

# JPEL Company Summary

June 2014 Quarter End Review

## Objective

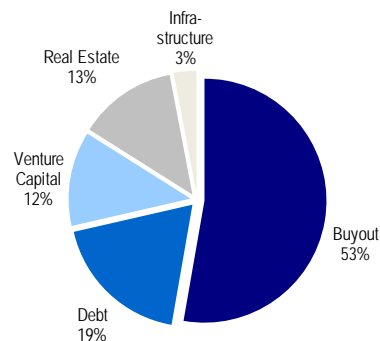
JPEL’s core strategy is to purchase private equity fund interests in the secondary market.

## Launched

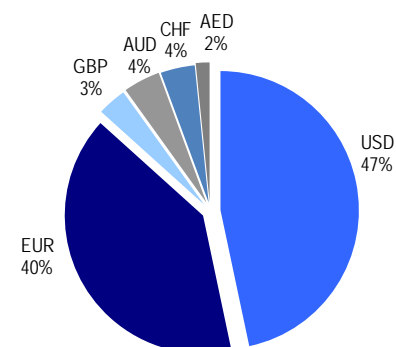
30 June 2005

	US\$ Equity Share	Zero Dividend Preference Share 2015	Zero Dividend Preference Share 2017	JPEL Warrants
Net Asset Value (“NAV”) per share	US\$ 1.14	77.94p	81.63p	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

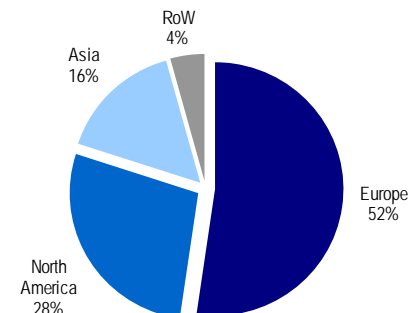
## Fund Level - Investment Strategy<sup>1,2\*</sup>



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



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



1. The diversification chart above use underlying fund-level values.  
2. Debt includes mezzanine, debt, turnaround and distressed investment strategies.

3. The diversification chart above uses underlying company-level values.

\* Charts exclude the Parallel Portfolio which was sold in July 2014.

All data sourced from JPEL as at 30 June 2014 unless otherwise stated. All performance data shown is net of fees unless stated otherwise.

## 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.”

# JPEL

## Managers' Comments

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

### June 2014 Performance

In the month of June 2014:

- JPEL's NAV per US\$ Equity Share increased to \$1.14 from \$1.13 the prior month and includes the sale price of the Parallel portfolio as described below.
- The share price of JPEL's US\$ Equity Shares increased 0.7% to \$0.77, a 32.5% discount to the unaudited June NAV.
- The NAV per share for the Company's 2015 ZDP Shares increased 0.7% to 77.94p and the 2017 ZDP Shares increased 0.7% to 81.63p.
- The price of JPEL's 2015 ZDP Shares increased 0.7% to 83.88p and the 2017 ZDP Shares increased 0.4% to 95.63p during the month.

### Portfolio Activity

#### Follow-on Investments

During the month of June, JPEL purchased two small secondary interests totaling \$1.2 million in Fibrogen Inc., an Omega Fund portfolio company focused on the discovery, development, and commercialization of therapeutic agents for treatment of fibrosis, anemia, cancer, and other serious unmet medical needs. Fibrogen is one of the largest private biotechnology companies and is JPEL's 9<sup>th</sup> largest underlying investment as at 30 June 2014.

In early July, JPEL portfolio company Paratek Pharmaceuticals announced that it had signed a merger agreement with NASDAQ listed Transcept Pharmaceuticals. According to the company, the merger will result in a NASDAQ-listed biopharmaceutical company whose lead asset is a Phase-3 ready, oral and intravenous antibiotic drug candidate designed to address the treatment needs of patients with serious community-acquired bacterial infections. As part of this transaction, certain Transcept stockholders and Paratek investors (including JPEL, through its investment in the Omega Funds) will invest approximately \$93 million in the combined organization. JPEL has exposure to Paratek through various investments in the Omega Funds, a leading investor in Paratek and participant in the \$93 million investor syndicate. Paratek is JPEL's 18<sup>th</sup> largest underlying investment as at 30 June 2014.

#### Portfolio Company Updates

JPEL's performance during the month is primarily the result of a increase in the value of the Company's investment in Datamars SA. JPEL invested in Datamars in February 2014. Datamars, which is headquartered in Lugano Switzerland, develops, manufactures and markets identification technology (visual and RFID tags, readers, antennas, software and services). Datamars' was marked up 30% as a result of the successful acquisition of a competitor in Q1 2014 and solid performance in the first half of 2014. The gain from Datamars was partially offset by a decrease in JPEL's emerging markets holding and the sale of the Parallel portfolio.

