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In the preparation of this document and in relation to the Resolutions, JPMorgan Cazenove Limited, which is regulated by the Financial Services Authority, is acting for New Star Private Equity Investment Trust PLC and no-one else and will not be responsible to any other person for providing the protections afforded to their customers nor for providing advice in relation to the Resolutions nor any other matter referred to in this document.

NEW STAR PRIVATE EQUITY INVESTMENT TRUST PLC

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of the Company to be held at 1 Knightsbridge Green, London, SW1X 7NE at 10:30 a.m. on 30 July 2007 is set out at the end of this document. The accompanying Form of Proxy for use by Shareholders at this meeting should be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Capita Registrars, as soon as possible and in any event not later than 10:30 a.m. on 28 July 2007. **PLEASE COMPLETE AND RETURN A FORM OF PROXY OR (FOR UNCERTIFICATED HOLDERS) USE THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE.**

If you have sold or transferred all your shares in New Star Private Equity Investment Trust PLC, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Part I – Letter from the Chairman

NEW STAR PRIVATE EQUITY INVESTMENT TRUST PLC

(Registered in England and Wales with registered number 159836)

Directors

John Mackie CBE (*Chairman*)
Terry Connor
Barry Dean
John Duffield
Ian Orrock

Registered Office

1 Knightsbridge Green
London
SW1X 7NE

5 July 2007

Dear Shareholder

Background

On 2 July 2007, the Company completed a reconstruction whereby, amongst other things, it changed its investment manager to New Star Asset Management Limited, changed its name to New Star Private Equity Investment Trust PLC, implemented a tender offer, matching purchase facility and placing and issued new Shares to those shareholders of Rutland Trust PLC who elected to roll over their interests into the Company.

As part of the Company's reconstruction proposals, funds managed by New Star committed to make an investment in the Company under the placing. Following a vote of independent Shareholders, the Takeover Panel granted a waiver such that neither customers of New Star nor any member of the New Star group were required to make a general offer to Shareholders under Rule 9 of the City Code should their holding in the Company be increased, as a result of their investment, to a maximum of 39 per cent. of the total shares in issue following the reconstruction.

This waiver became unconditional at an extraordinary general meeting of the Company on 15 June 2007 when independent shareholders approved the arrangements whereby the New Star Funds were required to make no such offer.

As a result of the reconstruction, the New Star Funds were required to invest such an amount which led to them holding a 44.24 per cent. interest in aggregate of the Company's issued share capital. The shareholding of 39 per cent. referred to above was disclosed in the Company's circular to shareholders dated 23 May 2007 and it was indicated that this figure would, based on certain assumptions, represent the maximum holding by the New Star Funds following the reconstruction. The 39 per cent. figure was, due to a technical error, an understatement, and, as noted above and as announced by the Company on 2 July 2007 following the reconstruction, the actual holdings of the New Star Funds reached 44.24 per cent. of the total shares in issue.

Waiver in respect of current holdings of the New Star Funds in the Company

As announced on 2 July 2007 the Takeover Panel, at the Company's request, is prepared to grant a waiver of the requirement for the New Star Funds to make a general offer to Shareholders under Rule 9 of the City Code in respect of the 44.24 per cent. holding, subject to the following:

- the New Star Funds undertaking to exercise no more than 39 per cent. of the voting rights of the Company (after adjusting for the lower total voting rights of the Company);
- the New Star Funds undertaking not to purchase any Shares;
- the New Star Funds not, without consent of the Takeover Panel, accepting their Shares in any takeover offer by an Offeror nor committing to sell their Shares to any Offeror; and
- the Company convening an Extraordinary General Meeting, to seek the approval of independent Shareholders on a poll for the New Star Funds not to make a general offer under Rule 9 of the City Code.

The New Star Funds reserve the right to sell any of their holding, subject to the third bullet point above, in the Company in the market, up to the point of the forthcoming Extraordinary General Meeting.

The obligations of the New Star Funds under Rule 9 of the City Code referred to above will fall away should the independent Shareholder approval be obtained at the forthcoming EGM or the New Star Funds sell their Shares in the market such that the resultant holding is at 39 per cent. or below. Should Shareholder approval not be obtained at the EGM, the Takeover Panel is prepared to grant a waiver of the requirement of the New Star Funds to make a general offer as long as the New Star Funds reduce their holding in the Company to 39 per cent., the percentage previously approved by Shareholders, within ten business days of the Extraordinary General Meeting.

