

# 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	JPEL Warrants
Net Asset Value (“NAV”) per share	US\$ 1.34	63.41p	60.11p	N/A
No. of shares in issue	356.88 mm	63.31 mm	68.59 mm	58.08 mm
Currency of Quotation	US\$	£ Sterling	£ Sterling	US\$
Ticker	JPEL	JPEZ	JPZZ	JPWW
Sedol	B07V0H2	B07V0R2	B00DDT8	B60XDY5
ISIN	GB00B07V0H27	GB00B07V0R25	GG00B00DDT81	GG00B60XDY53
Market Makers	ABN Amro Cazenove HSBC Bank	Cazenove Collins Stewart HSBC Bank Winterflood	Cazenove Collins Stewart HSBC Bank Winterflood	ABN Amro Cazenove HSBC Bank

All figures as at 30 June 2011. NAV Figures are based on unaudited net asset values as at 30 June 2011.

### 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.

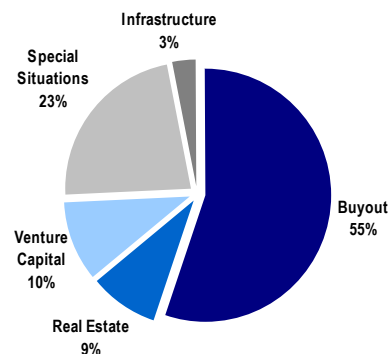
JPEL pursues the following strategies to seek to meet its investment objectives

- 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.

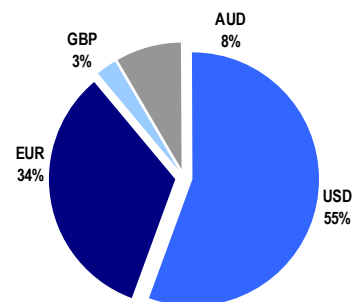
The Company’s capital structure consists of three classes of shares: US\$ Equity Shares (“Equity Shares”) and two classes of Zero Dividend Preference Shares due 2013 and 2015, respectively (together, the “ZDP Shares”).

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.”

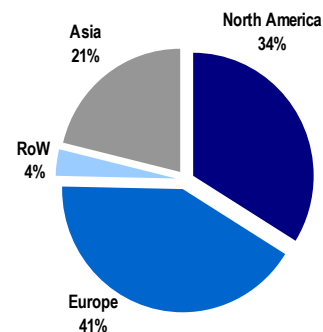
### JPEL Only: Investment Strategy<sup>1,2</sup>



### JPEL Only: Currency Exposure<sup>1</sup>



### JPEL Only: Geography<sup>3</sup>



1. The diversification charts above are based on unaudited Investments at Market Value as at 30 June 2011 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 30 June 2011 and uses underlying company-level values.

# JPEL Managers’ Comments

Innovative transaction in difficult fundraising environment, without utilizing cash.

## Investment Activity: Recent Announcement

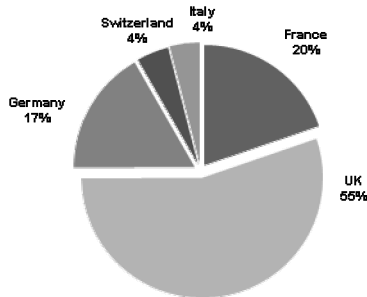
On 16 August 2011, JPEL entered into a conditional agreement with the SPL Funds<sup>1</sup> to acquire a portfolio of middle-market co-investments (“Co-Investment Portfolio”) in an all-stock acquisition valued at £56.5 million (approximately US\$91.9 million). The co-investment portfolio consists of a diversified pool of 38 investments with leading European middle-market fund managers primarily invested in the UK, Germany and France. The Managers believe that this acquisition meets three of JPEL’s 2011 objectives:

- **Rebalances portfolio, adding mid-market buyout assets**
  - JPEL’s current buyout portfolio has large concentration of defensive lower-mid market assets to protect downside
  - Addition of larger middle market companies with growth orientation enhances potential NAV and distribution development in improving macro-economic environment, balancing current defensive-oriented portfolio
- **Strengthens balance sheet by adding more assets and market leading companies**
  - Expected to generate growth and cash distributions over next 1-2 years that can be reinvested and distributed to shareholders
- **Demonstrates creative way to add quality assets to portfolio in difficult fundraising environment**
  - Under the terms of the acquisition, the seller will receive:
    - 65% of the transaction purchase price value or £36.7 million in new US\$ Equity Shares issued at JPEL’s US\$ Equity NAV per share at 30 June 2011
    - 35% of the transaction purchase price value or £19.8 million in a new class of 2017 Zero Dividend Preference Shares (“New 2017 ZDP Shares”)
    - The New 2017 ZDP Shares issued as a part of the transaction will yield have a GRY of 8.25% p.a. and will mature on 31 December 2017

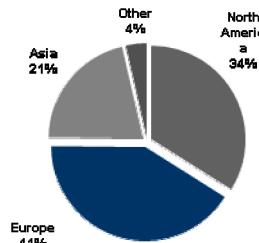
The transaction is expected to close in September 2011. Please refer to the charts below for an estimate of what the adjusted JPEL portfolio would look like based on 30 June 2011 unaudited valuations of both the JPEL and the Co-Investment Portfolio.