### Balance Sheet Information as at 30 June 2014 (\$ in mm)\*

Investments at Market Value	\$520.9
Cash & Equivalents	\$27.6
<b>Total Assets</b>	<b>\$548.4</b>
<b>Total Liabilities</b>	<b>(\$22.8)</b>
<b>Net Asset Value (NAV)<sup>2</sup></b>	<b>\$525.6</b>
2015 ZDP NAV	(\$89.4)
2017 ZDP NAV	(\$42.5)
<b>US\$ Equity NAV</b>	<b>\$393.7</b>
Undrawn Credit Facility	\$129.5
Unfunded Commitments	\$57.9
(Private Equity + Cash & Equivalents) / Unfunded Commitments	9.5x

\* The Parallel Portfolio was adjusted to reflect the sale price in June 2014. The sale was completed and all proceeds were received in July 2014.

### Summary of Portfolio as at 30 June 2014<sup>1</sup>

Buyout Funds	35
Special Situations Funds	26
Venture Capital Funds	20
Real Estate Funds	5
Infrastructure Funds	4
Co-Investments	14
Fund of Funds	5

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. Excludes the Parallel Portfolio funds which were sold in July 2014.

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

# JPEL

## Managers' Comments

### Portfolio Activity (continued)

#### Liquidity Events

On 4 August 2014, as part of its strategy of active portfolio management, JPEL announced the sale of its interests in Parallel Ventures Limited Partnership and Parallel Private Equity Limited Partnership ("Parallel") for 96.25% of the prevailing net asset value. All proceeds from the sale were received upon closing at the end of July. JPEL's 30 June 2014 NAV of \$1.14 per US\$ Equity Share reflects the sale price. JPEL acquired the Parallel portfolio in an all share transaction in 2011. At the time of acquisition, Parallel was comprised 38 European mid-market buyout co-investments with 2007 and 2008 vintage years. Since the acquisition, Parallel has generated significant cash distributions. JPEL intends to use the \$36.1 million of cash proceeds from the sale to (i) continue to invest in concentrated private equity secondaries and secondary direct opportunities as part of its \$150 million Investment Program announced in January 2014, (ii) repay debt under the Company's revolving credit facility and (iii) opportunistically repurchase US\$ Equity Shares in the open market. The sale will also release JPEL from approximately \$10.6 million in unfunded commitments.

#### Capital Calls & Distribution Activity

JPEL received distributions of \$5.3 million and capital calls of \$2.8 million during the month of June. The Company received a distribution of \$2.4 million from Guggenheim Aviation Offshore Investment Fund II, L.P. from asset sales. JPEL also received approximately \$1 million from the Macquarie Wholesale Co-Investment fund from proceeds from the IPO of PAS Group in June.

Distributions for Q2 2014 totaled \$44.6 million, approximately 8.4% of 31 March 2014 private equity NAV. JPEL funded \$3.5 million of capital calls during the second quarter.

For the 2014 YTD period, JPEL received \$76.5 million of distributions and funded \$4.7 million of capital calls. Including proceeds from the sale of the Parallel portfolio, JPEL has received over \$112 million of cash during the 2014 year to date period.

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

*JPEL's top 20 fund investments and the top 20 company exposures account for 31.9% and 47.9% of the Company's private equity portfolio, respectively.*

#### Top 20 Fund Investments at 30 June 2014

1. Life Sciences Holdings SPV I Fund, L.P.	3.7%
2. Alcentra Euro Mezzanine No1 Fund L.P.	3.3%
3. Leeds Equity Partners V, L.P.	2.5%
4. Liberty Partners II, L.P.	2.2%
5. Omega Fund III, L.P.	2.0%
6. Almack Mezzanine I Fund L.P.	1.6%
7. Macquarie European Infrastructure Fund	1.5%
8. Black Diamond Capital Management	1.4%
9. GSC European Mezzanine Fund II L.P.	1.4%
10. Aqua Resources Fund Limited	1.4%
11. Beacon India Private Equity Fund	1.3%
12. 10th Lane Finance Co., LLC	1.2%
13. Macquarie Alternative Investment Trust III	1.1%
14. Leeds Equity Partners IV, L.P.	1.1%
15. Global Buyout Fund, L.P.	1.1%
16. AIG MezzVest II L.P.	1.0%
17. Hutton Collins Capital Partners II LP	1.0%
18. Guggenheim Aviation Investment Fund II, L.P.	1.0%
19. Argan Capital Fund	1.0%
20. Macquarie Wholesale Co-investment Fund	0.9%

