

Letter to the Shareholders as of August 14, 2009

By Thomas Amstutz | August 14, 2009

Press release

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Dear Shareholders

As recently as four months ago it seemed ridiculous to make any forecasts of future net asset values of private equity partnerships, yet now public traded stock markets are starting to anticipate more normalized asset values again.

It may be too early to see this as the end of financial turbulence but we now feel considerably more comfortable in discounting the most bearish scenarios of just a few months ago. Of course, investments in private equity between 2006 - 2008 will still be at risk and valuations may not reflect reality but the older, more mature investments look very attractive. Some of the public traded securities still held in our limited partnerships have had solid increases in value over the last 3 -4 months.

The reported net asset values of our underlying limited partnerships normally lag by 6 -10 weeks - this is the way private equity partnerships work. It is therefore fair to assume that our net asset value reporting lags the public equity markets by as much.

After confusing articles in the press about private equity and changes in accounting principles, shareholders should now be able to obtain much better information once again. With public equity markets up by more than 20 % from their March lows, it looks almost certain that our 2000 - 01 vintage limited partnerships in particular will show an increase in valuations as at 30 June 2009.

At the beginning of the year we were focusing almost exclusively on liquidity: our highest priority was to secure liquidity for further commitments and we wished to avoid becoming forced sellers of our positions. I am pleased to report that we have achieved this goal; the liquidity position of Absolute Private Equity is now very comfortable.

Although our share price has risen substantially from its lows, I would like to underline that the discount to reported net asset value is still greater than 55 %. In the better financial environment - admittedly heavily supported by public money - this now looks excessively negative.

Even though Absolute Private Equity is not as highly geared as our competitors we could nonetheless benefit from larger distributions faster than anticipated. As mentioned before in our shareholder letters we will use that money in the most efficient way for our shareholders - and today that is clearly is to buy back shares at the existing discount.

We have been pleasantly surprised by the better-than-forecast recovery in financial markets. It



is a source of great satisfaction to us that we have been able to weather the crisis without any forced liquidations of any of our positions. Our portfolio consists of older and therefore better vintages and our conservative commitment policy over the last three years is now paying off.

The Board of Directors would like to thank you for your continued interest and support.

Sincerely,

Thomas Amstutz, Chairman

For further information please contact:

Absolute Private Equity Ltd.
Thomas Amstutz
Chairman of the Board of Directors
Tel. 41 (0)43 888 63 00
Email: thomas.amstutz@aiservices.ch