### Proposed Transaction Co-Investment Portfolio: Overview at 30 June 2011<sup>2,3</sup>

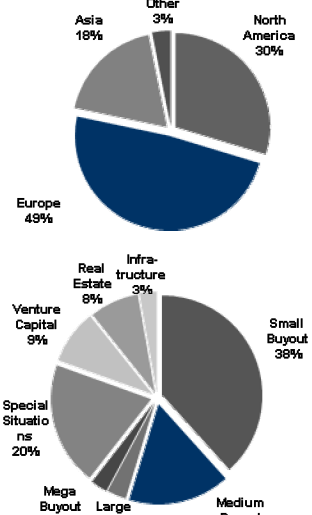
- **Valued at £56.5 million at 30 June 2011**
  - 2 separate co-investment funds (2007 Fund & 2008 Fund)
  - 38 individual mature co-investments (average age is 3.6 years)
  - Exposure to mid market buyout investments (100% of portfolio)
  - Low amount of unfunded commitments (~£6.9 mm)
  - Exposure to UK, Germany and France (92% of portfolio)



### JPEL Portfolio – Only at 30 June 2011<sup>4</sup>



### JPEL Portfolio – Adjusted for Co-Investment Portfolio at 30 June 2011<sup>2,3</sup>



\* Source: Managers.

1. SPL Private Equity (PE1) IC Ltd, SPL Parallel Private Equity (PE2) IC Ltd, and SPL Integrated Finance (PE3) IC Ltd (together, the “SPL Funds”).

2. Based on company level values at 30 June 2011. JPEL Portfolio – adjusted for Co-Investment Portfolio at 30 June 2011 based on Co-Investment Portfolio underlying company level values. There can be no assurances that the percentages represented above for the adjusted JPEL portfolio will be the same at the time of closing.

3. Conditional on the completion of the acquisition, JPEL and the SPL Funds have entered into an Economic Transfer Agreement relating to 2 interests within the Co-Investment Portfolio. Pursuant to the Economic Transfer Agreement, JPEL will retain record and legal ownership of the relevant ownership interests in accordance with the terms of the Acquisition Agreement but will transfer to the SPL Funds all economic rights, benefits and obligations in and to those ownership interests. Please refer to the JPEL Prospectus dated 16 August 2011 for further details.

4. The diversification charts above are based on unaudited Investments at Market Value as at 30 June 2011 and use underlying company-level and fund-level values.

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

# JPEL Managers' Comments

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

## JPEL Performance

In the second quarter of 2011, JPEL's NAV per US\$ Equity share remained flat at \$1.34 per US\$ Equity Share. JPEL's US\$ Equity Share price decreased by 0.8% during the second quarter. Although NAV continues to be nearly constant over the past several quarters, the underlying performance of the assets continues to improve in terms of revenue and EBITDA growth as well as continued deleveraging of balance sheets.

NAV per share for the Company's 2013 and 2015 ZDP Shares increased from 62.30p to 63.41p and from 58.88p to 60.11p, respectively, during the quarter, representing gains of 1.8% and 2.1%, respectively, per share. The share price for the 2013 ZDP Shares increased by 2.9%, while the 2015 ZDP Shares increased by 4.2% during the quarter.

Distributions of \$14.5 million outpaced capital calls of \$11.0 million in 2Q 2011. In the last twelve months JPEL has consistently received distributions in excess of capital called. Although capital calls have increased overall, the Company has received \$74.5 million in distributions versus \$46.3m in capital calls since July 2010. Capital call activity compared to overall unfunded levels has been strong as several funds approach the end of their respective investment periods. We anticipate that this trend will continue for a few more quarters, but believe the level of distribution activity may pick up as well given that the age of JPEL's underlying investments are very mature.

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## Investment Activity

JPEL completed a minority investment in a Middle Eastern healthcare company, buying out an existing investor seeking liquidity. In July 2011, JPEL invested further capital in the transaction via a growth equity investment. The key attributes of the deal are low entry value, limited debt levels, and significant near-term growth prospects. JPEL bought into the healthcare company at a significant discount to comparable companies in the Middle East. The Company has limited debt and potential for significant EBITDA growth over the next 2 -3 years.

