

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

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

LEI: 549300TZCK08Q16HHU44

**REDUCTION OF COMMITMENTS TO ORANGEWOOD
Smaller Related Party Transaction**

17 September 2020

On 15 July 2020, the Company announced that David W. Zalaznick and John (Jay) Jordan II (together, being the "**JZAI Founders**", who are the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("**JZAI**")) had agreed in principle to relieve the Company of certain of its commitments to Orangewood Partners II-A, L.P. (the "**Orangewood Fund**") by each of them assuming the obligation of approximately US\$2 million of those commitments.

Further to that announcement, the Company is now pleased to report that it has yesterday entered into an agreement with the JZAI Founders (or their respective affiliates) for the reduction of the Company's commitments to its investments in the Orangewood Fund in the amount of US\$4.25 million (the "**Orangewood Transaction**"). The Orangewood Transaction is considered to be a smaller related party transaction of the Company pursuant to chapter 11 of the listing rules made by the Financial Conduct Authority pursuant to section 73A of the Financial Services and Markets Act 2000, as amended (the "**Listing Rules**") (insofar as they apply to the Company by virtue of its voluntary compliance with the same).

Prior to the Orangewood Transaction, the Company had capital commitments to the Orangewood Fund of US\$23.25 million, of which approximately US\$7.85 million had been funded (the "**JZCP Funded Commitments**") and approximately US\$15.40 million remained as being unfunded (the "**JZCP Unfunded Commitments**").

Consistent with the Company's previously announced desire to reduce its commitments and future subscription obligations in accordance with its recently amended investment policy, the Company has therefore reduced its commitments to the Orangewood Fund by US\$4.25 million pursuant to the Orangewood Transaction, with such commitments being taken over by the JZAI Founders (or their respective affiliates). Specifically, the reduction in the Company's commitments to the Orangewood Fund has been effected by the JZAI Founders (or their respective affiliates) having:

- a) sold, transferred and assigned to them approximately US\$1.43 million of the JZCP Funded Commitments (the "**Transferred JZCP Funded Commitments**"); and
- b) assumed approximately US\$2.82 million of the commitments, liabilities, duties, responsibilities and obligations in respect of the JZCP Unfunded Commitments (the "**Transferred JZCP Unfunded Commitments**").

The price payable by the JZAI Founders (or their respective affiliates) to the Company for the transfer of their commitments is approximately US\$1.51 million, which is equivalent to the Transferred JZCP Funded Commitments of US\$1.43 million plus interest accrued thereon at a rate of 8 per cent. per annum from the date such commitments were funded to 15 September 2020. The Company intends to utilise the proceeds received in connection with the Orangewood Transaction in accordance with the Company's recently revised investment policy.

The resultant effect of the Orangewood Transaction is that the Company has had its commitments to the Orangewood Fund reduced by US\$4.25 million, with the Company receiving an amount of approximately US\$1.51 million in cash, less expenses associated with the Orangewood Transaction. In addition, the Company is being relieved of its obligations to fund in cash commitments of approximately US\$2.82 million relating to the Transferred JZCP Unfunded Commitments.

JZAI is the Company's investment adviser pursuant to an investment advisory and management agreement dated 23 December 2010 between the Company and JZAI, as amended from time to time, and, under the Listing Rules, would therefore be considered a "Related Party" of the Company (as defined in the Listing Rules insofar as they apply to the Company by virtue of its voluntary compliance with the same). As founders and principals of JZAI, the JZAI Founders are associates of JZAI and would also be considered Related Parties of the Company. In addition, each

of the JZAI Founders are substantial shareholders of the Company as they are each entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be casted at a general meeting of the Company. As such, each of the JZAI Founders are considered to be Related Parties of the Company on this basis as well. The Orangewood Transaction, which involves the JZAI Founders as Related Parties of the Company, would be considered to involve arrangements between the Company and its Related Parties. The Orangewood Transaction does however fall within Listing Rule 11.1.10 R and is a smaller related party transaction under the Listing Rules (insofar as they apply to the Company by virtue of its voluntary compliance with the same). The Company has obtained written confirmation from J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) that the terms of the Orangewood Transaction are fair and reasonable as far as the shareholders of the Company are concerned. This announcement is made in accordance with Listing Rule 11.1.10 R (c).

In addition to the Orangewood Transaction, the Company is pleased to announce that it intends to enter into an agreement with a third party institutional investor to effect a further reduction of the Company's commitments to its investments in the Orangewood Fund in the amount of US\$5 million. Pursuant to this agreement, if entered into and completed, the Company would reduce its commitments to the Orangewood Fund by a further US\$5 million, of which approximately US\$1.69 million would represent funded commitments and approximately US\$3.31 million would represent unfunded commitments to the Orangewood Fund. The price that would be payable by the relevant third party institutional investor to the Company for the transfer of these commitments would be approximately US\$1.78 million, which is equivalent to the funded commitments of US\$1.69 million plus interest accrued thereon at a rate of 8 per cent. per annum from the date such commitments were funded to the date of closing. This agreement would be subject to certain conditions to closing and upon being entered into would be expected to close and become effective on or about 21 September 2020.

Following completion of the Orangewood Transaction and this other agreement with the third party investor (assuming it is entered into and completed on the terms described above), the Company's remaining commitments to the Orangewood Fund would amount to US\$14 million, of which approximately US\$4.72 million would represent funded commitments and approximately US\$9.28 million would represent unfunded commitments. The Company's intention with respect to any remaining commitments to the Orangewood Fund is still, as previously announced, to further reduce them such that the balance of its commitments are if and to the extent possible transferred in full.

For further information:

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