Waiver in respect of the Company's market purchases of its Shares

Authority was granted by Shareholders of the Company at the extraordinary general meeting on 15 June 2007 for the Company generally to make market purchases of its Shares. A purchase of Shares by the Company pursuant to this authority could increase the percentage of voting rights held by the New Star Funds which could result in the New Star Funds being obliged to make a general offer for the entire Share capital of the Company. In accordance with Rule 37 of the City Code, the Takeover Panel has agreed to waive any requirement on the New Star Funds to make a general offer to all shareholders of the Company which could arise out of a purchase of its Shares, provided that the Company obtains approval of independent Shareholders on a poll. This waiver would need to be renewed with any future buyback authority. If the authority to make market purchases was to be exercised in full over non New Star Funds' Shares, the resulting maximum potential controlling position would be 52.04 per cent. however, in no circumstances will the Company make market purchases of its Shares which would result in the percentage of voting rights in which the New Star Funds are interested exceeding 49.9 per cent.

The purpose of this circular is accordingly to seek independent Shareholders' approval for the New Star Funds not to make a general offer under Rule 9 of the City Code. The New Star Funds (and any person acting in concert with New Star) will refrain from voting on the Resolutions.

Shareholders are encouraged to complete and return the enclosed Form of Proxy for use at the Extraordinary General Meeting as soon as possible.

Extraordinary General Meeting

A notice convening an Extraordinary General Meeting of the Company, which is to be held at 1 Knightsbridge Green, London, SW1X 7NE at 10:30 a.m. on 30 July 2007 is set out at the end of this document. The quorum requirement for the Extraordinary General Meeting is not less than two Shareholders present in person or by proxy (or, in the case of a corporation, by a duly appointed representative).

At the Extraordinary General Meeting, the first resolution will be put to Shareholders seeking approval for the 44.24 per cent. holding of the New Star Funds for the purposes of the dispensation provisions of Rule 9 of the City Code such that neither New Star nor the New Star Funds will be required to make a mandatory offer to all Shareholders to acquire all Shares not owned by New Star or the New Star Funds. The vote on the resolution is on an independent poll. As noted above, the New Star Funds (and any person acting in concert with New Star) are not independent and will refrain from voting on such poll.

A second resolution will be put to Shareholders at the Extraordinary General Meeting, and this relates to any exercise by the Company of the authority to buy back Shares which was given pursuant to the passing by Shareholders of the resolutions put to the extraordinary general meeting on 15 June 2007. The effect of any such buy back would be to reduce the total number of Shares in issue, and this would increase the percentage of the Shares held by the New Star Funds if Shares held otherwise than by the New Star Funds were bought back. The Takeover Panel has granted a waiver of the obligation which might otherwise arise in this situation under the City Code for the New Star Funds to make a general offer for the remainder of the issued share capital of the Company under Rule 9, and the second resolution to be proposed at the EGM seeks Shareholder approval for these arrangements. This waiver would need to be renewed with any future buyback authority, and a further resolution to obtain Shareholder approval for these arrangements would be required. The vote on the second resolution to be proposed at the EGM will be taken by way of poll. The New Star Funds (and any person acting in concert with New Star) will refrain from voting on such poll. The Board will not in any event approve any buy backs the effect of which would be to increase the holding of the New Star Funds to 49.9 per cent. or more.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the EGM. Whether or not Shareholders intend to attend the EGM, they should complete and return the Form of Proxy by post or by hand (during normal business hours only) to Capita Registrars, Proxy Processing Centre, Telford Road, Bicester, OX26 4LD if they hold their Shares in certificated form or by hand (during normal business hours only) to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TH. Shareholders who hold Shares in uncertificated form may utilise the CREST electronic proxy voting service as explained in the notes to the Notice of EGM set out at the end of this document. Completion and return of a Form of Proxy will not affect a Shareholder's right to attend and vote at the Extraordinary General Meeting.

Recommendation

The Independent Directors, who have been so advised by JPMorgan Cazenove, consider that the Resolutions to permit the dispensation provisions under Rule 9 of the City Code are in the best interests of Shareholders as a whole. In providing this advice, JPMorgan Cazenove has taken into account the Independent Directors' commercial assessment.

Accordingly, the Independent Directors unanimously recommend that independent Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours sincerely

John Mackie CBE
Chairman

Part II – Additional Information

1. Responsibility

The Directors accept responsibility for the information set out in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that it is the case), the information for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of New Star accept responsibility for all the information specifically relating to New Star and funds managed by New Star. To the best of their knowledge and belief (having taken all reasonable care to ensure that it is the case), the information for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Interests in Shares

- (a) Save as disclosed in paragraph (b)(vi), none of the Directors (or any connected person the existence of which is known to, or could with reasonable diligence be ascertained by, such person) has any interest in any Shares, rights to subscribe in Shares, or short positions in Shares, whether or not held through another party.
- (b) The New Star Funds hold 8,751,050 Shares in the Company at 5 July 2007 and have no other interests, rights to subscribe or short positions in Shares in the Company.

