

# JPEL

## Company Summary

### Objective

JPEL’s core strategy is to purchase private equity fund interests in the secondary market.

### Launched

30 June 2005

|                                   | US\$ Equity Share                 | Zero Dividend Preference Share 2013                     | Zero Dividend Preference Share 2015                     | Zero Dividend Preference Share 2017                     | JPEL Warrants                     |
|-----------------------------------|-----------------------------------|---|---|---|-----------------------------------|
| Net Asset Value (“NAV”) per share | US\$ 1.18                         | 66.87p  | 63.98p  | 67.90p  | N/A                               |
| No. of shares in issue            | 385.10 mm                         | 63.16 mm  | 67.08 mm  | 30.41 mm  | 57.90 mm                          |
| Currency of Quotation             | US\$                              | £ Sterling  | £ Sterling  | £ Sterling  | US\$                              |
| Ticker                            | JPEL                              | JPEZ  | JPZZ  | JPSZ  | JPWW                              |
| Sedol                             | B07V0H2                           | B07V0R2   | B00DDT8   | B5N4JV7   | B60XDY5                           |
| ISIN                              | GB00B07V0H27                      | GB00B07V0R25  | GG00B00DDT81  | GG00B5N4JV75  | GG00B60XDY53                      |
| Market Makers                     | ABN Amro<br>Cazenove<br>HSBC Bank | Cazenove<br>Collins Stewart<br>HSBC Bank<br>Winterflood | Cazenove<br>Collins Stewart<br>HSBC Bank<br>Winterflood | Cazenove<br>Collins Stewart<br>HSBC Bank<br>Winterflood | ABN Amro<br>Cazenove<br>HSBC Bank |

All figures as at 31 March 2012. NAV Figures are based on unaudited net asset values as at 31 March 2012.

### Company Description

J.P. Morgan Private Equity Limited (“JPEL” or the “Company”) is a global private equity fund listed on the London Stock Exchange. JPEL’s core strategy is to purchase private equity fund interests in the secondary market.

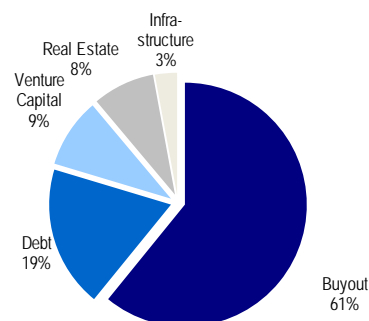
JPEL pursues the following strategies to seek to meet its investment objectives

- Acquires secondary portfolios of direct investments and significantly invested partnership investments to accelerate NAV development.
- Opportunistically invests in buyout, venture capital, and other special situations funds and investments throughout the world based on attractive transaction values, advantageous market conditions, and compelling risk-adjusted return potential.
- Obtains exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation.
- Diversifies its portfolio by manager, industry, geography, investment stage, and vintage year.
- Actively manages the portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

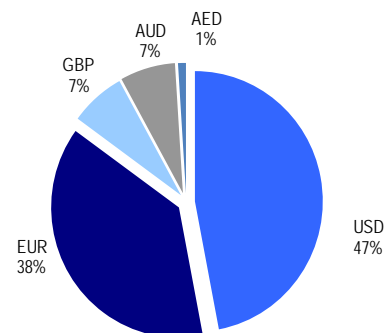
The Company’s capital structure consists of three classes of shares: US\$ Equity Shares (“Equity Shares”) and three classes of Zero Dividend Preference Shares due 2013, 2015 and 2017, respectively (together, the “ZDP Shares”).

JPEL issued bonus warrants to shareholders on record as of 17 August 2009. The warrants are publicly traded on the London Stock Exchange under the symbol “JPWW.”

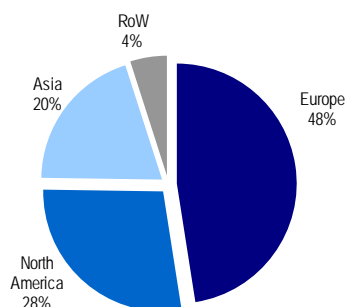
### Fund Level - Investment Strategy<sup>1,2</sup>



### Fund Level - Currency Exposure<sup>1</sup>



### Company Level - Geography<sup>3</sup>



1. The diversification charts above are based on unaudited Investments at Market Value as at 31 March 2012 and use underlying fund-level values.  
 2. Special situations includes mezzanine, debt, turnaround and distressed investment strategies.  
 3. The diversification chart above is based on unaudited Investments at Market Value as at 31 March 2012 and uses underlying company-level values.

