

## Company Description

J.P. Morgan Private Equity Limited (“JPEL” or the “Company”) is a Guernsey registered and incorporated, London Stock Exchange-listed, closed-ended investment company (LSE: JPEL, JPEZ, JPSZ). JPEL's primary strategy is to acquire secondary market portfolios of direct fund investments, significantly invested partnership interests and partially drawn commitments, in order to accelerate NAV development. JPEL employs an opportunistic, deep value private equity investment strategy and focuses on value-oriented investments with potential for early return of capital.

The Company's capital structure consists of four classes of shares: Equity Shares and three classes of Zero Dividend Preference Shares due 2013, 2015 and 2017, respectively. JPEL issued warrants free of subscription cost to shareholders on record as of 17 August 2009.

## Summary at 31 July 2012

	US\$ Equity Share	Zero Dividend Preference Share 2013	Zero Dividend Preference Share 2015	Zero Dividend Preference Share 2017	JPEL Warrants	Balance Sheet Information	\$
Net Asset Value (“NAV”) per share	\$1.12	68.46p	65.77p	69.72p	N/A	Investments at Market Value	\$619.2mm
No. of shares in issue	379.7 mm	63.16 mm	67.08 mm	30.41 mm	57.90 mm	Cash & Equivalents	\$20.8mm
Currency of Quotation	US\$	£ Sterling	£ Sterling	£ Sterling	US\$	Total Assets	\$640.0mm
Ticker	JPEL	JPEZ	JPZZ	JPSZ	JPWW	Net Asset Value	\$595.0mm
Sedol	B07V0H2	B07V0R2	B00DDT8	B5N4JV7	B60XDY5	Unfunded Commitments	\$97.6mm
ISIN	GB00B07V0H27	GB00B07V0R25	GG00B00DDT81	GG00B5N4JV75	GG00B60XDY53	Private Equity + Cash & Equivalents / Unfunded Commitments	6.56x

## JPEL Performance

In July 2012, JPEL's NAV per Equity Share declined to \$1.12 from \$1.14. The valuation declines during the month reflect the macro economic uncertainty in Europe and continued volatility in the for-profit education sector. JPEL's US\$ Equity Share price increased slightly in July, gaining 0.9% to \$0.68 per share.

During the month of July, JPEL continued to acquire shares of a listed private equity fund that has exposure to five water related assets at a deep discount to prevailing NAV. It is the Managers strategy to continue to acquire shares of the company in the open market and work to extract value. In addition, JPEL bought back 650,000 US\$ Equity shares at an average price of \$0.68 per share in July.

Also during the month, JPEL's largest underlying company investment Deutsche Annington Immobilien AG (“DAIG”) announced that it had agreed to heads of terms for a refinancing on a non-binding basis with an ad-hoc group of note holders. DAIG is the number one privately-owned residential landlord in Germany with nearly 190,000 owned units. JPEL received distributions of \$3.4 million versus capital calls of \$1.2 million in July. The largest distribution came from the realization of Kloeckner Pentaplast, a portfolio company in Strategic Value Global Fund.

The Managers are pleased to report that all resolutions put to shareholders were duly passed at the Company's Annual General Meeting held on 5 September 2012. In addition, the resolutions proposed at separate class meetings of US\$ Equity Shareholders, 2013 ZDP Shareholders, 2015 ZDP Shareholders and 2017 ZDP Shareholders were duly passed.

In particular, JPEL is pleased that a special resolution was passed at the AGM which will allow the Company to:

- Amend the limit on borrowing to 30 per Cent. of the Total Assets of the Company.
- Amend the final capital entitlement dates of each of the Company's three classes of ZDP Shares. Each final capital entitlement date will be moved forward by two months, and each final capital entitlement will remain the same.
- Increase the minimum cover under the ZDP Test from 1.3 times to 2.0 times, as defined in the Company's Articles.

JPEL is focused on the optimisation of the Company's capital structure. The Managers believe that the combination of all ordinary, special and extraordinary resolutions passed at the AGM and the Class Meetings provide JPEL with maximum flexibility to efficiently manage its capital structure.

In July, the NAV per share for the Company's 2013 ZDP Shares increased 0.6% to 68.46, the 2015 ZDP Shares increased 0.7% to 65.77p and the 2017 ZDP Shares increased 0.7% to 69.72. The price of JPEL's 2013 ZDP Shares increased 0.7% in July to 70.25p, the price of the 2015 ZDP Shares gained 0.2% to 72.50p and the price of the 2017 ZDP Shares declined 0.2% to 76.38p.

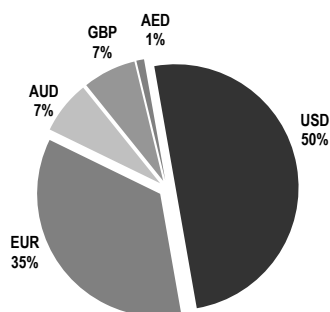
Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

## Portfolio Summary at 31 July 2012

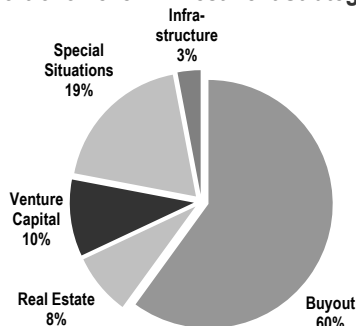
Professional Investors Only – Not For Public Distribution

JPEL's portfolio is comprised of 108 fund interests, 11 co-investments, 1 listed private equity holding and six fund of funds that include over 1,500 companies. As a secondary investor, JPEL's portfolio is heavily weighted towards funded investments, which comprise approximately 77%<sup>1</sup> of the portfolio. In addition, the Managers place an emphasis on investing in small to medium sized buyout funds, which tend to utilize lower leverage and purchase multiples; these funds represent approximately 53% of the portfolio.

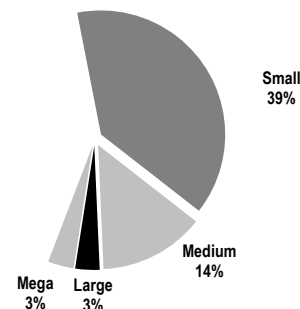
Portfolio Level – Currency<sup>2</sup>



Portfolio Level – Investment Strategy<sup>2,3</sup>



Portfolio Level – Buyout Type<sup>2</sup>



- Includes secondary investments and funded primary investments.
- The diversification charts above are based on private equity fair market value as at 31 July 2012 and use underlying fund-level values. Fund classifications for buyout strategy is based on total fund commitments: Small: \$0 - \$500 million; Medium: \$500 - \$2,000 million; Large: \$2,000 million - \$5,000 million; Mega: over \$5,000 million. Co-investments allocated by size of underlying sponsor fund.
- Special situations includes mezzanine, debt, turnaround and distressed investment strategies.

### MANAGERS

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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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