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If you have sold or otherwise transferred all your Shares in Private Equity Investor plc (the “Company”), please send this Circular, together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia, South Africa or Japan or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdiction.

In the preparation of this document and in relation to the proposals described herein, J.P. Morgan Cazenove, which is regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in connection with the matters set out in this document or any transaction or arrangement referred to herein.

Martineau, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

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## **PRIVATE EQUITY INVESTOR PLC**

*(Registered in England and Wales with registered number 03912487)*

### **General Meeting**

#### **Proposal for approval of a waiver of obligations under Rule 9 and Rule 37 of The City Code on Takeovers and Mergers**

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This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on pages 1 to 4 of this document.

The Proposal described in this Circular is conditional on approval from Shareholders, which is being sought at the General Meeting of the Company to be held at 9.40 a.m. on 22 September 2010 (or as soon thereafter as the annual general meeting of the Company convened for the same day has concluded) at the offices of JP Morgan Cazenove & Co. Limited at 20 Moorgate, London EC2R 6DA. Notice of the General Meeting is set out at the end of this document. Further detail on particular Shareholders’ entitlements to vote on the resolution at the General Meeting is set out in this Circular.

Shareholders are requested to return the Form of Proxy for the General Meeting enclosed with this document. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company’s registrars, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event to arrive not later than 48 hours before the time appointed for holding the General Meeting. A pre-paid envelope is enclosed for use in the United Kingdom only. The lodging of the Form of Proxy will not prevent a Shareholder from attending the General Meeting and voting in person if they so wish.

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## EXPECTED TIMETABLE

Latest time and date for receipt of forms of proxy for the Annual General Meeting	9.30 a.m. on 20 September 2010
Latest time and date for receipt of Forms of Proxy for the General Meeting	9.40 a.m. on 20 September 2010
Annual General Meeting	9.30 a.m. on 22 September 2010
General Meeting	9.40 a.m. on 22 September 2010 (or as soon thereafter as the Annual General Meeting has concluded)
Results of Annual General Meeting and the General Meeting announced	by 5.00 p.m. on 22 September 2010

## PART I – LETTER FROM THE CHAIRMAN

# PRIVATE EQUITY INVESTOR PLC

*(Registered in England and Wales with registered number 03912487)*

### *Directors*

Peter Dicks (Chairman)  
Lady Barbara Judge CBE  
Colin Kingsnorth  
Rory Macnamara  
David Quysner CBE

### *Registered office:*

Beaufort House  
51 New North Road  
Exeter  
Devon  
EX4 4EP

12 August 2010

## **Proposal for approval of a waiver of obligations under Rule 9 and Rule 37 of The City Code on Takeovers and Mergers**

Dear Shareholder

### **1. Introduction**

Approval from Shareholders was obtained at the Annual General Meeting of the Company held on 16 September 2009 to renew the authority of the Company to make market purchases of the Company's Shares. The Board believes it to be in the best interests of the Company and the Shareholders generally to purchase its own Shares from its Shareholders if they become available at an attractive price as it should close the discount between net asset value per Share and the share price, and improve liquidity in the Company's issued share capital.

The Existing Authority has been used to purchase 2,452,765 Shares in the market for cancellation since the annual general meeting in 2009. The Board has agreed that no further Share purchases will be made under the existing authority, which expires at the conclusion of the Annual General Meeting to be held on 22 September 2010, as to do so would result in provisions of the Takeover Code applying to Laxey Partners, the discretionary investment manager of the Laxey Funds, which together constitute one of the Company's material Shareholders.

The Board proposes, however, to renew the authority to make market purchases of its Shares (Buyback Authority) at the Annual General Meeting as set out in resolution 7 in the notice on page 61 of the Annual Report (a copy of which accompanies Shareholders' copies of this Circular). The Buyback Authority resolution, if approved by Shareholders, will authorise the Company to purchase up to 4,871,886 Shares (representing 14.99 per cent. of the current issued share capital of the Company which will not change before the Annual General Meeting) for cancellation or to be held as treasury shares. The price the Company will pay for a Share will be no more than 105 per cent. of the average middle market price of a Share for the five days preceding the purchase.

