

## 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 2015	Zero Dividend Preference Share 2017	JPEL Warrants
Net Asset Value ("NAV") per share	US\$ 1.12	74.73p	78.40p	N/A
No. of shares in issue	346.38 mm	67.08 mm	30.41 mm	57.90 mm
Currency of Quotation	US\$	£ Sterling	£ Sterling	US\$
Ticker	JPEL	JPZZ	JPSZ	JPWW
Sedol	B07V0H2	B00DDT8	B5N4JV7	B60XDY5
ISIN	GB00B07V0H27	GG00B00DDT81	GG00B5N4JV75	GG00B60XDY53

All figures as at 31 December 2013. NAV Figures are based on unaudited net asset values as at 31 December 2013.

### 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.

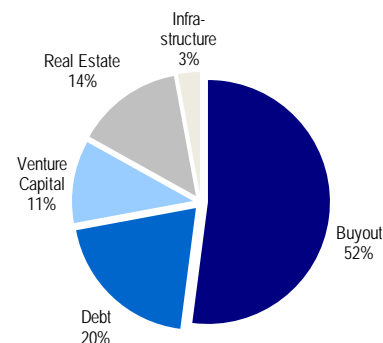
JPEL pursues the following strategies to seek to meet its investment objectives

- 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.

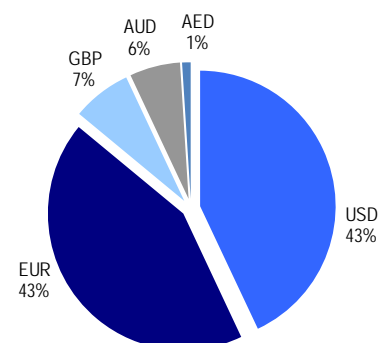
The Company's capital structure consists of three classes of shares: US\$ Equity Shares ("Equity Shares") and two classes of Zero Dividend Preference Shares due 2015 and 2017, respectively (together, the "ZDP Shares").

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."

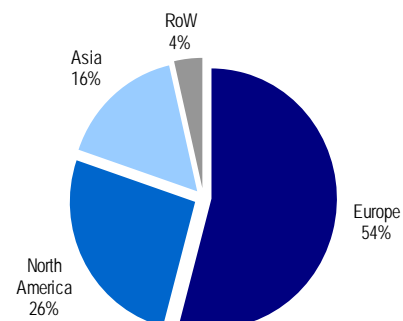
### Fund Level - Investment Strategy<sup>1,2</sup>



### 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 December 2013 and use underlying fund-level values.
2. Debt includes mezzanine, debt, turnaround and distressed investment strategies.
3. The diversification chart above is based on unaudited Investments at Market Value as at 31 December 2013 and uses underlying company-level values.

# JPEL

## Managers' Comments

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

### Strategic Announcement

In January 2014, JPEL announced the continuation of its two part strategic plan to improve the Company's position.

Phase I of JPEL's strategic plan was announced in November 2012 and focused on reducing leverage and providing liquidity to shareholders. Since then, the Managers have:

- Reduced JPEL's total indebtedness by \$75 million
- Retired the 2013 ZDP share class
- Reduced the cost of debt by approximately 31.3%
- Returned \$20 million to USD Equity Shareholders through share buybacks

Phase II of JPEL's strategic plan was announced in January 2014 and is focused on creating meaningful near and medium-term liquidity solutions for shareholders as well as reinvigorating NAV growth. The strategic plan outlined the following steps:

- Provide immediate liquidity to shareholders through coordinated third party market purchases. On 15 January 2014, institutional investors purchased 84 million USD Equity Shares through market purchases at \$0.80 per share, an 8.3% premium to the 14 January 2014 share price.
- Provide medium-term liquidity for shareholders through the proposed creation of a Redeemable Realisation Share Class ("RRS") to go into effect after the 2015 ZDP Shares have been repaid. Equity shareholders will be offered the option to transfer their USD shares for shares in the RRS class which will entitle holders to all cash realisations from the Company's investment portfolio in proportion to their aggregate holding within the equity of the Company.
- Reinvigorate NAV growth by deploying up to \$150 million of portfolio distributions over next 2 years into new investments in accordance with JPEL's investment policy.

