

## Company Description

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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, JPZZ, 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 three classes of shares: Equity Shares and two classes of Zero Dividend Preference Shares due 2015 and 2017, respectively.

## Summary at 31 October 2014

	US\$ Equity Share	Zero Dividend Preference Share 2015	Zero Dividend Preference Share 2017
Net Asset Value ("NAV") per share	\$1.14	80.20p	83.90p
No. of shares in issue	338.82 mm	67.08 mm	30.41 mm
Currency of Quotation	US\$	£ Sterling	£ Sterling
Ticker	JPEL	JPZZ	JPSZ
Sedol	B07V0H2	B00DDT8	B5N4JV7
ISIN	GB00B07V0H27	GG00B00DDT81	GG00B5N4JV75

Balance Sheet Information	(\$ in mm)
Investments at Market Value	\$469.1
Cash & Equivalents	\$44.9
<b>Total Assets</b>	<b>\$514.0</b>
<b>Total Liabilities</b>	<b>(\$1.3)</b>
<b>Total Net Asset Value (NAV)</b>	<b>\$512.7</b>
2015 ZDP NAV	(\$86.0)
2017 ZDP NAV	(\$40.8)
<b>US\$ Equity NAV</b>	<b>\$385.8</b>
Undrawn Credit Facility	\$150.0
Unfunded Commitments	\$52.3
Private Equity + Cash / Unfunded	9.95x

## Performance Update

The NAV for JPEL's equity shares increased by 0.9% to \$1.14 in October 2014. The increase in NAV during the month was driven primarily by increases in the value of JPEL's investments in Paratek Pharmaceuticals and Alliant Group. The October NAV is based on underlying sponsor reports of which 38% are dated September 30, 2014 or later. In October, the price of JPEL's US\$ equity shares remained flat at \$0.80.

The NAV per share for the Company's 2015 ZDP Shares increased 0.7% to 80.20p and the 2017 ZDP Shares increased 0.7% to 83.90p. The price of JPEL's 2015 ZDP Shares increased 0.6% to 85.13p and the price of the 2017 ZDP Shares was unchanged at 96.38p.

## Portfolio Drivers

**Deutsche Annington Immobilien Group ("DAIG")** The value of DAIG increased slightly in October 2014, gaining 0.4% during the month to close at €23.07. JPEL currently owns approximately 1.3 million shares of DAIG. Subsequent to the October valuation period, DAIG's share price has increased further on the news of positive Q3 2014 financial results. On 1 December DAIG announced that it has agreed to acquire Gagfah, a Luxembourg-based owner and manager of residential properties, in a deal that values the company at €3.9 billion, or about \$4.85 billion. According to various press releases, the deal would create a combined company with a portfolio of roughly 350,000 residential property units worth about €21 billion. DAIG closed at €26.99 per share on 22 December 2014.

**Alliant Group ("Alliant")** Alliant provides high-value consulting services relating to government-sponsored tax incentives. The Company has performed well since JPEL's investment, demonstrating high growth and distributing cash to shareholders. Through the first six months of 2014, Alliant has grown revenue and EBITDA substantially compared with the first half of 2013. Based on continued strong performance, the value of JPEL's investment increased 9.8% for the period ending September 30, 2014 which is reflected in the JPEL October NAV. Subsequent to the period, Alliant made its third cash distribution in December. The unrealized value for this investment is marked at 1.16x cost and Alliant has now made cumulative distributions to shareholders equal to an 8.2% cash on cash return over the 12 month investment period.

**Fibrogen, Inc. ("Fibrogen")** In November 2014, Fibrogen, a research-based biopharmaceutical company focused on the discovery, development and commercialization of novel therapeutics to treat serious unmet medical needs, priced an initial public offering of its common stock at a price of \$18.00 per share. Shares of the company began trading on The NASDAQ Global Select Market under the ticker symbol "FGEN" on November 14, 2014. At 31 October 2014, Fibrogen was JPEL's 6th largest company representing approximately 3.0% of the Company's investment portfolio. For the October JPEL report, Fibrogen was valued at the sponsor's 30 September 2014 reflecting its pre-IPO value.