The Board will continue to exercise the Buyback Authority only if it considers that it would be in the best interests of the Company and Shareholders generally. In addition, the Board will only exercise the Buyback Authority if it is satisfied that the Company has, at the time such purchase is contemplated, sufficient cash resources and distributable reserves.

As at 11 August 2010, (this being the latest practicable date prior to publication of this Circular) the Laxey Funds together held 9,467,046 Shares which constitute 29.13 per cent. of the issued share capital in the Company and 29.13 per cent. of the total Voting Rights in the Company. Laxey Partners is the discretionary manager of the Laxey Funds in relation to these Shares and controls the exercise of the Voting Rights in the Company held by the Laxey Funds.

If the Company were to exercise its Buyback Authority in full (with the Laxey Funds not participating), the resultant holding of the Laxey Funds (which holds 29.13 per cent. of the issued share capital in the Company as at 11 August 2010) and the Voting Rights controlled by Laxey Partners would increase to 34.26 per cent of the issued share capital and 34.26 per cent. of the total Voting Rights in the Company as further detailed below.

Ordinarily, this increase to and above the 30 per cent. threshold prescribed by the Takeover Code would result in Laxey Partners being obliged to make a mandatory offer for the Company pursuant to Rule 9 of the Takeover Code. However, the Takeover Panel has agreed that, subject to Independent Shareholder (ie excluding Laxey Funds and Laxey Partners) approval, in this case the requirement to make such an offer will be waived.

## 1. Introduction – continued

The purpose of this Circular is to set out details relating to the Proposal for approval of the Panel Waiver by Independent Shareholders and to convene the General Meeting at which the Resolution for such approval will be proposed. For the avoidance of doubt, as the Board has agreed not to make market purchases of Shares under the Existing Authority, no waiver by the Takeover Panel or approval by Independent Shareholders will be required in relation to the Existing Authority.

## 2. Takeover Code Waiver

### *Background*

As an English company with a registered office in the UK, which has its Shares admitted to trading on a regulated market in the UK, the Company is subject to the Takeover Code.

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert individually or collectively who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested in and which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all 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 the aggregate carry not less than 30 per cent. of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required to all the remaining shareholders to acquire their shares if any further interests in shares are acquired by any such person(s).

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

### *Laxey Partners Limited*

Laxey Partners Limited is an investment manager registered in the Isle of Man (company number 093741C) and has its registered address at Derby House, 64 Athol Street, Isle of Man IM1 1JD. Further information on Laxey Partners is set out in Part II of this Circular. Laxey Partners currently controls the Voting Rights over 9,467,046 Shares, being the Shares held by the Laxey Funds. Such Shares represent, in aggregate, 29.13 per cent. of the Company's current Voting Rights.

### *Effect of Share buyback*

If the Company were to exercise the Buyback Authority in full (with the Laxey Funds not participating), the 9,467,046 Shares held by the Laxey Funds would represent 34.26 per cent. of the Voting Rights in the Company. These figures are based on the assumptions that:

- none of the Laxey Funds buys or sells any Shares between the date of this Circular and the General Meeting; and
- the reduced issued share capital would be 27,629,024 Shares (ie current issued Shares (32,500,910) less the maximum number of Shares that could be purchased by the Company pursuant to the Buyback Authority (4,871,886).

If Laxey Partners were to acquire new Shares such that their holding were to increase above 30 per cent, the requirements of Rule 9 of the Takeover Code would apply and Laxey Partners would be required to make a general offer to all the remaining Shareholders to acquire their Shares.

### *Takeover Code*

Under Rule 37 of the Takeover Code, any increase in the percentage holding of a shareholder that results from a company buying back its own shares is also treated as an acquisition for the purposes of Rule 9 of the Takeover Code. Rule 37 does not normally apply unless the person who would otherwise be required to make a mandatory offer under Rule 9 of the Takeover Code is a director of the company or is acting in concert with the directors of the company. The Takeover Code provides that persons are acting in concert if (inter alia) they co-operate, pursuant to an agreement or understanding (whether formal or informal) to obtain or consolidate control of a company. As Colin Kingsnorth is a Director of the Company and is also a director of Laxey Partners, if Laxey Partners' control of Voting Rights increased as a result of the exercise of the Buyback Authority such that it represented 30 per cent. or more of the Company's Voting Rights, Laxey Partners would be required to make a mandatory offer for the remainder of the issued share capital of the Company under Rule 9 of the Code.