On 16 August 2011, JPEL entered into a conditional agreement with the SPL Funds to acquire a portfolio of middle-market co-investments (“Co-Investment Portfolio”) in an all-stock acquisition valued at £56.5 million (approximately US\$91.9 million). The Co-Investment Portfolio consists of a diversified pool of 38 investments with leading European middle-market fund managers primarily invested in the UK, Germany and France.

Macro trends – such as regulatory changes in the financial industry, dissolving hedge fund and private equity fund structures, and broken shareholder bases in many private equity backed deals - have increased JPEL's deal flow. Opportunities in the portion of the secondary private equity market where JPEL tends to invest has been aided by the extreme volatility in the world – such as the U.S and Eurozone debt issues, geopolitical changes in the Middle East, currency pressures in developing markets, etc. This volatility and uncertainty should contribute to a favorable pricing environment. JPEL is focusing on adding more companies that can grow revenues and cash flows despite a difficult economic environment. This leads to an emphasis on companies with significant emerging markets exposure or those that are operationally geared to benefit disproportionately from incremental revenue growth.

JPEL's investment pace continues to be measured. Investment activity, outside of potential stock swap transactions, will remain relatively light pending more substantial distributions from the underlying portfolio or active measures to sell-down portions of the private equity portfolio in the secondary market. In the meantime, JPEL will look to make selective new investments with its remaining capital.

### JPEL Only - Balance Sheet Information as at 30 June 2011\*

Investments at Market Value	\$647.4 mm
Cash & Equivalents	\$38.3 mm
Total Assets	\$685.8 mm
Net Asset Value <sup>2</sup>	\$607.4 mm
Unfunded Commitments	\$112.2 mm
Capital Available for Investment <sup>3</sup>	\$58.5 mm
(Private Equity + Cash & Equivalents) / Unfunded Commitments	6.1x

### JPEL Only - Summary of Portfolio as at 30 June 2011<sup>1</sup>

Buyout Funds	58	Co-Investments	12
Special Situations Funds	32	Fund of Funds	6
Venture Capital Funds	23		
Real Estate Funds	8		
Infrastructure Funds	5		

\* Source: Managers. The balance sheet information is not (adjusted for the Co-Investment Portfolio as the transaction has not yet closed.

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. The balance sheet information is not adjusted for the Co-Investment Portfolio as the transaction has not yet closed.

2. Unaudited as at 30 June 2011.

3. Includes \$38.3 million of cash & equivalents plus \$20.2 million of capital available to draw down from JPEL's credit facility.

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# JPEL Managers' Comments

## JPEL Only: Portfolio Highlights

JPEL's portfolio is comprised of interests in 108 separate fund interests, 12 co-investments and six fund of funds that include over 1,500 companies across approximately 27 industries. The top 20 fund interests account for 41.8% of private equity NAV. The portfolio continues to be weighted heavily towards more defensive industries as approximately 17.5% of its portfolio is invested in healthcare-oriented companies. In addition, approximately 88% 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 4.8 years. JPEL has continued to emphasize investments in companies with rational debt levels.

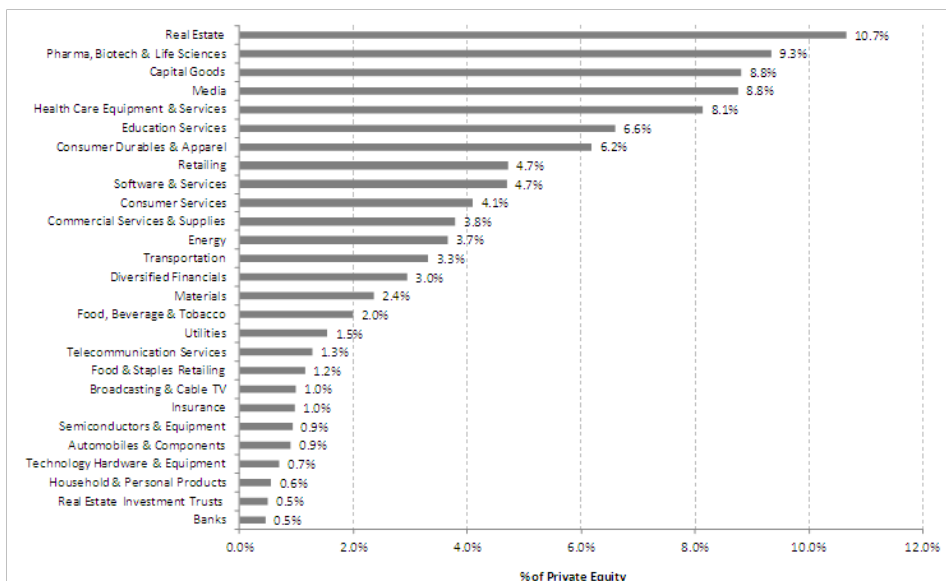
### JPEL Only: Average age of Portfolio by Investment Strategy