Source: J.P. Morgan Asset Management. Net Asset Value (NAV) performance is shown net of fees. Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

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### Portfolio Drivers Continued

Paratek Pharmaceuticals, Inc. ("Paratek") On 30 October 2014, Paratek completed its previously announced merger with Transcept Pharmaceuticals, Inc. At the time of the merger Paratek, a clinical phase pharmaceutical company, was JPEL's 14th largest company investment representing 1.7% of the investment portfolio. The combined company commenced trading as of October 31, 2014 on The NASDAQ Global Market under the symbol "PRTK". The value of Paratek at 31 October 2014 is based on the most recent sponsor report dated 30 September 2014, reflecting a pre-transaction value.

### Portfolio Update: New Investments

JPEL's Managers continue to make progress on its reinvestment program. Since January 2014, JPEL has completed seven investments totaling \$100.5 million, or approximately 67% of the Company's \$150 million investment target. The Manager's believe that they are on pace to fully invest the \$150 million prior to the end of 2015.

During the month of October, JPEL invested \$16 million in a US based Clinical Research Organization which provides support to the pharmaceutical and biotechnology industries in the form of research services outsourced on a contract basis. JPEL's Managers found the deal compelling due to i) an attractive entry price equivalent to less than 7.0x LTM EBITDA; ii) the company's leading market position as one of the largest US operators of early clinical studies; iii) a strong and cohesive management team; iv) meaningful industry growth.

Subsequent to October, JPEL completed three new investments totaling \$44.3 million of capital deployed.

- In November 2014, JPEL completed a \$20 million secondary direct investment in the largest provider of municipal solid waste transportation services in the niche outsourced, long-haul market in the United States.
- In November 2014, JPEL invested \$24.3 million in the spin out of three well-known French consumer brands that will be manager by Milestone Investisseurs, the manager that successfully built and sold JPEL's Baby Cadum investment in 2013 in a similar industry. JPEL contributed \$19.2 million in equity financing to the investment and \$5.0 million in mezzanine debt financing.
- In December 2014, JPEL invested \$6.7 million in the buyout of a market leading company that builds scaffolding and formwork products for large international construction and engineering groups. The company was purchased out of administration and investors provided growth equity to fund the order pipeline.

Each of these investments had the following attributes which JPEL seeks in deals: discounted entry value; visible growth opportunities; market leadership; high growth opportunity; and low levels of debt.

### Liquidity Update

Including a \$1.4 million follow-on investment in Fibrogen, an Omega portfolio company that was funded in October, JPEL funded \$1.6 million of capital calls and received distributions of \$1.7 million.

During the month, JPEL received a \$1.0 million distribution from Argan Capital's sale of Faster, S.p.A., a leading manufacturer of couplings and connectors for hydraulic systems for equipment machinery mainly used in Agriculture and Construction.

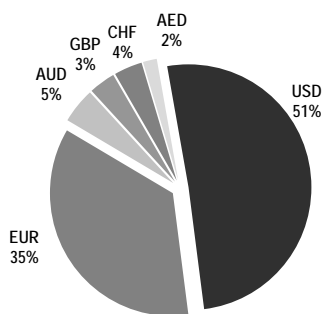
In addition, JPEL purchased 1.6 million US\$ equity shares at an average price of \$0.79675, for a total cost of \$1.27 million. The cost basis for this share buyback represents a 29.3% discount to JPEL's prevailing NAV at the time and represented an immediate gain to shareholders of approximately \$0.5 million.

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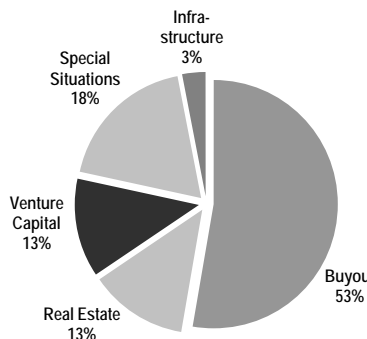
## Portfolio Summary at 31 October 2014

JPEL's portfolio is comprised of 90 fund interests, 15 co-investments and five fund of funds that include over 700 companies. As a secondary investor, JPEL's portfolio is heavily weighted towards funded investments, which comprise approximately 90%<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 54% of the portfolio.

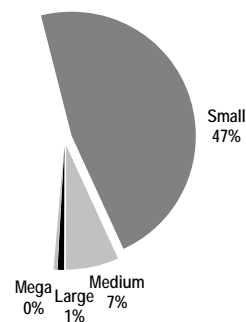
Portfolio Level – Currency<sup>2</sup>



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



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



Source: J.P. Morgan Asset Management

1. Includes secondary investments, co-investments and funded primary investments.
2. The diversification charts above are based on private equity fair market value as at 31 October 2014 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.
3. 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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