### *Panel Waiver and the Resolution*

The Takeover Panel has agreed that, subject to the approval of the Independent Shareholders on a poll, it will waive the obligation requiring Laxey Partners to make a general offer that would otherwise arise as a result of the exercise on one or more occasions by the Company of the Buyback Authority.

## 2. Takeover Code Waiver – continued

Accordingly, the Resolution (for the approval of the Panel Waiver) is being proposed at the General Meeting, and will be taken on a poll. Laxey Partners and the Laxey Funds will not be entitled to vote on the Resolution.

**Shareholders should note that, if the Resolution is passed at the General Meeting, and the Buyback Authority is exercised in full this would result in an increase in the percentage of the issued share capital held by the Laxey Funds to 34.26 per cent but Laxey Partners will not be subject to the provisions of Rule 9 of the Takeover Code. However, any further increase in the Laxey Funds' shareholdings will be subject to the provisions of Rule 9.**

### *Undertaking by Laxey Partners*

Laxey Partners have entered into an Undertaking with the Company whereby Laxey Partners have agreed that it will not, and will procure that the Laxey Funds shall not, exercise, in aggregate, more than 29.99 per cent. of the Voting Rights of the Company on any resolution.

### *Intentions of the Independent Directors*

The Independent Directors (ie other than Colin Kingsnorth) anticipate that they will continue to seek authority from the Shareholders on an annual basis to renew the authority to buy back Shares in the market and will continue to seek Shareholder approval of the waiver of any Rule 9 obligation which may arise as a consequence.

## 3. Risks associated with the Proposal

In considering your decision in relation to the Proposal, you are referred to the risks set out below.

**You should read this Circular carefully and in its entirety and, if you are in any doubt about the contents of this Circular or the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

Only those risks which are material and currently known to the Company have been disclosed. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also have an adverse effect on the Company.

### *Risks associated with the approval of resolution to approve the Panel Waiver*

- **The Independent Shareholders should note that, if the Resolution is passed, as a result of the exercise by the Company of the Buyback Authority, the Laxey Funds' interests in Shares could increase to greater than 30 per cent. or more and Laxey Partners would be able to exercise more significant control over the conduct of the Company subject to the terms of the Undertaking.**
- **The Independent Shareholders should note that, if the Resolution is passed, this does not provide any guarantee that, in any future situation where Rule 9 and Rule 37 of the Takeover Code became relevant to the Company (whether in relation to Laxey Partners or otherwise), the Panel would be similarly willing to grant a waiver.**

## 4. General Meeting

Notice convening the General Meeting of the Company, to be held at 9.40 a.m. on 22 September 2010 (or as soon thereafter as the Annual General Meeting of the Company has concluded) at the offices of JP Morgan Cazenove & Co. Limited at 20 Moorgate, London EC2R 6DA, is set out at the end of this Circular. This Notice includes the full text of the Resolution to be proposed at the General Meeting which, if passed, will approve the Panel Waiver.

The Resolution will be proposed as an ordinary resolution requiring more than 50 per cent. of votes cast by the Independent Shareholders present at the General Meeting in person or by proxy voted on by way of a poll.

## 5. Entitlement to vote and voting intention

Only the Independent Shareholders (being all of the Shareholders except for the Laxey Funds) will be entitled to vote on the resolution to approve the Waiver at the General Meeting. The resolution must be voted on by way of a poll and each Independent Shareholder will be entitled to one vote for each Share held.

Neither Laxey Partners nor the Laxey Funds will be voting on the resolution to approve the Waiver at the General Meeting in respect of the 9,467,046 Shares held by the Laxey Funds, representing 29.13 per cent. of the current issued share capital at the date of this Circular. In addition, Colin Kingsnorth has not participated in the Board's consideration of the Proposals.

## **6. ACTION TO BE TAKEN BY INDEPENDENT SHAREHOLDERS**

Independent Shareholders will find attached at the end of this Circular the Form of Proxy for use at the General Meeting. Whether or not Independent Shareholders propose to attend the General Meeting, they are requested to complete and return the Form of Proxy attached so as to be received not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the Form of Proxy will not prevent an Independent Shareholder from attending and voting in person at the General meeting should they so wish.

