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JZ CAPITAL PARTNERS LIMITED

(Registration No. 48761)

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Interim Management Statement
21 December 2010

JZ Capital Partners Limited (LSE:JZCP) ("JZCP" or the "Company"), a closed ended investment company incorporated in Guernsey whose corporate objective is to create a portfolio of investments in businesses primarily in the United States, but also in Europe, announces its Interim Management Statement ("IMS") for the period from 1 September 2010 to 30 November 2010.

Since 31 August 2010, the date of our six month interim statements, our net assets have increased 5.4% from \$7.62 to \$8.03 per share; however had we had not paid the \$0.15 per share in dividends summarized below, the NAV would have increased 7.3%. This is due in part to an increase in the listed equities and the sale of GHW Holdings, Inc., a sale that occurred in the first week of December. The 30 November 2010 results shown below are pro forma for this sale.

The GHW Holdings, Inc. sale was a positive event for all. We redeemed our \$4.0 million subordinated notes at par (plus \$13.8 thousand of accrued interest) and received \$5.1 million for our original \$3.5 million preferred stock investment, creating a \$1.6 million gain. The remaining \$24.2 million was gain on our common stock. Although we had been writing this investment up over time, this sale still increased our NAV by \$0.13 per share. We are pleased with these results and wish the company well in its "next life."

Other recent events include:

- On 2 September 2010, JZCP made a \$0.9 million initial investment in 9% convertible preferred stock in Milestone Aviation, a Resolute Fund investment. The Company made a second investment of \$0.4 million on 19 November 2010. This is all part of JZCP's \$10.0 million "commitment."
- On 1 October 2010, the Company received \$14.8 million as our debt investment in Harrington Holdings, Inc. was redeemed at par.
- On 5 October 2010, JZCP invested a total of \$0.8 million of additional capital into the five Bolder "verticals" described in the 31 August 2010 interim statements.
- On 6 October 2010, JZCP received \$21.9 million from the sale of Apparel Ventures, Inc., a legacy investment carried at \$12.1 million, for a \$9.8 million gain. Although it took more than 16 years, we are pleased with this sale.
- On 14 October 2010, the Company invested \$22.1 million in Salter Labs, a manufacturer of single and multi-use respiratory medical products and equipment for the homecare, hospital and sleep disorder markets. JZCP purchased \$5.9 million of 13.5% subordinated notes (representing 30% of the issuance), \$14.9 million of 10.0% preferred stock (20% of the issuance) and approximately 18% of common stock. We are pleased to be partners with Roundtable Healthcare Partners in this acquisition.
- On 1 November 2010, JZCP received \$4.8 million from the sale of Gear For Sports, Inc., a legacy investment that had been valued at \$0.
- On 17 November 2010, JZCP received \$18.2 million as repayment in full of its mezzanine investment in Roofing Supply Group, Inc. JZCP continues to retain a small equity investment in Roofing Supply Group, Inc.

- On 19 November 2010, the Company received \$1.9 million as repayment in full of its senior debt investment in PETCO Animal Supplies, Inc.
- On 30 November 2010, JZCP invested an additional \$7.5 million of 15% Notes into Dental Services, Inc., alongside of Edgewater Funds' \$7.5 million. This total of \$15.0 million was used to refinance Dental Services, Inc.'s bank debt.
- On 3 December 2010, the Company paid an ordinary dividend of \$0.05 and a special dividend of \$0.10 for each Ordinary Share.

Business Update

As seen from the activities above, we are seeing some slight positive movement in the capital markets, making both realizations and acquisitions possible. We have several acquisitions in our business "verticals" that we hope will close in the next quarter or two. We are particularly excited about these strategic build-up opportunities.

Our microcap portfolio continues to perform well, with the exception of Dental Services, Inc. A series of both micro and macro issues induced us to take out the bank; once these issues are fixed, we plan on recapitalizing the company with outside financing.

Pro Forma Net Asset Value

For the three months ended 30 November 2010, JZCP's NAV increased by \$26.6 million or 5.4%; however had we had not paid the \$0.15 per share in dividends, the NAV would have increased 7.3%. Since 28 February 2010, the date to which the last audited accounts were prepared, our NAV has increased 14.1%; however had we not paid the \$0.15 dividends summarized above, as well as the \$0.065 dividend paid to shareholders on 1 April 2010, the NAV would have increased 17.1%.

	<u>28/2/2010</u>	<u>31/8/2010</u>	<u>30/11/2010 (1)</u>
Net Asset Value (\$000's) (2)	\$457,513	\$495,391	\$521,969
Number of Ordinary Shares Outstanding (000's)	65,019	65,019	65,019
Net Asset Value per Ordinary Share (\$)	\$7.04	\$7.62	\$8.03
Market Price per Share (\$)	\$4.16	\$4.45	\$5.06
NAV to Market Price Discount	41%	42%	37%

(1) Pro forma for the post period end sale of GHW Holdings, Inc.

(2) Per JZCP Board.

