

Company Description

Professional Investors Only – Not For Public Distribution

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 May 2014

	US\$ Equity Share	Zero Dividend Preference Share 2015	Zero Dividend Preference Share 2017	JPEL Warrants
Net Asset Value (“NAV”) per share	\$1.13	77.40p	81.09p	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

Balance Sheet Information

(\$ in mm)

Investments at Market Value	\$514.6
Cash & Equivalents	\$27.6
Total Assets	\$542.2
Total Liabilities	(\$22.2)
Total Net Asset Value (NAV)	\$520.1
2015 ZDP NAV	(\$87.0)
<u>2017 ZDP NAV</u>	<u>(\$41.3)</u>
US\$ Equity NAV	\$391.8
Undrawn Credit Facility	\$129.6
Unfunded Commitments	\$59.6
Private Equity + Cash / Unfunded	9.1x

Highlights from May 2014

- JPEL’s NAV per US\$ Equity Share increased from \$1.11 to \$1.13
- JPEL received distributions of \$37.8 million during the month
- The Company paid down €20.0 million (or approximately US\$ 27.2 million) of the Lloyd’s Facility and ended the month in a net cash positive position
- JPEL’s US\$ Equity Share price increased 3.0% during the month to end May at \$0.77

Major Drivers of Portfolio Growth

JPEL’s NAV growth for the month is primarily due to the performance of Placid Holdings and Deutsche Annington Immobilien Group (“DAIG”).

Placid Holdings is a holding company with an investment in a branded Asian handset distributor with a leading market position in smart phones and feature phones in India. JPEL acquired an interest in the company in February 2014 as part of its re-investment program. The company’s increase in value was driven by a 100% year-over-year revenue growth for its fiscal year ended March 2014, due to the rising demand for affordable smart phones.

May was also an active month for DAIG, JPEL’s largest investment, where JPEL received a distribution, a partial liquidity event and direct ownership of DAIG’s underlying shares (subject to a 90-day lock-up).

On 16 May 2014, JPEL received a cash dividend of €1.2 million from its investment in DAIG. DAIG subsequently conducted a distribution in kind to shareholders at a price of €20.69 per share (less carried interest attributed to the manager Terra Firma). As a result, JPEL received direct ownership of approximately 2.4 million shares of DAIG. In conjunction with this distribution of shares, JPEL participated alongside other investors in a block trade and sold 25% of its position at €19.50, resulting in cash proceeds of approximately €11.8 million.

After the block trade, JPEL holds approximately 1.8 million shares of DAIG which the Company values at the final trade price on the last day of the month, consistent with JPEL’s valuation policy for its other public holdings. These shares are subject to a 90-day lock-up period which expires on 20 August 2014.

Distribution Activity

During the month, JPEL received \$37.8 million of distributions and \$0.2 million of capital calls. Most notably, the Company received approximately \$17.6 million from a dividend and the sale of shares in DAIG, as described above. In addition, JPEL received approximately \$11.0 million of distributions from BoS Mezzanine Partners, LP.

Source: J.P. Morgan Asset Management. Past performance is not indicative of future performance. Performance returns shown can increase or decrease due to currency fluctuations.

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JPEL May 2014 Update continued

Furthermore, JPEL received \$4.5 million from the sponsor led sale of 50% of its interest in Argan Capital Fund, a 2006 European buyout fund. The Company also received \$3.2 million from Alto Capital II, a 2007 European buyout fund that exited two of its underlying portfolio companies.

Strong cash flow during May permitted JPEL to pay down €20 million (or approximately US\$ 27.2 million) of the Lloyd's Facility. JPEL ended the month net cash positive with cash and equivalents of \$27.6 million and total liabilities of \$22.2 million.

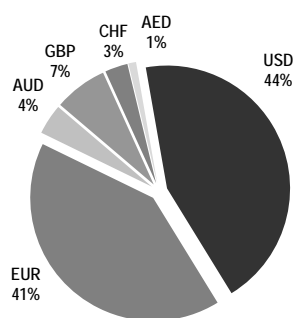
In addition, the share price of JPEL's US\$ Equity Shares increased 3.0% during the month to end May at \$0.77, narrowing the trading discount slightly.

In May, the NAV per share for the Company's 2015 ZDP Shares increased 0.7% to 77.39p and the 2017 ZDP Shares increased 0.7% to 81.08p. The price of JPEL's 2015 ZDP Shares increased 0.7% to 83.25p and the 2017 ZDP Shares increased 1.6% to 95.25p during the month.

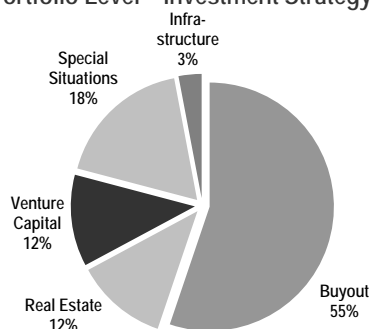
Portfolio Summary at 31 May 2014

JPEL's portfolio is comprised of 100 fund interests, 11 co-investments and five fund of funds that include over 800 companies. As a secondary investor, JPEL's portfolio is heavily weighted towards funded investments, which comprise approximately 75%¹ 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 48% of the portfolio.

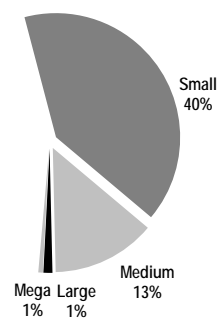
Portfolio Level – Currency²



Portfolio Level – Investment Strategy^{2,3}



Portfolio Level – Buyout Type²



- Includes secondary investments and funded primary investments.
- The diversification charts above are based on private equity fair market value as at 31 May 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.
- Special situations includes mezzanine, debt, turnaround and distressed investment strategies.

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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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