## **7. Recommendation**

**The Independent Directors, who have been so advised by J.P. Morgan Cazenove, consider the Waiver and the Undertaking to be in the best interests of the Independent Shareholders as a whole. In providing advice to the Independent Directors, J.P. Morgan Cazenove has taken account of the commercial assessments of the Independent Directors. Accordingly, the Independent Directors unanimously recommend that the Independent Shareholders vote in favour of the resolution approving the Panel Waiver, at the General Meeting, as they intend to do in respect of their own beneficial shareholdings of 55,577 Shares, representing 0.17 per cent. of the issued share capital of the Company.**

Yours faithfully

**Peter Frederick Dicks**

*Chairman*

## PART II – ADDITIONAL INFORMATION

### 1. Responsibility

The Directors accept responsibility for the information contained in this Circular, save that (i) Colin Kingsnorth, who is also a director of Laxey Partners and therefore did not participate in the Board's consideration of the Proposal, takes no responsibility for the paragraph on page 3 of this Circular entitled "Intentions of the Directors" or for the Board's recommendation in relation to the Proposal; and (ii) the only responsibility accepted by the Directors in respect of the information in this Circular relating to Laxey Partners and the Laxey Funds, which has been compiled from published sources, has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Directors to verify this information).

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular 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 Laxey Partners, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document relating to Laxey Partners and the Laxey Funds, the directors of Laxey Partners and their associates (as such term is defined in the Code). To the best of the knowledge and belief of the directors of Laxey Partners (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Directors

2.1 The Directors of the Company and their functions are as follows:

<i>Director</i>	<i>Function</i>
Peter Dicks	Chairman and Non-Executive Director
Lady Barbara Judge CBE	Non-Executive Director
Colin Kingsnorth	Non-Executive Director
Rory Macnamara	Non-Executive Director
David Quysner CBE	Non-Executive Director

2.2 The directors of Laxey Partners and their functions are as follows:

<i>Director</i>	<i>Function</i>
Michael Haxby	Executive Director
Colin Kingsnorth	Non-Executive Director
Andrew Pegge	Non-Executive Director
Jon Tenvik	Independent Non-Executive Director

### 3. Share Capital, Interests and Dealings

#### *Share Capital*

3.1 The issued share capital of the Company as at close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), was 32,500,910. The Company had no other securities in issue nor did the Company hold any share capital in treasury.

3.2 No share or loan capital or other security of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.

#### *Directors of the Company*

3.3 As at the close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them in the share capital of the Company (all of which holdings are beneficially held unless otherwise stated) required to be notified to the Company or which are required to be entered into the Company's Shareholder register, are as set out below.

<i>Director</i>	<i>Shares</i>	<i>Percentage of issued share capital</i>
Peter Dicks	34,538	0.10%
Lady Barbara Judge CBE	21,039	0.06%
Colin Kingsnorth	–	–
Rory Macnamara	–	–
David Quysner CBE	–	–

Colin Kingsnorth is a director of Laxey Partners which controls Voting Rights over 9,467,046 Shares held by the Laxey Funds in the capital of the Company.

### 3. Share Capital, Interests and Dealings – continued

- 3.4 There have been no dealings for value in Shares by the Directors during 12 months preceding the date of the document.
- 3.5 As at the close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), none of the Directors, their immediate families or persons connected with them or the Company itself, had any interests, rights to subscribe, or short positions in any of Laxey Partners' shares or securities or had any dealings (including borrowing or lending) for value in Laxey Partners' shares or securities which took place during the period beginning 12 months preceding the date of this Circular and ending on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular).

#### *Laxey Partners*

- 3.6 As at the close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), the interests, rights to subscribe and short positions of the Laxey Funds in the Company's share capital were as set out below. The table also shows the maximum potential holding of the Laxey Funds.

<i>Shareholder</i>	<i>Maximum potential shareholding</i>	<i>Maximum potential percentage of issued share capital</i>
Laxey Funds	9,467,046	34.26

- 3.7 There have been no dealings (including borrowing or lending) for value in the Company's Shares by Laxey Partners, the directors of Laxey Partners or persons connected with them during the period beginning 12 months preceding the date of this Circular and ending on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular).