The holding is held across eight funds and several private client portfolios which are all managed on a discretionary basis by New Star. Further details on New Star and the eight funds which currently own Shares in the Company are as follows:

- (i) New Star Asset Management Limited is a subsidiary of New Star Asset Management Group PLC. The New Star group of companies provides asset management products and services to retail and institutional investors and had total assets under management of approximately £24.8 billion at 23 April 2007. The directors of New Star are J L Duffield (Chairman), S Whittaker, G R Logan, M S Beale, R S Anand, M R L Astor, S G F Burgess, P A Butt, H J Covington, G C de Blonay, P Craig, R J Dossett, P R Evershed, J E J Gledhill, M J Groves, M A Harris, J P B Jay, J C Mould, R P Pease, P J Roantree, R F J H Ruvigny, F K Smith, M G Smith, G T Steer, T R K Thompson, C C Tritton, S J Ward and T M Zemek.
- (ii) New Star Diversified Absolute Return Fund is a unit trust managed by Paul Craig and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had £114 million of assets at 31 May 2007 and at 5 July 2007 held 1,965,268 Shares. It was launched in May 1991 and its aim is to achieve a positive absolute return from a portfolio of securities. The fund invests in zero dividend preference shares, fixed interest securities, units in collective investment schemes, investment trusts, money market instruments, deposits and any other asset type deemed appropriate to meet the investment objective. The Royal Bank of Scotland plc acts as trustee.
- (iii) New Star Global Strategic Capital Unit Trust is a unit trust managed by Paul Craig and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had £123 million of assets at 31 May 2007 and at 5 July 2007 held 1,136,423 Shares. It was launched in July 1987 and its aim is to achieve capital growth. The fund invests worldwide principally in a managed portfolio of investment trust shares and other closed-ended vehicles. The Royal Bank of Scotland plc acts as trustee.
- (iv) New Star UK Strategic Capital Unit Trust is a unit trust managed by Paul Craig and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had £89 million of assets at 31 May 2007 and at 5 July 2007 held 1,852,847 Shares. It was launched in April 1989 and its aim is to achieve capital growth. The fund invests principally in the UK in a managed portfolio of investment trust shares and other closed-ended vehicles. The Royal Bank of Scotland plc acts as trustee.
- (v) New Star UK Strategic Income Unit Trust is a unit trust managed by Paul Craig and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had £70 million of assets at 31 May 2007 and at 5 July 2007 held 300,000 Shares. It was launched in April 1988 and its aim is to achieve a high level of income. The fund invests principally in the UK in a managed portfolio of investment trust shares and other closed-ended vehicles. The Royal Bank of Scotland plc acts as trustee.

- (vi) New Star Investment Trust plc is an investment trust managed by Nick Brind and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had assets of £125 million at 31 May 2007 and at 5 July 2007 held 1,105,329 Shares. The Company was launched in May 2000 and its aim is to achieve long-term capital growth. Its strategy is to invest in funds managed by New Star, both long-only and hedge, in New Star Asset Management Group shares and in other retail funds. James Roe (Chairman), John Duffield, Marcus Gregson and Geoffrey Howard-Spink are directors of the trust. New Star Investment Trust plc is a connected person of John Duffield and Mr Duffield has a non-beneficial interest in the Shares held by it as a result of him being a holder of approximately 60 per cent. of the issued share capital of that company.
- (vii) WorldInvest UK Recovery Unit Trust is a unit trust managed by John Jay and its address is 1 Knightsbridge Green, London, SW1X 7NE. It had assets of £3 million at 31 May 2007 and at 5 July 2007 held 8,138 Shares. The fund was established in September 2006 and its aim is to achieve capital growth. Its policy is to invest principally in the securities of UK companies quoted on the London Stock Exchange that are experiencing difficult trading or that have growth prospects that are not duly recognised by the market. The Royal Bank of Scotland plc acts as trustee.
- (viii) New Star Global Financials Fund is a fund of New Star OEICs, an umbrella open ended investment company, managed by Guy de Blonay and the address of the authorised corporate director is 1 Knightsbridge Green, London, SW1X 7NE. It had £280 million of assets at 31 May 2007 and at 5 July 2007 held 1,808,542 Shares. It was launched in December 2001 and its aim is to achieve long-term capital growth. The fund invests principally in the securities of financial services companies both in the UK and internationally. New Star Investment Funds Limited acts as authorised corporate director.
- (ix) New Star Financials Hedge Fund Limited is a Bermuda mutual fund managed by Guy de Blonay and its address is 31 Queen Street, Hamilton HM 11, Bermuda. It had £80 million of assets at 31 May 2007 and at 5 July 2007 held 301,423 Shares. It was launched in April 2002 and its aim is to provide its shareholders with absolute returns. It is a long/short fund exposed to the financials sector. John Duffield, Donald Lines OBE and John Collis are directors of the fund.

None of the New Star Funds individually owns 20 per cent. or more of the Company's issued share capital.