### Performance and Portfolio Update

JPEL's NAV per USD Equity Share declined to \$1.12 from \$1.13 during the month of December due to valuation adjustments in the Company's emerging market portfolio. JPEL's December NAV is primarily (approximately 86%) based on underlying sponsor reports from September 2013 or later. The Managers expect to receive audited year-end valuations from the sponsors over the next two-three months.

JPEL's portfolio delivered strong cashflow in the month of December with distributions of \$10.4 million and capital calls of \$0.9 million. JPEL received approximately \$3.0 million from the sale of Travel Entertainment Group by Greenhill Private Capital. The Company also received approximately \$3.0 million from the sale of Lifehealthcare, a portfolio company within the Macquarie Wholesale Co-Investment Fund. A further \$1.2 million was received from the sale of shares of LifeLock. JPEL received an additional \$3.2 million in distributions from 25 underlying funds. In total during Q4 2013, JPEL received net distributions of \$20.3 million.

The Company's USD Equity share price increased approximately 1.9% to end the year at \$0.73.

### ZDP Performance

During the quarter, NAV per share for the Company's 2015 ZDP Shares increased 2.2% to 73.1p and the 2017 ZDP Shares increased 2.1% to 76.8p. The share price for the 2015 ZDP Shares increased 1.2% to 81.1p for the quarter, while the 2017 ZDP Shares increased 1.1% to 89.5p.

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

### Balance Sheet Information as at 31 December 2013 (\$ in mm)\*

Investments at Market Value	\$537.6
Cash & Equivalents	\$22.9
<b>Total Assets</b>	<b>\$560.5</b>
<b>Total Liabilities</b>	<b>(\$50.0)</b>
<b>Net Asset Value (NAV)<sup>2</sup></b>	<b>\$510.5</b>
2015 ZDP NAV	(\$83.0)
2017 ZDP NAV	(\$39.5)
<b>US\$ Equity NAV</b>	<b>\$388.0</b>
Undrawn Credit Facility	\$101.9
Unfunded Commitments	\$77.5
(Private Equity + Cash & Equivalents) / Unfunded Commitments	7.24x

### Summary of Portfolio as at 31 December 2013<sup>1</sup>

Buyout Funds	43
Special Situations Funds	23
Venture Capital Funds	20
Real Estate Funds	6
Infrastructure Funds	4
Co-Investments	12
Fund of Funds	5

\* Source: Managers. Based on unaudited 31 December 2013 information.

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.

# JPEL

## Managers' Comments

### Portfolio Highlights

JPEL's portfolio is comprised of interests in 100 separate fund interests, 12 co-investments, and five fund of funds that include approximately 800 companies across 26 industries. The top 20 fund interests account for 39.7% of private equity NAV. The portfolio is weighted towards real estate and healthcare-oriented companies with approximately 14.4% and 14.2% of investment value in these sectors, respectively. In addition, approximately 92% 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 6.6 years. JPEL has continued to emphasize investments in companies with rational debt levels.