#### *Adviser*

- 3.8 As at the close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), no connected adviser (as such term is defined in the Takeover Code) of the Company (including any person controlling, controlled by or under the same control as them (as such term is defined in the Takeover Code)) has any interests, rights to subscribe or short positions in the share capital of the Company.

#### *Others*

- 3.9 As at the close of business on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular):
- Having made due and careful enquiries, the Company is not aware of any other person acting in concert with the Company having any interests, rights to subscribe or short positions in relevant Shares or securities of the Company.
  - Save as disclosed above, none of the directors of Laxey Partners, their immediate families or persons connected with them, had any interests, rights to subscribe or short positions in the share capital of the Company.
  - Neither the Company, nor any person acting in concert with the Company had borrowed or lent any relevant Shares.
  - Neither Laxey Partners nor any person acting in concert with Laxey Partners had borrowed or lent any Shares.

### 4. Arrangements in connection with the Proposal

- 4.1 Laxey Partners has not entered into any agreement, arrangement or understanding with any of the Directors which has any connection with or dependence upon the Proposal. In addition, the Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the Proposal between Laxey Partners and any person interested or recently interested in Shares, or any other recent Director of the Company.
- 4.2 The Directors' current intention is for Shares purchased by the Company pursuant to the Buyback Authority to be cancelled.

## 5. Directors' letters of appointment

- 5.1 All of the Directors are non-executive and do not have service contracts with the Company. Instead, the Directors are appointed pursuant to letters of appointment. Peter Dicks, Colin Kingsnorth, Rory Macnamara and David Quysner each entered into a letter of appointment on 22 October 2004 and Lady Barbara Judge agreed revised terms in a new letter of appointment on 25 October 2004. The appointments are subject to 12 months' notice.
- 5.2 On termination of a Director's appointment, at any time, he or she is entitled to any accrued but unpaid fees but not to any other compensation. The current fees (per annum) of the Directors are £40,000 for Peter Dicks (Chairman) and £20,000 for Lady Barbara Judge, David Quysner, Colin Kingsnorth and Rory Macnamara. The Directors receive no other material pay or benefits from the Company (with the exception of reimbursement of expenses incurred in respect of their duties as Directors). No arrangements have been entered into by the Company, entitling the Directors to compensation for loss of office. The office of non-executive director is non-pensionable.
- 5.3 Save as described in this paragraph 5, there have been no new Directors' service contracts or letters or terms of appointment or amendments to existing Directors' service contracts or letters or terms of appointment within the period of six months prior to the date of this Circular.

## 6. The Company

- 6.1 The Company is an investment trust registered in the United Kingdom. Its Shares are listed on the Official List.
- 6.2 The Company's investment policy is to invest in high quality venture capital funds, managed by several different management groups, focused on various stages of growth from early stages to pre-IPO, so as to obtain exposure to a diversified underlying portfolio of investments in unlisted companies in the IT and other technology sectors.
- 6.3 The Directors have confirmed that their intentions regarding the future of the business and the location of the Company's place of business will not be altered as a result of the Proposal.
- 6.4 As at 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), the Company had a market capitalisation of approximately £40.95 million.
- 6.5 The audited statutory financial information of the Company for the years ended 31 March 2009 and 31 March 2010 is incorporated by reference in this Circular and can be found at: <http://www.peiplc.com/annualreport/>. The annual report and accounts includes the following information:

<i>Description</i>	<i>2009 Annual Report</i>	<i>2010 Annual Report</i>
Consolidated Income Statement	Page 31	Page 32
Consolidated Statement of Changes in Equity	Pages 32-33	Pages 33-34
Consolidated Balance Sheet	Page 34	Page 35
Company Balance Sheet	Page 35	Page 36
Consolidated Cash Flow Statement	Page 36	Page 37
Company Cash Flow Statement	Page 37	Page 35
Chairman's Statement	Pages 5-6	Pages 4-6
Directors' Report	Pages 14-25	Pages 15-26

- 6.6 Since 1 April 2010, the Company has undertaken purchases of 2,452,765 of its own Shares for a total consideration of £2,968,472.

## 7. Company material contracts

- 7.1 Save as set out below, during the period beginning two years before the date of this Circular and ending on 11 August 2010 (this being the latest practicable date prior to the publication of this Circular), the Company has not entered into any material contracts otherwise than in the ordinary course of business.
- 7.2 On 11 August 2010, