

JZ CAPITAL PARTNERS LIMITED

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

JZCP agrees amendments to its Senior Facility

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 ("MAR").

23 October 2020

JZ Capital Partners Limited ("JZCP" or the "Company"), the London listed fund that invests in US and European micro-cap companies and US real estate, is today pleased to announce that it has reached agreement with its senior lenders to amend the terms of its existing senior facility agreement (the "Senior Facility").

As announced on 8 October 2020, the Company had breached its minimum asset coverage ratio under the Senior Facility and was also in default under the facility having not agreed to amended terms with its senior lenders by 7 October 2020. It was also noted in that announcement that, if the existing or any other event of default under the Senior Facility were to continue, the Company would be prohibited from making payments to the holders of its Convertible Unsecured Loan Stock due 2021 ("CULS") on any subsequent CULS interest payment date, absent either a waiver, a further consent or the amended terms of the facility allowing for such payments to be made.

The Company is however now pleased to announce that its senior lenders have waived the Company's aforementioned and other technical breaches and defaults, with agreement also having been reached as to the amended terms of the Senior Facility by way of the Company's entry into an amendment agreement to the facility (the "Amended Senior Facility") with, among others, Guggenheim Partners Europe Limited as a senior lender, administrative agent for the senior lenders and collateral agent.

Under the terms of the Amended Senior Facility, approximately US\$40 million of the outstanding principal amount of approximately US\$150 million under the Senior Facility has been assigned from the existing lenders to clients and funds advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC. The replacement lenders (of approximately US\$40 million of the outstanding principal amount) have agreed, pursuant to an agreement among lenders, to be subordinated to the existing lenders (of approximately US\$110 million of the outstanding principal amount) under the Amended Senior Facility. In exchange, it has been agreed under the Amended Senior Facility that the interest rate payable by the Company for the loans funded by the replacement lenders will accrue interest at a rate of Libor + 11.00%, instead of Libor + 5.75% as is applicable to the existing lenders.

The Company has in turn secured more advantageous terms for itself including the minimum asset coverage covenant being reset (from not less than 4.00:1.00 to a lower threshold of initially not less than 3.25 to 1.00 and from completion of the recently announced Secondary Sale or 7 December 2020, whichever is earlier, not less than 3.50:1.00) and a relaxation of rating requirements, removal of certain concentration limits, updates to the use of proceeds requirements pertaining to asset sales to preserve liquidity, and reduced requirements related to its real estate collateral and reporting on investments. The Company has also agreed to certain limitations on permitted investments going forwards (consistent with its recently amended and restated investment policy), reductions to its permitted unsecured indebtedness and encumbrances, and certain restrictions on dividends until the senior debt is repaid.

In addition, as part of the recently announced Secondary Sale, which is expected to close following approval of the Company's ordinary shareholders in early December 2020, the Company has agreed that US\$70 million of any proceeds received by the Company from that sale and other recent sales will be used to repay the senior lenders. As mentioned above, the replacement lenders will be subordinated to the existing lenders under the Amended Senior Facility and as such the repayment of any such proceeds of US\$70 million will first be applied to the existing lenders, such that thereafter the outstanding loans from the existing lenders will be reduced from approximately US\$110 million to approximately US\$40 million and the outstanding loans from the replacement lenders will remain at approximately US\$40 million. Completion of the Secondary Sale by 7 December 2020 is, among others, a condition subsequent of the Amended Senior Facility.

The term of the Amended Senior Facility remains as expiring on 12 June 2021 with repayment falling due on the same date, albeit with the possibility of extension in certain limited circumstances.

For completeness, the Company notes that following completion of the Secondary Sale and use of any proceeds therefrom and other recent sales to make the repayment of US\$70 million to the existing lenders under the Amended Senior Facility, the Company's approximate key debt obligations will be as follows: (i) senior debt of approximately US\$80 million pursuant to the Amended Senior Facility (due 12 June 2021), (ii) CULS of approximately £38.9m (due 30 July 2021), and (iii) the Company's Zero Dividend Preference Shares of approximately £57.6m (due 1 October 2022).

Also for completeness and by reference to its earlier announcements, the Company last of all notes that, as at this time it is no longer in default under the Senior Facility, the Company is currently no longer prohibited from making interest payments to the holders of the CULS. The Company will also be continuing to make announcements as required in relation to developments and the realisation of its strategy as matters progress.

Market Abuse Regulation:

The information contained within this announcement is inside information as stipulated under MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of JZCP is David Macfarlane, Chairman of JZCP.

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Important Notice

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