New Star Global Strategic Capital Unit Trust sold 15,000 Shares on 11 October 2006 at a price of 283 pence per Share, it purchased 301,423 Shares on 2 July 2007 at a price of 331.7588 pence per Share. New Star UK Strategic Capital Unit Trust sold 100,000 Shares on 29 September 2006 at a price of 281 pence per Share, it purchased 602,847 Shares on 2 July 2007 at a price of 331.7588 pence per Share. New Star Diversified Absolute Return Fund purchased 1,115,268 Shares on 2 July 2007 at a price of 331.7588 pence per Share. New Star Global Financials Fund purchased 1,808,542 Shares on 2 July 2007 at a price of 331.7588 pence per Share. New Star Financials Hedge Fund purchased 301,423 Shares on 2 July 2007 at a price of 331.7588 pence per Share. Certain private client portfolios managed on a discretionary basis by New Star purchased in aggregate 273,080 Shares on 2 July 2007 at a price of 331.7588 pence per Share. New Star Investment Trust plc purchased 1,105,329 Shares on 2 July 2007 at a price of 331.7588 pence per Share. WorldInvest UK Recovery Unit Trust purchased 8,138 Shares on 2 July 2007 at a price of 331.7588 pence per Share.

The New Star Funds have not otherwise dealt for value in Shares nor interests in Shares, nor rights to subscribe in Shares nor short positions in Shares during the period beginning 12 months prior to 3 July 2007 (being the latest practicable date prior to the publication of this document).

- (c) None of the directors of the New Star Funds or any of the concert parties of the New Star Funds has any interests, rights to subscribe or short positions in any Shares. None of the directors of the New Star Funds or any of the concert parties of the New Star Funds has dealt in Shares, interests in Shares, rights to subscribe in Shares, or short positions in Shares during the period beginning 12 months prior to 3 July 2007 (being the latest practicable date prior to the publication of this document).
- (d) Neither the Company (or any of its concert parties) nor its Directors nor the New Star Funds (or any of their concert parties) has borrowed or lent any relevant securities.

- (e) Save as disclosed in paragraph (b)(vi) above, neither the Company nor any of its Directors has any interests, rights to subscribe or short positions in Shares or units in the New Star Funds.
- (f) Save as disclosed in paragraph (b)(vi), none of the Directors, nor any person connected with a Director (within the meaning of section 346 of the Companies Act 1985), has any interest (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.
- (g) Save as set out at the end of this paragraph, as at 3 July 2007 (being the latest practicable date prior to the publication of this document) none of the persons described in paragraph (h) below: (i) was interested, directly or indirectly, in any relevant securities, (ii) had any rights to subscribe for or any short position in any relevant securities or (iii) had entered into any agreement to sell any relevant securities or any delivery obligation or right to require another person to purchase or take delivery of any relevant securities. JPMorgan Cazenove, which is acting as financial adviser to the Company, owns 8,655 Shares as at 3 July 2007 (being the latest practicable date prior to the publication of this document).
- (h) The following persons are those persons referred to in paragraph (g) above: (i) any company which is an associate of the Company, (ii) connected advisers (as defined in the City Code) to the Company or to any company which is an associate of the Company or to any Concert Party of the Company, (iii) any person controlling, controlled by, or under the same control as such connected adviser (except for any exempt principal trader or exempt fund manager), (iv) any pension fund of the Company or any associate of the Company and (v) any employee benefit trust of the Company or any associate of the Company.
- (i) In this paragraph 2:
 - (i) references to an “associate” of any company are to its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which any such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
 - (ii) “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding gives de facto control;
 - (iii) “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by references to the price of an underlying security; and
 - (iv) “relevant securities” means the Shares and any other securities of the Company carrying conversion or subscription rights into Shares.
- (j) There is no agreement, arrangement or understanding between the Company and New Star or any person considered to be acting in concert with New Star or any director or recent director or Shareholder or recent Shareholder of the Company or any other person having any connection with or dependence on, or which is conditional on, the approval of the Resolutions.
- (k) New Star and the New Star Funds confirm that, save in respect of normal market transactions, it is not the present intention of New Star or the New Star Funds to transfer any of their respective shareholding in the Company to any other person or persons.
- (l) The Company is aware of the following persons who, as at the date of this document are directly or indirectly interested in 3 per cent. or more of the Shares as set out below:

<i>Name</i>	<i>Shareholding</i>	<i>Percentage</i>
New Star Funds	8,751,050	44.24
RCM Ltd	1,925,241	9.73
Legal & General Investment Management Limited	1,200,000	6.07
Progressive Asset Management	810,000	4.09

- (m) No payment of interest on, repayment of or security for any liability (contingent or otherwise) of the New Star Funds will depend on the business of the Company.