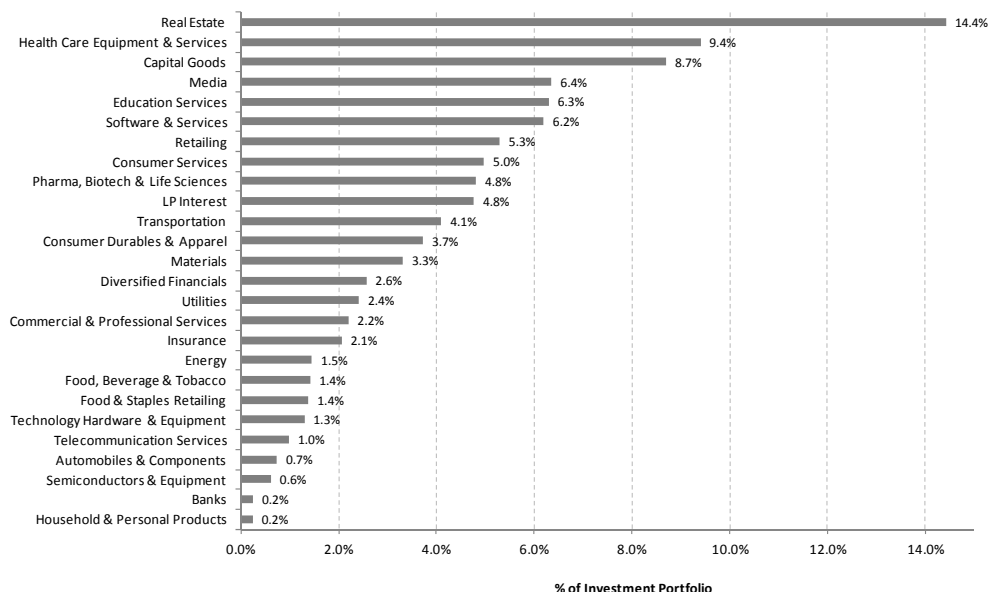
#### JPEL Only: Average age of Portfolio by Investment Strategy

- **Average age of investments: 7.0 years**
- Buyout investments: 5.2 years
  - Small buyout: 5.0 years
  - Medium buyout: 6.3 years
  - Large buyout: 3.5 years
  - Mega buyouts: 8.8 years
- Venture Capital investments: 7.9 years
- Real Estate investments: 7.4 years
- Special Situations: 6.3 years
- Infrastructure investments: 7.6 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 31 December 2013. Average is weighted based on unaudited Investments at Market Value as at 31 December 2013 and uses underlying company-level values.

#### JPEL Industry Diversification



Note: The diversification chart above is based on unaudited Investments at Market Value as at 31 December 2013 and uses underlying company-level values.

#### Top 20 Fund Investments at 31 Dec 2013

1. Life Sciences Holdings SPV I Fund	3.1%
2. Alcentra Euro Mezzanine No1 Fund	3.0%
3. Liberty Partners II	2.9%
4. Duke Street (Parallel Private Equity)	2.6%
5. Leeds Equity Partners V	2.3%
6. Guggenheim Aviation Offshore Investment Fund II	2.3%
7. Barclays Private Equity (Parallel Private Equity)	2.2%
8. Milestone Link Fund	2.1%
9. Hutton Collins Capital Partners II	2.1%
10. Almack Mezzanine I Fund	2.1%
11. Argan Capital Fund	1.8%
12. GSC European Mezzanine Fund II	1.7%
13. Macquarie European Infrastructure Fund	1.5%
14. Omega Fund III, L.P.	1.5%
15. Aqua Resources Fund Limited	1.4%
16. Black Diamond Capital Management	1.4%
17. Catalyst Buyout Fund 1	1.4%
18. 10th Lane Finance Co., LLC	1.3%
19. Beacon India Private Equity Fund	1.3%
20. Macquarie Alternative Investment Trust III	1.3%

#### Top 20 Company Investments at 31 Dec 2013

1. Deutsche Annington Immobilien Group	12.6%
2. China Media Enterprises Limited	4.5%
3. RCR Industrial S.a.r.l	4.2%
4. Alliant Group	2.5%
5. Concorde Career Colleges, Inc.	2.4%
6. FibroGen Europe	2.0%
7. Compre Group	1.9%
8. Gulf Healthcare International LLC	1.8%
9. WinnCare	1.7%
10. Original Factory Shop	1.7%
11. Aqua Resources Fund Limited	1.5%
12. Education Management Corporation	1.4%
13. Diaverum	1.4%
14. Everis Spain	1.2%
15. Back Bay (Guernsey) Limited	1.1%
16. CSC Customer Services Company	0.8%
17. SSK Pertorp	0.8%
18. Agent Provocateur	0.8%
19. Global TV	0.7%
20. Nobel Learning Communities, Inc.	0.7%

Note: Based on unaudited Investments at Market Value as at 31 December 2013 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

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#### 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.

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

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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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