency of the United States;
<b>"Articles" or "Articles of Incorporation"</b>	the articles of incorporation of the Company, as amended from time to time;
<b>"Avante"</b>	Jordan Health Products, LLC;
<b>"Avante-MERS RPT"</b>	the Company's disposal of an ownership interest and related investments in Avante and MERS, as described in the circular to Shareholders published by the Company on 26 July 2019 and approved at the extraordinary general meeting of the Company held on 16 August 2019;
<b>"Board" or "Directors"</b>	the directors of the Company as at the date of this document whose names are set out on the first page of Part I (" <i>Chairman's Letter</i> ") and in paragraph 1.4 of Part III (" <i>Additional Information</i> ") of this document;
<b>"Capstone"</b>	Capstone Logistics, LLC;
<b>"Circular"</b>	this document including the Notice of Extraordinary General Meeting;
<b>"Company" or "JZCP"</b>	JZ Capital Partners Limited (with registered number 48761);
<b>"CREST"</b>	the paperless settlement system operated by Euroclear governed by the CREST Regulations and any successor system or operator for the purposes of the CREST Regulations;
<b>"CREST Manual"</b>	the current version of the CREST Manual which at the date of this document is available on <a href="http://www.euroclear.co.uk/CREST">www.euroclear.co.uk/CREST</a> ;
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001, No. 3755);
<b>"CREST Sponsor"</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>"CREST Sponsored Member"</b>	a CREST member admitted to CREST as a sponsored member;
<b>"CULS" or "convertible unsecured subordinated loan stock"</b>	the 6.00 per cent. convertible unsecured subordinated loan stock due 2021 of the Company in an aggregate nominal amount of £38,861,140 in issue as at the Latest Practicable Date;
<b>"Deflecto RPT"</b>	the Company's acquisition of an ownership interest and related investments in Deflecto Holdings, LLC, as described in the circular to Shareholders published by the Company on 6 June 2018 and approved at the extraordinary general meeting of the Company held on 26 June 2018;
<b>"Disclosure and Transparency Rules"</b>	the disclosure rules and the transparency rules sourcebook made by the FCA pursuant to section 73A of the FSMA, as amended;

<b>"Earn-Out Consideration"</b>	has the meaning given to it in paragraph 4 of Part I (" <i>Chairman's Letter</i> ") of this document;
<b>"EBITDA "</b>	the measure of earnings before interest, tax, depreciation and amortisation;
<b>"Edgewater" or " Edgewater Growth Capital Partners"</b>	Edgewater Growth Capital Partners, including its parallel and affiliated funds and investment vehicles;
<b>"Escrow Amount"</b>	has the meaning set out in paragraph 4 of Part I (" <i>Chairman's Letter</i> ") of this document;
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>"Extraordinary General Meeting"</b>	the extraordinary general meeting of the Company to be held at 1.00 p.m. on 24 October 2019 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands, including any adjournment thereof, notice of which is set out in the Notice of Extraordinary General Meeting;
<b>"FCA "</b>	the Financial Conduct Authority, including acting in its capacity as a competent authority for the purposes of Part VI of the FSMA;
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use by Ordinary Shareholders in connection with the Extraordinary General Meeting;
<b>"FSMA "</b>	the Financial Services and Markets Act 2000, as amended;
<b>"Fund A "</b>	Fund A, L.P., a Delaware limited partnership, together with its parallel funds: Fund A Parallel Fund I L.P., a Delaware limited partnership, Fund A Parallel Fund II L.P., a Delaware limited partnership and Fund A Parallel Fund III L.P., a Delaware limited partnership;
<b>"Initial Consideration"</b>	has the meaning set out in paragraph 4 of Part I (" <i>Chairman's Letter</i> ") of this document;
<b>"Investment Advisory Agreement"</b>	the investment advisory and management agreement dated 23 December 2010 between the Company and JZAI, as amended from time to time;
<b>"Investment Policy Amendment Proposal"</b>	the proposal relating to the proposed amendment and restatement of the Company's investment policy and as more fully described in paragraph 2 of Part I (" <i>Chairman's Letter</i> ") and in paragraph 1 of Part II (" <i>Further Details of the Proposals</i> ") of this document;
<b>"JZAI" or "Investment Adviser"</b>	Jordan/Zalaznick Advisers, Inc., a Delaware USA corporation wholly-owned by the JZAI Founders and shall include (as the case may be and as the context may require) its affiliates;
<b>"JZAI Founders"</b>	David W. Zalaznick and John (Jay) W. Jordan II together;
<b>"Latest Practicable Date"</b>	the latest practicable date prior to publication of this document, being 3 October 2019;
<b>"Listing Rules"</b>	the listing rules made by the FCA pursuant to section 73A of the FSMA, as amended;