Pro Forma Balance Sheet

Below is a summary of JZCP's balance sheet as of the relevant dates:

(\$000's)	<u>28/2/2010</u>	<u>31/8/2010</u>	<u>30/11/2010 (1)</u>
Cash	\$134,867	\$15,668	\$177,595
Treasury Notes	-	101,459	-
Listed Equities	69,642	77,547	94,567
Bank Debt	35,589	45,291	29,463
Private Investments	289,444	330,198	300,476
Other Assets (2)	682	1,151	680
Total Assets	\$530,224	\$571,314	\$602,781
- Liabilities	(1,312)	(1,200)	(3,388)
- Zero Dividend Preferred Shares	(71,399)	(74,723)	(77,424)
Net Asset Value	\$457,513	\$495,391	\$521,969

(1) Pro forma for the post period end sale of GHW Holdings, Inc.

(2) Includes accrued dividends on Listed Equities.

Portfolio

At 30 November 2010, the Company's investment assets consisted of 40 investments totaling \$425.1 million broken out as follows:

<u>Number of Investments</u>	<u>% of Portfolio Valuation as of 30/11/10</u>
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Cash		29.5%
Micro-Cap Portfolio	12	35.7%
Listed Equity	3	15.8%
Mezzanine Investments	10	10.9%
Bank Debt	6	4.9%
Legacy Portfolio	9	3.2%
Total Investment Assets	40	100.0%

Note: Pro forma for the post period end sale of GHW Holdings, Inc.

50.2% of the portfolio is invested in "liquid" assets, which consist of cash, listed equity, and listed debt. These asset classes are valued at third party listed prices. The remaining 49.8% of the portfolio is invested in private investments in micro-caps or mezzanine investments. These investments are valued at fair value by the Directors of JZCP quarterly. As a point of reference, the average purchase multiple of the micro-cap investments was 6.1x. The current average enterprise multiple used at 30 November 2010 was 6.0x. In addition, our micro-cap businesses continue to be leveraged at just over 1.0x trailing twelve months EBITDA.

For the three months ended 30 November 2010, our listed equities increased 21.9%. Our listed bank debt, both first and second lien investments, decreased by 34.9%, which is due to the repayment of our investments in Harrington Holdings, Inc., PETCO Animal Supplies, Inc., SCS Holdings II, Inc. and Intergraph Corporation. Our mezzanine investments decreased by 22.5%, which is due to the repayment of our mezzanine investment in Roofing Supply Group, Inc. The micro-cap portfolio increased 6.6% during the three month period, as the increase in value of selected investments, combined with the Salter Labs acquisition and the additional Dental Service, Inc. investment, was offset by the GHW Holdings, Inc. sale mentioned above. Note that of the 22 mezzanine and micro-cap investments, 21 are current on their interest payments as of 30 November 2010.

At 30 November 2010, 46.7% of the JZCP investments were valued below cost, and 53.3% were valued at or in excess of cost.

The top ten investments as of 30 November 2010 were as follows:

			Valuation as of 30/11/2010	% of Portfolio Valuation as of 30/11/2010
	Asset Category	Original Cost		
Safety Insurance Group, Inc.	Listed Equity	\$6,816	\$54,671	12.9%
TAL International Group, Inc.	Listed Equity	13,798	39,068	9.2%
Accutest Holdings, Inc.	Micro-cap	31,516	36,332	8.5%
Dantom Systems, Inc.	Micro-cap	31,564	35,187	8.3%
Continental Cement Company, LLC	Mezzanine	20,660	29,586	7.0%
BG Holdings, Inc.	Micro-cap	21,832	25,152	5.9%
Wound Care Solutions, LLC	Micro-cap	38,858	25,000	5.9%
Dental Services, Inc.	Micro-cap	27,604	23,055	5.4%
Salter Labs	Micro-cap	22,079	21,039	4.9%
Petco Animal Supplies, Inc.	Mezzanine	17,508	17,637	4.1%
Top Ten Investments		\$232,235	\$306,727	72.1%
Remaining Investments		151,490	118,332	27.9%
Total Portfolio		\$383,725	\$425,059	100.0%

Note: Pro forma for the post period end sale of GHW Holdings, Inc.

The portfolio is diversified across the following business sectors:

	Number of Companies	% of Portfolio Valuation as of 30/11/10
Support Services	11	23.9%
Health Care Equipment & Services	6	22.5%
Financial General	6	17.0%
Industrial Engineering	5	10.3%
House, Leisure & Personal Goods	5	7.2%
Construction Materials	4	7.4%
Other	3	11.7%

Total Portfolio	<u>40</u>	<u>100.0%</u>
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Note: Pro forma for the post period end sale of GHW Holdings, Inc.

About JZCP

JZCP is a closed ended investment company incorporated in Guernsey. The Company's corporate objective is to create a portfolio of investments in businesses primarily in the United States, but also in Europe, providing a superior overall return comprised of a current yield and significant capital appreciation. The Company's strategies include investments in micro-cap buyouts, mezzanine loans (sometimes with equity participations) and high yield securities, senior secured debt and second lien loans and other debt and equity opportunities. The Company's Ordinary Shares and Zero Dividend Preferred Shares are listed on the London Stock Exchange.

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