#### Top 20 Company Investments at 30 June 2014

1. Deutsche Annington Immobilien Group	10.3%
2. RCR Industrial S.a.r.l	4.8%
3. China Media Enterprises Limited	3.8%
4. Identitag Secondary Opportunities S.à.r.l.	3.6%
5. Alliant Investor A, LLC	2.8%
6. Fairfield L.P.	2.7%
7. Placid Holdings	2.6%
8. Compre Group	2.3%
9. FibroGen	2.2%
10. Concorde Career Colleges, Inc.	2.0%
11. Gulf Healthcare International LLC	1.8%
12. Diaverum	1.5%
13. Back Bay (Guernsey) Limited	1.2%
14. Egalet A/S	1.2%
15. Nobel Learning Communities, Inc.	1.0%
16. Luxury Optical Holding Co.	1.0%
17. SSK Pertorp	0.9%
18. Paratek Pharmaceutical Inc	0.8%
19. Food Service Project, S.L.	0.7%
20. BARBRI, Inc.	0.7%

Note: Top 20 Company Investments based on underlying company-level values. Top 20 Fund Investments exclude limited partnerships set up specifically to for co-investment purposes. Excludes the Parallel Portfolio funds and companies which were sold in July 2014.

# JPEL

## Managers' Comments

### Portfolio Highlights

JPEL's portfolio is comprised of interests in 90 separate fund interests, 14 co-investments, and five fund of funds that include over 700 companies across 26 industries. The top 20 fund interests account for 31.9% of private equity NAV. The portfolio is weighted towards real estate and healthcare-oriented companies with approximately 12.2% and 11.8% of investment value in these sectors, respectively. In addition, approximately 97% 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 7.3 years. JPEL has continued to emphasize investments in companies with rational debt levels.

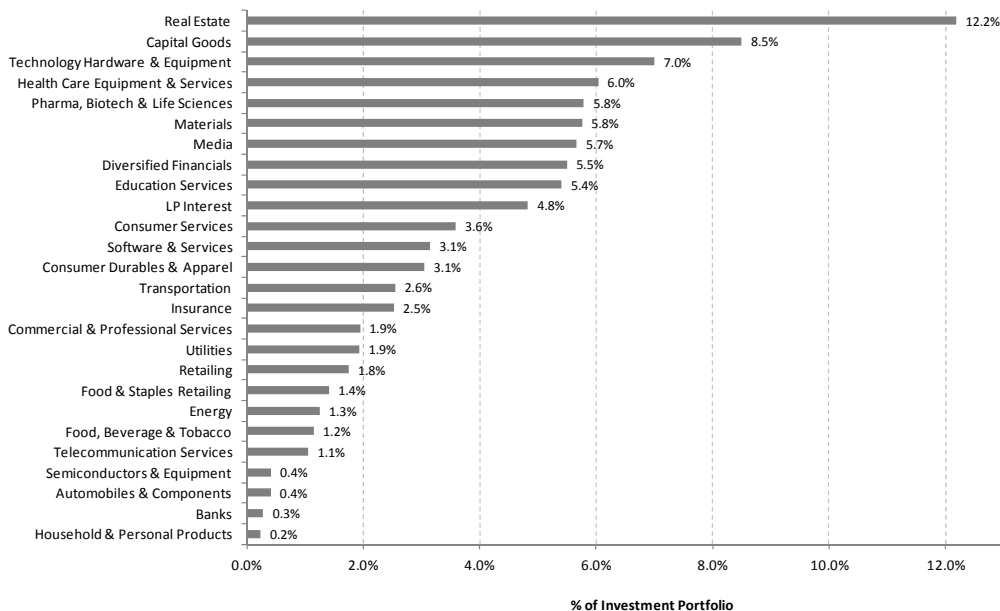
#### Average age of JPEL Portfolio by Investment Strategy

- Average age of investments: 7.3 years
- Buyout investments: 4.2 years
  - Small buyout: 3.9 years
  - Medium buyout: 5.4 years
  - Large buyout: 7.3 years
  - Mega buyouts: 10.1 years
- Venture Capital investments: 8.6 years
- Real Estate investments: 1.0 years
- Special Situations: 6.4 years
- Infrastructure investments: 8.2 years

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 2014. Average is weighted based on unaudited Investments at Market Value at 30 June 2014 and uses underlying company-level values.

Chart excludes the Parallel Portfolio which was sold in July 2014.

#### JPEL Industry Diversification



Note: The diversification chart above uses underlying company-level values. Chart excludes the Parallel Portfolio companies which were sold in July 2014.

### 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.

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

# JPEL

## Company Overview

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