<b>"London Stock Exchange"</b>	the London Stock Exchange plc;
<b>"Merger"</b>	has the meaning given in paragraph 4 of Part I (" <i>Chairman's Letter</i> ") of this document;
<b>"Merger Agreement"</b>	has the meaning given in paragraph 3 of Part II (" <i>Further Details of the Proposals</i> ") of this document;
<b>"MERS"</b>	MERS Holdings, LLC;
<b>"NAV"</b>	net asset value;
<b>"Notice of Extraordinary General Meeting" or "Notice"</b>	the notice of Extraordinary General Meeting set out at the end of this document;
<b>"Ordinary Resolution"</b>	a resolution passed by a majority of more than 50 per cent. of the votes cast, whether in person or by proxy;
<b>"Ordinary Shareholders"</b>	holders of Ordinary Shares;
<b>"Ordinary Shares"</b>	the ordinary shares of no par value in the capital of the Company;
<b>"Orizon"</b>	Tech Industries, LLP;
<b>"Orizon RPT"</b>	the Company's disposal of an ownership interest and related investments in Orizon, as described in the circular to Shareholders published by the Company on 26 July 2019 and approved at the extraordinary general meeting of the Company held on 16 August 2019;
<b>"Priority Express Business"</b>	the business operated by Xpress Logistics, Priority Express Courier, Inc. and Priority Express, Inc.;
<b>"Proposals"</b>	the Investment Policy Amendment Proposal, the US Side-Car Fund Proposal and the Xpress Logistics Proposal;
<b>"Prospectus"</b>	has the meaning given to it in paragraph 4 of Part III (" <i>Additional Information</i> ") of this document;
<b>"Recent Related Party Transactions"</b>	the Avante-MERS RPT, Deflecto RPT, Orizon RPT and Water Treatment RPT;
<b>"Related Party"</b>	has the meaning given to it in the Listing Rules insofar as they apply to the Company by virtue of its voluntary compliance with the Listing Rules;
<b>"Related Party Transaction"</b>	has the meaning given to it in the Listing Rules insofar as they apply to the Company by virtue of its voluntary compliance with the Listing Rules;
<b>"Resolute Fund III"</b>	Resolute Fund III, L.P.;
<b>"Resolutions"</b>	each of Resolutions 1, 2 and 3 to be proposed at the Extraordinary General Meeting concerning the Proposals and as set out in the Notice of Extraordinary General Meeting;
<b>"Resolution 1"</b>	Resolution 1 relating to the Investment Policy Amendment Proposal as a Related Party Transaction of the Company to be proposed at the Extraordinary General Meeting as set out in the Notice of Meeting;

<b>"Resolution 2"</b>	Resolution 2 relating to the US Side-Car Fund Proposal as a Related Party Transaction of the Company to be proposed at the Extraordinary General Meeting as set out in the Notice of Meeting;
<b>"Resolution 3"</b>	Resolution 3 relating to the Xpress Logistics Proposal to be proposed at the Extraordinary General Meeting as set out in the Notice of Meeting;
<b>"Shareholders"</b>	holders of Shares;
<b>"Shares"</b>	the Ordinary Shares and/or the ZDP Shares (as the case may be and as the context may require);
<b>"The Jordan Company"</b>	The Jordan Company, L.P.;
<b>"UK" or "United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>"US" or "USA" or "United States"</b>	the United States of America, its territories and possessions any state of the United States and the District of Columbia;
<b>"U.S. Logistics"</b>	U.S. Logistics Solutions, LLC;
<b>"US Side-Car Fund"</b>	a new US side-car fund, which will be a Delaware limited partnership and as more fully described in paragraph 3 of Part I (" <i>Chairman's Letter</i> ") and in paragraph 2 of Part II (" <i>Further Details of the Proposals</i> ") of this document;
<b>"US Side-Car Fund Principals"</b>	the JZAI Founders and various members of the JZAI US microcap investment team together;
<b>"US Side-Car Fund Proposal"</b>	the proposal relating to the Company's proposed investments in the US Side-Car Fund and as more fully described in paragraph 3 of Part I (" <i>Chairman's Letter</i> ") and in paragraph 2 of Part II (" <i>Further Details of the Proposals</i> ") of this document;
<b>"Warehoused Investments"</b>	has the meaning given to it in paragraph 3 of Part I (" <i>Chairman's Letter</i> ") of this document;
<b>"Water Treatment RPT"</b>	the Company's disposal of an ownership interest in TWH Water Treatment Industries, Inc., as described in the circular to Shareholders published by the Company on 4 September 2018 and approved at the extraordinary general meeting of the Company held on 25 September 2018;
<b>"Xpress Logistics"</b>	Xpress Logistics Solutions, Inc.;
<b>"Xpress Logistics Proposal"</b>	the proposal relating to the Company's proposed disposal of its entire ownership interest in Xpress Logistics and as more fully described in paragraph 4 of Part I (" <i>Chairman's Letter</i> ") and in paragraph 3 of Part II (" <i>Further Details of the Proposals</i> ") of this document;
<b>"ZDP Shareholders"</b>	holders of ZDP Shares; and
<b>"ZDP Shares"</b>	the zero dividend redeemable preference shares of no par value in the capital of the Company issued on or around 22 June 2009 and exchanged on or around 1 October 2015.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### JZ Capital Partners Limited (the "Company") (registered number 48761)

Notice is hereby given that an 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 to consider and, if thought fit, pass the following Resolutions.