# JPEL Managers' Comments

JPEL is the only listed private equity fund focused on the secondary private equity market.

## Performance and Portfolio Update

JPEL's NAV per equity share declined 1.7% to \$1.18 in the month of March 2012. During the quarter, the price of JPEL's equity shares increased 4.0% to \$0.90 but has subsequently sold off to \$0.80 at the time of this report. Approximately 82% of JPEL's March 2012 private equity NAV is based values dated 31 December 2011, or later.

The decline in NAV is primarily a result of the corresponding decline in public trading multiples in Europe and the US for-profit education sector trading at the lower end of its historical band. As at 31 March 2012, Europe and the UK represent [48%] of JPEL's private equity value (European breakout shown on the following page). While JPEL is largely invested in the UK, France and Germany, comparable multiple values at 31 December 2011 remained substantially lower than at 30 June 2011. In addition, regulatory concern prompted a downturn in the US for-profit education sector. The value of JPEL's top two education related assets has declined 25% during the quarter. JPEL's top 37 buyout companies are valued at a weighted average EV/EBITDA multiple of 8.0x and have exhibited LTM revenue growth of 9.5% and EBITDA growth of 3.6%, compared to revenue growth of 12.5% and EBITDA growth of 11.9% for the twelve months ended June 2011.<sup>1</sup>

Distributions of \$12.2 million outpaced capital calls of \$6.7 million in Q1 2012. During the quarter, JPEL received distributions from investments in Aksia (sale of Robushi), DFJ Esprit (sale of Clearswift), Avista Capital Partners (sale of BioReliance), and Omega Fund III (sale of Micromet). JPEL's distribution activity has remained strong in Q2 2012 and is on trend to be JPEL's largest since the credit crisis.

Subject to applicable legal, corporate and regulatory restrictions, the Company's current policy is to return 50% of portfolio distributions, net of capital calls, operating expenses and any near term payment obligations, to shareholders.<sup>2</sup> Since inception, JPEL has returned \$153.2 million to investors through its tender facility and share buybacks. In Q1 2012, JPEL returned \$17.9 million to shareholders, \$15.3 million of which was returned via tender in February 2012 and \$2.6 million through share buybacks during the quarter.

On 30 April 2012, JPEL announced that it has agreed in principle to terms on a new multi-currency credit facility with a longer maturity date with Lloyds TSB Bank plc.<sup>3</sup> The new facility will expire in January 2017 and contains similar covenants to the Company's existing \$150 million multi-currency facility which was due to expire in May 2013. Key terms of the proposed facility include:

- LIBOR / EURIBOR +280bps for a loan to value ratio (LTV) of less than or equal to 10%, with no LIBOR / EURIBOR floor
- LIBOR / EURIBOR +330bps for a LTV ratio of greater than 10%, with no LIBOR / EURIBOR floor

This is a significant event as it allows increased flexibility for JPEL in the future, including using less expensive bank financing to potentially replace the 2013 and 2015 ZDPs.

1. Represents largest underlying buyout investments within JPEL's largest 50 underlying companies. Buyout data at 31 December 2011 represent 37 of JPEL's largest 50 underlying company investments or 37.1% of private equity investment values at 29 February 2012. Underlying sponsor values as at 31 December 2011. Based on latest available underlying company data and is subject to change.
2. Shareholders should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the Company, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the Company.
3. The amended and extended credit facility is subject to final documentation and is currently expected to be completed in May. Furthermore, the Company anticipates that it will hold its annual general meeting on or about the end of June with materials available to shareholders on or about the end of May.

## ZDP Performance

During the quarter, the NAV per share for the Company's 2013 ZDP Shares increased 1.8% to 66.87, the 2015 ZDP Shares increased 2.1% to 63.98p and the 2017 ZDP Shares increased 2.0% to 67.90. The share price for the 2013 ZDP Shares increased 1.1% to 69.75p for the quarter, while the 2015 ZDP Shares increased 0.5% to 72.13p and the 2017 ZDP Shares gained 0.5% to 77.13p during the quarter.