- Average age of investments: 4.8 years
- Buyout investments: 4.3 years
  - Small buyout: 4.2 years
  - Medium buyout: 4.3 years
  - Large buyout: 4.6 years
  - Mega buyouts: 5.1 years
- Venture Capital investments: 7.6 years
- Real Estate investments: 5.9 years
- Special Situations: 4.2 years
- Infrastructure investments: 4.9 years

Source: Manager.

Average age of investments based on the vintage year and specific date in which each individual portfolio company investment was made, subject to availability. Weighting is based on underlying portfolio company level values. Age calculated as at 30 June 2011. Average is weighted based on unaudited Investments at Market Value at 30 June 2011 and uses underlying company-level values.

### JPEL-Only Industry Diversification



Note: The diversification chart above is based on unaudited Investments at Market Value as at 30 June 2011 and uses underlying company-level values.

JPEL's top 20 fund investments and the top 20 company exposures account for 41.8% and 38.5% of the Company's private equity portfolio, respectively.

It is expected that post-acquisition, 7 underlying company investments within the Co-Investment Portfolio will appear in JPEL's adjusted top 20 Company list.

### JPEL Only: Top 20 Fund Investments at 30 June 2011

1. Avista Capital Partners (Offshore), L.P.	3.8%
2. Liberty Partners II, L.P.	3.4%
3. Life Sciences Holdings SPV I Fund, LP	3.2%
4. Alcentra Euro Mezzanine No1 Fund LP	2.8%
5. Milestone Link Fund, L.P.	2.7%
6. Hutton Collins Capital Partners II LP	2.4%
7. Almack Mezzanine I Fund LP	2.0%
8. GSC European Mezzanine Fund II LP	1.9%
9. Esprit Capital I Fund	1.8%
10. Omega Fund III, L.P.	1.8%
11. Macquarie Alternative Investment Trust II	1.8%
12. Macquarie Wholesale Co-investment Fund	1.7%
13. Strategic Value Global Opportunities Fund, LP - GTF	1.6%
14. Argan Capital Fund	1.6%
15. Global Opportunistic Fund	1.6%
16. Catalyst Buyout Fund 1	1.6%
17. Beacon India Private Equity Fund	1.5%
18. Guggenheim Aviation Offshore Investment Fund II, L.P.	1.5%
19. Leeds Equity Partners IV, LP	1.5%
20. Blue River Capital I, LLC	1.5%

### JPEL Only: Top 20 Company Investments at 30 June 2011

1. Deutsche Annington Immobilien Group	7.6%
2. China Media Enterprises Limited	7.0%
3. RCR Industrial S.a.r.l.	2.7%
4. Education Management Corporation	2.7%
5. FibroGen Europe	2.4%
6. Concorde Career Colleges, Inc.	2.2%
7. Paratek	1.9%
8. WinnCare	1.8%
9. InterFloor	1.4%
10. Rebel Group (Amart All Sports)	1.2%
11. Evergreen International Aviation, Inc.	1.0%
12. Back Bay	0.9%
13. Nycomed	0.9%
14. Step 2 Holdings LLC	0.7%
15. Everis Spain	0.7%
16. Ex Libris Group	0.7%
17. Healthcare at Home	0.7%
18. KMC Constructions	0.7%
19. Lantheus	0.6%
20. Lifehealthcare	0.6%

Note: Based on unaudited Investments at Market Value as at 30 June 2011 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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St Peter Port  
Guernsey GY1 3NF

### 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.

Further information about JPMorgan Chase & Co. can be found at [www.jpmorganchase.com](http://www.jpmorganchase.com).

#### MANAGERS

##### Bear Stearns Asset Management Inc.

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##### JPMorgan Asset Management (UK) Limited

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#### SECRETARY, ADMINISTRATOR AND REGISTERED OFFICE

##### HSBC Management (Guernsey) Limited

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#### AUDITOR

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#### SOLICITOR

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#### REGISTRAR

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### Key considerations, risks and investment information for Private Equity Investors

*Investments in private equity are speculative and involve significant risks. The environment for private equity investments is volatile, and an investor should only invest if the investor can withstand a total loss of investment. In considering the performance information contained herein, prospective investors should bear in mind that past performance is not indicative of future results. Private equity investments are not usually liquid and may be difficult to value*

*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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