3. Financial information and accounting policies in respect of the Company

The key audited figures that summarise the financial condition of the Company in respect of the three financial periods to 31 December 2006, which have been extracted directly on a straightforward basis from the published annual report and audited accounts of the Company for the three financial

periods to 31 December 2006 (which have been incorporated into this document by reference and copies of which are on display at the address set out at paragraph 10), are set out in the following table:

	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Capital</i>			
Total assets	72,155	79,834	90,231
Total fixed assets (investments)	68,980	76,767	84,424
Total assets less current liabilities	71,142	79,580	89,476
Net assets	71,142	79,580	89,476
Net asset value per Share	250.5p	290.6p	330.4p
<i>Earnings and dividends</i>			
Gains from investments held at fair value through profit and loss	—	—	11,524
Net gains on investments	16,396	9,667	—
Income	1,665	2,736	3,920
Return on activities before taxation for the financial year	17,369	11,135	14,047
Return on activities after taxation for the financial year	17,180	10,819	13,306
Taxation	(189)	(316)	(741)
Extraordinary items	—	—	—
Minority interest	—	—	—
Return per Share	60.5p	38.7p	48.7p
Dividends per Share	2.7p	2.7p	9.25p
Dividends (total)	767	766	2,534

Cashflow statement of year to 31 December 2006

	<i>2006</i>	<i>2006</i>
	<i>£</i>	<i>£</i>
Net cash inflow from operating activities		1,175,779
Taxation		
Tax paid	(3,260)	
	<hr/>	(3,260)
Financial investment		
Purchase of listed fixed asset investments	(21,708,093)	
Purchase of unlisted fixed asset investments	(29,245,158)	
	<hr/>	
	(50,953,251)	
Disposal of listed fixed asset investments	15,128,800	
Disposal of unlisted fixed asset investments	39,891,592	
	<hr/>	
	55,020,392	
	<hr/> <hr/>	
Net cash inflow from financial investment		4,067,141
Equity dividends paid		(2,533,528)
		<hr/>
Net cash inflow before financing		2,706,132
Financing		
Purchase of Shares for cancellation		(875,998)
		<hr/>
Increase in cash		1,830,134
		<hr/> <hr/>

Under the Company's accounting policies, investments will be designated as fair value in accordance with FRS26 ("Financial Instruments: measurement"). Listed investments will be valued at bid prices and unlisted investments will be valued by the Board, based upon latest arm's-length transaction prices, net asset values, earnings and other known accounting information, in accordance with the principles set out in the International Private Equity and Venture Capital Valuation Guidelines. The

limited partnership funds in which the Company will invest normally report their valuations quarterly or semi-annually, with their financial years typically ending on 31 December. For the purposes of reporting monthly NAV per Share, unlisted investments held through limited partnerships will be valued at the relevant manager's most recently reported valuation.

4. City Code on Takeovers and Mergers

Under Rule 9 of the City Code, any person who acquires an interest (as such term is defined in the City Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company which is subject to the City Code is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer. Potential controllers who own over 50 per cent. of the voting rights may acquire further interests in Shares without incurring any further obligation under Rule 9 to make a general offer.

Under Rule 37 of the City Code, any increase in the percentage holding of a shareholder which results from a company buying back its own shares will also be treated as an acquisition for the purposes of Rule 9 of the City Code.

A Shareholder not acting in concert with the Directors will not incur an obligation to make a general offer under Rule 9 if, as a result of the purchase of its own shares by a company, he comes to exceed the percentage limits set out in Rule 9. However, this exception will not normally apply when a shareholder not acting in concert with the Directors has purchased shares at a time when he had reason to believe that such a purchase of its own shares by the Company would take place.

As a result of the Company's recent reconstruction, the New Star Funds were required to invest such an amount which led to them holding a 44.24 per cent. interest in aggregate of the Company's issued share capital. A shareholding of 39 per cent. was disclosed in the Company's circular to shareholders dated 23 May 2007 and it was indicated that this figure would, based on certain assumptions, represent the maximum holding by the New Star Funds following the reconstruction. The 39 per cent. figure was, due to a technical error, an understatement, and, as noted above and as announced by the Company on 2 July 2007 following the reconstruction, the actual holdings of the New Star Funds reached 44.24 per cent. of the total shares in issue.

The Panel is prepared to grant a waiver of the requirement for the New Star Funds to make a general offer to shareholders under Rule 9 of the City Code in respect of the 44.24 per cent. holding, subject to the following:

- the New Star Funds undertaking to exercise no more than 39 per cent. of the voting rights of the Company (after adjusting for the lower total voting rights of the Company);
- the New Star Funds undertaking not to purchase any Shares;
- the New Star Funds not, without consent of the Takeover Panel, accepting their Shares in any takeover offer by an Offeror nor committing to sell their Shares to any Offeror; and
- convening an Extraordinary General Meeting, to seek approval of independent shareholders on a poll for the New Star Funds not to make a general offer under Rule 9 of the City Code.