Each of Resolutions 1, 2 and 3 are intended to be proposed as Ordinary Resolutions.

Ordinary Shareholders only will be entitled to vote on the Resolutions, save that: (i) for Resolution 2 only, the US Side-Car Principals, each as Related Parties in respect of the Company for the purposes of that Resolution, have undertaken not to vote, and have taken all reasonable steps to ensure that their associates will not vote, on that Resolution; and (ii) for Resolution 3 only, the JZAI Founders, each as Related Parties in respect of the Company for the purposes of that Resolution, have undertaken not to vote, and have taken all reasonable steps to ensure that their associates will not vote, on that Resolution. For the avoidance of doubt, ZDP Shareholders will not be entitled to vote on any of the Resolutions.

### ORDINARY RESOLUTIONS

1. THAT, the amended and restated investment policy summarised in paragraph 2 of Part I ("*Chairman's Letter*") and set out in paragraph 1 of Part II ("*Further Details of the Proposals*"), in each case, of the Circular (as defined below), be and is hereby approved and adopted as the investment policy of the Company in substitution for, and to the exclusion of, the Company's existing investment policy.
2. THAT, the Related Party Transaction relating to approval of the Company's investments in the US Side-Car Fund on the terms summarised in paragraph 3 of Part I ("*Chairman's Letter*") and in paragraph 2 of Part II ("*Further Details of the Proposals*"), in each case, of the Circular (as defined below), be and is hereby approved for the purposes of Chapter 11 of the Listing Rules insofar as they apply to the Company by virtue of its voluntary compliance with the Listing Rules.
3. THAT, the Related Party Transaction relating to approval of the Company's disposal of its entire ownership interest in Xpress Logistics Solutions, Inc. on the terms summarised in paragraph 4 of Part I ("*Chairman's Letter*") and in paragraph 3 of Part II ("*Further Details of the Proposals*"), in each case, of the Circular (as defined below), be and is hereby approved for the purposes of Chapter 11 of the Listing Rules insofar as they apply to the Company by virtue of its voluntary compliance with the Listing Rules and notwithstanding that the Company has not received written confirmation in a form prescribed by the Listing Rules that the terms of the transaction are fair and reasonable as far as Ordinary Shareholders are concerned.

Words and expressions defined in the circular dated 4 October 2019 and published by the Company (the "**Circular**") shall, unless the context otherwise requires, have the same meaning in this Notice of Extraordinary General Meeting.

By order of the Board  
Northern Trust International Fund Administration Services (Guernsey) Limited (Secretary)  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL  
Channel Islands

Dated 4 October 2019

**Notes re your Form of Proxy and voting at the Extraordinary 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 otherwise transfer or have sold or otherwise transferred all of your registered holding of Shares, please send this document, together in the case of Ordinary Shareholders with the accompanying Form of Proxy, as 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, forwarded or transmitted in, into or from any jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. If you sell or otherwise transfer or have sold or otherwise transferred part of your registered holding of Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

### **Rights to attend and vote**

In accordance with the Articles of Incorporation of the Company, only the Ordinary Shareholders are entitled to attend and vote at the Extraordinary General Meeting if they are so entitled. ZDP Shareholders are not entitled to attend or vote at the Extraordinary General Meeting.

The Company specifies that, in order to have the right to attend and vote at the Extraordinary 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 6.30 p.m. on 22 October 2019, or in the event that the meeting is adjourned, by no later than 6.30 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 Extraordinary 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, her or it. A member may appoint more than one proxy in relation to the Extraordinary General Meeting, provided that each proxy is appointed to exercise the rights attached to different Ordinary Shares held by him, her or it.

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 Extraordinary 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 the Resolutions on which you are entitled to vote at the Extraordinary 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, her or its discretion.

If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the appropriate box on the Form of Proxy the number of Ordinary Shares in relation to which they are authorised to act as your proxy. If the box is left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Form of Proxy has been issued in respect of a designated account for a member, the full voting entitlement for that designated account). To appoint more than one proxy (an) additional proxy form(s) may be obtained by contacting Equiniti Limited by telephone on 0371 384 2265, if calling from within the United Kingdom, or on +44 121 415 7047, if calling from outside the United Kingdom or you may photocopy the Form of Proxy. Calls to the +44 121 415 7047 number from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales). 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, her or its attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.

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

The Form of Proxy may be sent by post or transmitted to Equiniti Limited. "By post" means by registered post, recorded delivery service or ordinary letter post and "transmitted" means transmitted by electronic communication. Accordingly, you may send the Form of Proxy by post to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or transmit it by email to 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 Extraordinary 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 Share 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](http://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, her or its 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 CREST Regulations.

### **Corporate representatives**

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

Representatives of Ordinary Shareholders that are corporations will have to produce evidence of their proper appointment when attending the Extraordinary 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 Extraordinary 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 Extraordinary General Meeting information is available**

A copy of this Notice of Extraordinary General Meeting can be found on the Company's website at [www.jzcp.com](http://www.jzcp.com).