### Balance Sheet Information as at 31 March 2012\*

|  |            |
|--|------------|
| Investments at Market Value                                  | \$674.7 mm |
| Cash & Equivalents   | \$19.1 mm  |
| Total Assets   | \$693.8 mm |
| Net Asset Value <sup>2</sup>                                 | \$624.7 mm |
| Unfunded Commitments   | \$115.2 mm |
| (Private Equity + Cash & Equivalents) / Unfunded Commitments | 6.0x       |

### Summary of Portfolio as at 31 March 2012<sup>1</sup>

|                          |    |                       |    |
|--------------------------|----|-----------------------|----|
| Buyout Funds             | 45 | Co-Investments        | 11 |
| Special Situations Funds | 27 | Fund of Funds         | 6  |
| Venture Capital Funds    | 26 | Listed Private Equity | 1  |
| Real Estate Funds        | 7  |                       |    |
| Infrastructure Funds     | 4  |                       |    |

\* Source: Managers.

1. Fund of Funds includes the Company's investments in Bear Stearns Private Opportunity Ventures, L.P., Private Equity Access Fund II Ltd, and portfolios held through the Macquarie Private Capital Trust.

2. Unaudited as at 31 March 2012.

Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

# JPEL Managers' Comments

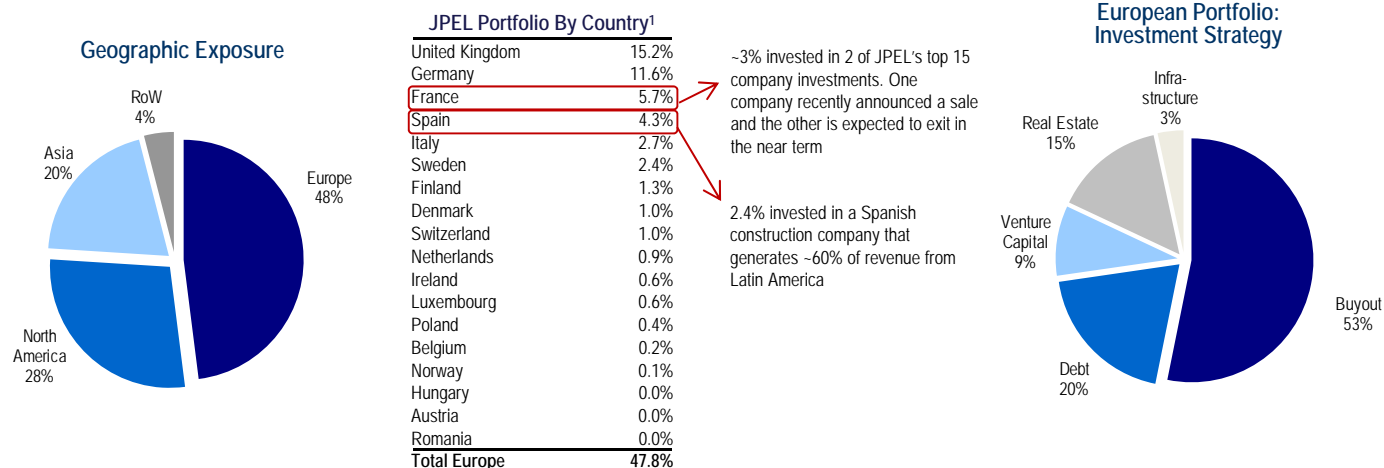
## Portfolio Highlights

JPEL's portfolio is comprised of interests in 109 separate fund interests, 11 co-investments, six fund of funds, and one listed private equity fund that include over 1,500 companies across approximately 24 industries. The top 20 fund interests account for 40.0% of private equity NAV. The portfolio continues to be weighted heavily towards more defensive industries as approximately 16.5% of its portfolio is invested in healthcare-oriented companies. In addition, approximately 90% of its buyout portfolio is invested in small to medium sized buyouts, which tend to utilize lower leverage and purchase multiples. JPEL's portfolio is well diversified by vintage year; the average age of the Company's portfolio is 5.6 years. JPEL has continued to emphasize investments in companies with rational debt levels.

## JPEL European Exposure

48% of JPEL's portfolio is invested in Europe, over 65% of European assets in UK, Germany and France

- 55% of JPEL's European portfolio is invested in defensive assets: 20% in debt, 20% in healthcare, 15% in real estate
- Over 90% of European LBO funds invested in small and medium sized funds focused on lower-middle market investments which tend to use less leverage
- Zero exposure to Greece, less than 3% exposure to Italy



Source: Manager. The diversification charts above are based on Net Asset Value as at 31 March 2012 and use underlying company level values.