In accordance with Rule 37 of the City Code, the Takeover Panel has agreed to waive any requirement on the New Star Funds to make a general offer to all Shareholders of the Company which could arise out of a purchase of Shares, provided that the Company obtains approval of independent Shareholders on a poll. If the authority to make market purchases was to be exercised in full over non New Star Funds' Shares, the resulting maximum potential controlling position would be 52.04 per cent. however, in no circumstances will the Company make market purchases of Shares which would result in the percentage of voting rights in which the New Star Funds are interested exceeding 49.9 per cent.

Under Rule 9 of the City Code, the Panel would normally require New Star or the New Star Funds to make a general offer to Shareholders in these circumstances. John Duffield, as Chairman and significant shareholder in New Star, is not an Independent Director.

5. General

The middle market quotations for Shares on the first Business Day of each of the six months preceding the date of this document and on 3 July 2007 (being the latest practicable date prior to the publication of this document), as derived from the Daily Official List, were as follows:

<i>Date</i>	<i>Shares (pence)</i>
1 February 2007	290.00
1 March 2007	289.50
2 April 2007	306.50
1 May 2007	305.00
1 June 2007	304.75
2 July 2007	310.00
3 July 2007	317.50

No payment of interest on, repayment of or security for any liability (contingent or otherwise) of the funds managed by New Star will depend to any significant extent on the business of the Company.

6. Directors' appointment letters

No Director has a service contract with the Company, nor are any such contracts proposed.

- (a) John Mackie CBE was appointed as a director of the Company on 1 January 2006. Under the terms of his letter of appointment, he is entitled to a director's fee of £25,000 per annum and to reimbursement for expenses incurred in performing his duties. There is no provision for compensation for early termination of office.
- (b) Terry Connor was appointed as a director of the Company on 1 November 2004. Under the terms of his letter of appointment, he is entitled to a director's fee of £21,000 per annum and to reimbursement for expenses incurred for performing his duties. There is no provision for compensation for early termination of office.
- (c) Barry Dean was appointed as a director of the Company on 19 May 2000. Under the terms of his letter of appointment, he is entitled to a director's fee of £18,000 per annum and to reimbursement for expenses incurred in performing his duties. There is no provision for compensation for early termination of office.
- (d) John Duffield was appointed as a Director of the Company following implementation of the reconstruction on 2 July 2007. Under the terms of his letter of appointment, he will not be entitled to a director's fee. There is no provision for compensation for early termination of office.
- (e) Ian Orrock was appointed as a director of the Company on 1 January 2005. Under the terms of his letter of appointment, he is entitled to a director's fee of £18,000 per annum and to reimbursement for expenses incurred for performing his duties. There is no provision for compensation for early termination of office.
- (f) There have been no amendments made to the terms of appointment referred to in paragraphs (a) to (e) above in the period of six months preceding the date of this document.
- (g) Taking into account the significant additional work entailed by the recent reconstruction and associated matters, the Company awarded the Directors a bonus equal to their annual fees, save in respect of John Duffield who joined the Board following the implementation of the Reconstruction.

7. Significant change

There has been no significant change in the trading or financial position of the Company since 31 December 2006, the date to which the most recent year end audited accounts were prepared.

8. Consent

JPMorgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they are included.

9. Material Contracts

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company or which the Company has agreed to enter into during the two-year period immediately preceding the date of this document and which are, or may be, material:

