

□ JZ CAPITAL PARTNERS LIMITED

(Registration No. 48761)

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Interim Management Statement
21 December 2009

JZ Capital Partners Limited ("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, announces its Interim Management Statement ("IMS") for the period from 1 September 2009 to 30 November 2009.

Since 28 February 2009, the date to which the last audited accounts were prepared, our NAV has increased 10.4%.

Recent Events

On 4 December 2009, the Company paid a dividend of \$0.09 per share to the Ordinary Shareholders.

Business Update

Although one reads that the capital markets are loosening up, we are still in a "protect our cash and assets" mode. Since our recent fund raising, we have not made any investments in new portfolio companies, but have been ensuring that our current portfolio is in as good shape as possible. All that being said, we have a series of potential investments that we are actively pursuing, and anticipate putting some of our \$139 million to work in new platform acquisitions in the next six months.

Our micro-cap portfolio continues to perform, with no anticipated defaults with any of our lenders. These business values - the engine of JZCP's future - have held up well over the past year and a half, despite the economic upheaval.

The data presented below assumes that the capitalization events that occurred in June 2009 had occurred on 28 February 2009.

Pro Forma Net Asset Value

For the three months ended 30 November 2009, JZCP's NAV increased by \$11.0 million or 2.6%. As mentioned above, since 28 February 2009, the date to which the last audited accounts were prepared, our NAV has increased 10.4%.

	<u>28/2/2009 (1)</u>	<u>31/8/2009</u>	<u>30/11/2009</u>
Net Asset Value (\$000's) (2)	\$401,381	\$432,257	\$443,289
Number of Ordinary Shares Outstanding (000's)	65,019	65,019	65,019
Net Asset Value per Ordinary Share (\$)	\$6.17	\$6.65	\$6.82
Market Price per Share (\$)	\$2.10	\$3.60	\$3.74
NAV to Market Price Discount	66%	46%	45%

(1) Pro forma for the issuance of 227.6 million Ordinary Shares, the "rollover" of 16.0 million ZDP shares, the issuance of 4.7 million new ZDP shares, the redemption of old ZDP shares, a 1 for 5 Ordinary share consolidation and a mark to market adjustment for a forward currency derivative contract.

(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>28/2/2009 (1)</u>	<u>31/8/2009</u>	<u>30/11/2009</u>
Cash	\$138,739	\$139,416	\$138,934
Listed Equities	47,264	55,455	61,190
Bank Debt	28,215	36,252	34,394
Private Investments	258,421	275,157	284,669
Other Assets (2)	2,017	742	301
Total Assets	\$474,656	\$507,022	\$519,488
- Liabilities	(437)	(1,324)	(813)
- Zero Dividend Preferred Shares	(72,838)	(73,441)	(75,386)
Net Asset Value	\$401,381	\$432,257	\$443,289

(1) Pro forma for the issuance of 227.6 million Ordinary Shares, the "rollover" of 16.0 million ZDP shares, the issuance of 4.7 million new ZDP shares, the redemption of old ZDP shares, a 1 for 5 Ordinary share consolidation and a mark to market adjustment for a forward currency derivative contract.

(2) Includes accrued dividends on Listed Equities.

For the three months ended 30 November 2009, our listed equities increased 10.3%. Our listed bank debt, both first and second lien investments, decreased by 5.1%. Our mezzanine investments increased by 8.0%, while the micro-cap portfolio increased 2.1%. Note that of the 20 mezzanine and micro-cap investments, 18 are current on their interest payments at 30 November 2009.

Portfolio

At 30 November 2009, the Company's investment assets consisted of 44 investments totaling \$519 million broken out as follows:

	Number of Investments	% of Portfolio Valuation as of 30/11/09
Micro-Cap Portfolio	8	32.2%
Cash		26.8%
Mezzanine Investments	12	16.6%
Listed Equity	3	11.8%
Legacy Portfolio	11	6.0%
Bank Debt	10	6.6%
Total Investment Assets	44	100.0%

45.2% 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. Cash is mainly deposited with HSBC. The remaining 54.8% of the portfolio is invested in private investments in micro-caps or mezzanine investments. These investments are valued at fair value by the JZCP Board of Directors. Historically these investments have been valued at fair value by the Directors of JZCP half yearly; they have resolved henceforth to perform a full valuation review quarterly. As a point of reference, the average purchase multiple of the micro-cap investments was 6.0x. The current average enterprise multiple used at 30 November 2009 was 5.8x. In addition, our micro-cap businesses continue to be leveraged at less than 1.5x trailing twelve months EBITDA.

At 30 November 2009, 56.8% of the JZCP investments were valued below cost, and 38.6% were valued at or in excess of cost.

The top ten investments as of 30 November 2009 were as follows:

(\$000's)	Asset Category	Original Cost	Valuation as of 30/11/2009	% of Portfolio Valuation as of 30/11/09
Safety Insurance Group, Inc.	Listed Equity	\$6,816	\$41,159	10.8%
Accutest Holdings, Inc.	Micro-cap	31,516	33,592	8.8%
Wound Care Solutions, LLC	Micro-cap	39,595	27,364	7.2%
Continental Cement Company, LLC	Mezzanine	20,660	27,191	7.2%
Dental Services Group, Inc.	Micro-cap	19,854	26,825	7.1%
Dantom Systems, Inc.	Micro-cap	21,057	23,570	6.2%
BG Holdings, Inc.	Micro-cap	21,332	22,575	5.9%
Roofing Supply Group, Inc.	Mezzanine	16,275	20,432	5.4%
Petco Animal Supplies, Inc.	Listed Debt / Mezzanine	19,453	19,806	5.2%
TAL International Group, Inc.	Listed Equity	13,798	18,775	4.9%
Top Ten Investments		\$210,536	\$261,289	68.7%
Remaining Investments		180,922	118,964	31.3%
Total Portfolio		\$391,458	\$380,253	100.0%

The portfolio is diversified across the following business sectors:

	Number of Companies	% of Portfolio Valuation as of 30/11/09
Health Care Equipment & Services	7	28.0%

Support Services	10	21.3%
House, Leisure & Personal Goods	6	10.1%
Financial General	4	11.3%
Industrial Engineering	7	9.0%
Construction Materials	4	13.6%
Other	6	6.7%
Total Portfolio	44	100.0%

Material Events and Transactions

In the three months ended 30 November 2009:

- The Company invested \$3.6 million of Senior Subordinated Notes in Dantom Systems, Inc. to support an add-on acquisition.

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 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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