*JPEL's top 20 fund investments and the top 20 company exposures account for 40.0% and 37.4% of the Company's private equity portfolio, respectively.*

### Top 20 Fund Investments at 31 Mar 2012

|  |      |
|--|------|
| 1. Duke Street - Parallel Vehicle                          | 5.8% |
| 2. Life Sciences Holdings SPV I Fund, L.P.                 | 2.8% |
| 3. Avista Capital Partners (Offshore), L.P.                | 2.8% |
| 4. Barclays Private Equity – Parallel Vehicle              | 2.5% |
| 5. Alcentra Euro Mezzanine No1 Fund L.P.                   | 2.5% |
| 6. Liberty Partners II, L.P.                               | 2.5% |
| 7. GSC European Mezzanine Fund II L.P.                     | 1.9% |
| 8. Hulton Collins Capital Partners II LP                   | 1.8% |
| 9. Catalyst Buyout Fund 1                                  | 1.8% |
| 10. Almack Mezzanine I Fund L.P.                           | 1.7% |
| 11. Argan Capital Fund                                     | 1.6% |
| 12. Guggenheim Aviation Offshore Investment Fund II, L.P.  | 1.6% |
| 13. Milestone Link Fund, L.P.                              | 1.5% |
| 14. Leeds Equity Partners IV, L.P.                         | 1.5% |
| 15. 3i - Parallel Vehicle                                  | 1.5% |
| 16. Macquarie European Infrastructure Fund                 | 1.3% |
| 17. Omega Fund III, L.P.                                   | 1.3% |
| 18. Beacon India Private Equity Fund                       | 1.3% |
| 19. Strategic Value Global Opportunities Master Fund, L.P. | 1.3% |
| 20. Macquarie Wholesale Co-investment Fund                 | 1.2% |

### Top 20 Company Investments at 31 Mar 2012

|  |      |
|--|------|
| 1. Deutsche Annington Immobilien Group | 6.8% |
| 2. China Media Enterprises Limited     | 6.7% |
| 3. RCR Industrial S.a.r.l              | 2.4% |
| 4. Baby Cadum                          | 2.2% |
| 5. Concorde Career Colleges, Inc.      | 1.8% |
| 6. Ze2 (Interest)                      | 1.6% |
| 7. FibroGen                            | 1.6% |
| 8. Education Management Corporation    | 1.5% |
| 9. Oasis                               | 1.5% |
| 10. Gulf Healthcare International LLC  | 1.4% |
| 11. WinnCare                           | 1.4% |
| 12. Paratek                            | 1.1% |
| 13. Original Factory Shop              | 1.1% |
| 14. Zena                               | 1.0% |
| 15. Bionmis                            | 1.0% |
| 16. Compre Group                       | 0.9% |
| 17. Back Bay (Guernsey) Limited        | 0.9% |
| 18. REGE                               | 0.8% |
| 19. Civica                             | 0.8% |
| 20. Ex Libris Group                    | 0.8% |

Note: Based on unaudited Investments at Market Value as at 31 March 2012 and use underlying company-level values. Top 20 Fund Investments exclude limited partnerships set up specifically to for co-investment purposes.

# JPEL

## Company Overview

### JPEL Contacts

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### Board of Directors

#### Chairman

Trevor Ash (*Guernsey Resident*)

#### Members

Gregory Getschow (*US Resident*)

John Loudon (*UK Resident*)

Christopher Paul Spencer (*Guernsey Resident*)

### All of whom may be contacted through

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### Investment Managers

JPEL is a closed-ended investment company that is registered and incorporated under the laws of Guernsey. JPEL is managed by Bear Stearns Asset Management Inc and JPMorgan Asset Management (UK) Limited (collectively, the "Managers"), both wholly-owned subsidiaries of JPMorgan Chase & Co.

JPMorgan Chase & Co. (NYSE: JPM) is a leading financial services firm with assets under management of \$2.1 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity.

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*Key considerations for private equity investors include but are not limited to: private equity is an illiquid asset class; there are typically no redemption features within a traditional private equity fund; traditional private equity fund investments are "locked up" for the duration of the partnership; private equity investments typically involve a long term time horizon; private equity funds may have investment periods that extend 6 years and terms of 12+ years; private equity is a speculative investments and there are no global disclosure standards or capital protection.*

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