- 9.1 On 19 March 2007, the Company served upon AEL notice of termination of the Management Agreement dated 31 October 2001 between the Company and AEL pursuant to which AEL acted as the investment manager of the Company. AEL became the manager on 18 May 2007 by way of a deed of novation between AEL, the Company and August Equity Management Limited, whereby AEL replaced the latter company as the manager as part of a restructuring exercise resulting in the manager having limited liability partnership status. Such termination took effect from 2 July 2007. In accordance with the provisions of the Management Agreement, the Company agreed to pay to AEL the sum of £844,950 (exclusive of VAT) upon termination (less any sums paid or payable to AEL pursuant to the Management Agreement in the period between 3 November 2006 and the termination taking effect). AEL accepted the terms of the notice of termination.
- 9.2 On 19 March 2007, the Company and AEL also agreed that for the purposes of calculating the compensation payable pursuant to the Management Agreement, the termination period shall be deemed to have commenced on 3 November 2006 (being the date upon which the Company announced that it was reopening a strategic review, which led to the agreement between the Company and Rutland in relation to the reconstruction implemented on 2 July 2007), such that any termination payment due to AEL shall be calculated by reference to the period from the actual date of termination until 3 November 2007.
- 9.3 The Company entered into a Transfer Agreement with New Star and the liquidators of Rutland pursuant to the Scheme on 2 July 2007. The consideration for the transfer of certain assets of Rutland to the Company was the issue of Shares to those Rutland shareholders who elected (or who were deemed to have elected) for Shares under the reconstruction. The amount of the assets of Rutland which were transferred to the Company in accordance with such elections was that remaining after providing for Rutland's liabilities and its liquidators' retention and providing the cash payment to be made to its shareholders under the reconstruction proposals.
- 9.4 The New Management Agreement between the Company and New Star pursuant to which New Star became the Company's investment manager took effect on 2 July 2007. Under the terms of the New Management Agreement, the Manager will receive from the Company a fee, payable monthly in arrear, equivalent to 1.25 per cent. per annum of the Company's assets (at valuation) invested in limited partnerships and direct private equity interests and 0.75 per cent. per annum on the remainder of the Company's assets. The Manager will also provide secretarial services to the Company under the terms of a company secretarial agreement taking effect on 2 July 2007. Under the secretarial agreement, the Manager will provide services such as maintenance of the Company's books and records and the preparation of the Company's financial statements on terms and conditions which are customary for agreements of this nature.
- 9.5 On 17 January 2006, Dresdner Kleinwort Wasserstein Limited (as Vendor), Dresdner Kleinwort Capital Investment Trust Limited (as Second Vendor), the Company (as Purchaser) and Dresdner Bank AG, entered into an agreement for the acquisition of 2,500 A shares in Kleinwort Capital Partners Limited, the purchase of the KCP Loan Note (£750,000 5% unsecured loan notes of KCP created pursuant to a deed poll of KCP dated 31 October 2001) and the KBIT VII Sale Portfolio, for consideration of £975,302.15. Under the terms of the agreement the Vendor confirmed that it was the legal and beneficial owner of the shares and the Second Vendor confirmed that it was the beneficial owner of the KBIT VII Sale Securities which were sold with full title guarantee. Very limited warranties, assurances, covenants, indemnities, undertakings or commitments were given or made under the agreement.
- 9.6 On 23 May 2007 the Company entered into an agreement with New Star and Rutland (and the liquidators of Rutland under the Scheme) in relation to the implementation of the reconstruction (the "Implementation Agreement"). The Implementation Agreement also set out the basis upon which Rutland assets will be transferred to the Company in consideration for the issue of New Shares to those Rutland shareholders who rolled over their interests into the Company under the reconstruction proposals.

9.7 On 5 July 2007, the Company entered into a facility letter with The Governor and Company of the Bank of Scotland (“**BoS**”) whereby the Company may draw down under a revolving credit facility of £10,000,000 and an uncommitted overdraft facility of £20,000,000 (the “**Facility Letter**”). The principal purpose for which monies may be borrowed (and the sole purpose, in the case of the revolving credit facility) is to fund investment in limited partnership interests, listed vehicles exposed to private equity investments, listed and unlisted equities and certain other specified assets. Interest is payable on funds drawn down under the revolving credit facility at a rate equivalent to a specified margin above the BoS rate or a specified margin above LIBOR, at the election of the Company. Funds drawn down on the overdraft facility will bear interest at 1 per cent. per annum in excess of the BoS base rate from time to time. The Facility Letter contains provisions, including covenants by the Company to BoS, of a kind customarily seen in agreements of this nature.

The Company granted security to BoS by way of a debenture dated 5 July 2007, under which BoS was given the benefit of a mortgage over the Company’s real property interests and a floating charge over the Company’s assets and undertaking, including without limitation its rights under the custodian agreement dated 21 June 2007 between the Company and HSBC Bank PLC (the “**Custodian Agreement**”). The security may be enforced if an event of default has occurred under the Facility Letter.

9.8 HSBC Bank PLC provides custodian services (including the setting up and maintenance of securities records and cash accounts) to the Company upon the terms of the Custodian Agreement in consideration for fees calculated by reference to the value of assets to which the Custodian Agreement applies and transaction charges related to the settlement of transactions in respect of such assets. The Custodian Agreement may be terminated on 60 days’ notice in writing or with immediate effect if one of the parties commits a material breach which, if capable of remedy, remains unremedied after 30 days of notice from the other party requiring remedial action to be taken. The Custodian Agreement contains other provisions of the nature customarily seen in agreements of this nature.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company, 1 Knightsbridge Green, London, SW1X 7NE, and at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London, EC2A 2HS during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the EGM:

- a. this circular;
- b. the memorandum and articles of association of the Company;
- c. the letters of appointment referred to in paragraph 6;
- d. the consent letter referred to in paragraph 8;
- e. the material contracts referred to in paragraph 9;
- f. the audited accounts of the Company for the years ended 31 December 2004, 31 December 2005 and 31 December 2006; and
- g. the circular and the prospectus published by the Company on 23 May 2007 in relation to the proposals relating to the reconstruction of the Company which was implemented on 2 July 2007.

5 July 2007

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“AEL”	August Equity LLP, the former manager of the Company
“Board” or “Directors”	the board of directors of the Company
“Business Day”	any day other than a Saturday, Sunday or public holiday in England and Wales
“certificated” or “in certificated form”	not in uncertificated form
“City Code”	The City Code on Takeovers and Mergers
“Company”	New Star Private Equity Investment Trust PLC
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Manual”	the Reference Manual issued by CRESTCo dated September 2003
“CREST member”	a person who has been admitted by CRESTCo as a system-member (as defined in the CREST Regulations)
“CREST participant”	the relevant system (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No 3755)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations)
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10:30 a.m. on 30 July 2007 (or any adjournment thereof), notice of which is set out at the end of this document
“Form of Proxy”	the Form of Proxy accompanying this document, for use by Shareholders in connection with the Extraordinary General Meeting
“Independent Directors”	John Mackie CBE, Terry Connor, Barry Dean and Ian Orrock
“JPMorgan Cazenove”	JPMorgan Cazenove Limited
“London Stock Exchange”	London Stock Exchange plc
“Net Asset Value” or “NAV”	the net asset value of the Company calculated in accordance with AITC guidelines and the Company’s usual valuation policies
“New Star” or the “Manager”	New Star Asset Management Limited, the investment manager of the Company
“New Star Funds”	New Star Diversified Absolute Return, New Star Global Strategic Capital, New Star UK Strategic Capital, New Star UK Strategic Income, New Star Investment Trust plc, WorldInvest UK Recovery Unit Trust, New Star Global Financials Fund, New Star Financials Hedge Fund and certain private client portfolios managed on a discretionary basis by New Star
“Offeror”	an offeror for the purposes of the City Code
“Panel” or “Takeover Panel”	The Panel on Takeovers and Mergers
“Register”	the register of Shareholders
“Registrars”	Capita Registrars
“Resolutions”	the resolutions set out in the notice of the Extraordinary General Meeting at the end of this document
“Rutland”	Rutland Trust PLC

“Share”	an ordinary share of 5p each in the capital of the Company
“Shareholders”	holders of Shares
“Sterling” or “£”	the lawful currency of the United Kingdom
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

New Star Private Equity Investment Trust PLC

(Registered in England and Wales No. 159836)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of New Star Private Equity Investment Trust PLC (the “**Company**”) will be held at 10:30 a.m. on 30 July 2007 at 1 Knightsbridge Green, London, SW1X 7NE to consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

THAT:

1. the conditional waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers for New Star Asset Management Limited and/or any of the New Star Funds (as defined in the Circular) and/or any of its or their concert parties (within the meaning of the City Code) to make a general offer to Shareholders of the Company as a result of acquiring 44.24 per cent. of the issued share capital of the Company following the implementation on 2 July 2007 of the proposals relating to the reconstruction of the Company be and is hereby approved, and that this resolution be without prejudice to the ordinary resolution passed as resolution 3 at an extraordinary general meeting of the Company held on 15 June 2007; and
2. the conditional waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers for New Star Asset Management Limited and/or any of the New Star Funds (as defined in the Circular) and/or any of its or their concert parties (within the meaning of the City Code) to make a general offer to Shareholders of the Company as a result of any increase in the percentage holding of Shares in the capital of the Company of the New Star Funds by reason of any market purchases of ordinary shares of 5 pence each pursuant to the authority granted by a special resolution passed as resolution 1 at an extraordinary general meeting of the Company held on 15 June 2007 be and is hereby approved. This authority will need to be renewed at the earlier of the expiry of 12 months following the passing of this resolution and the Company’s annual general meeting in 2008. If the authority to make market purchases was to be exercised in full over non New Star Funds’ Shares, the resulting maximum potential controlling position would be 52.04 per cent. however, in no circumstances will the Company make market purchases of its Shares which would result in the percentage of voting rights in which the New Star Funds are interested exceeding 49.9 per cent.

Dated: 5 July 2007

By order of the Board
BNP Paribas Secretarial Services Limited

Secretary

Registered Office
1 Knightsbridge Green
London
SW1X 7NE

Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude members from attending and voting at the meeting, if they so wish.
- (ii) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company’s registrars, Capita Registrars, Proxy Processing Centre, Telford Road, Bicester, OX26 4LD, not less than 48 hours before the meeting. A form of proxy is enclosed.
- (iii) Forms of proxy must be lodged not less than 48 hours before the meeting. Pursuant to section 41 of the Uncertificated Securities Regulations 2001, only those Shareholders on the register at the close of business on 28 July 2007 shall be entitled to attend and

- vote at the meeting in respect of the number of Shares registered in their names at that time. Changes to entries on the register after close of business on 28 July 2007 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (iv) Completion and return of a form of proxy will not prevent Shareholders from attending the extraordinary general meeting and voting in person if they so wish.
 - (v) The Resolutions will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers and New Star Asset Management Limited (and any persons acting in concert with it) will not be entitled to vote on the Resolutions.
 - (vi) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID number RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 - (vii) By attending the meeting a Shareholder expressly agrees that he is requesting and willing to receive any communications made at the meeting.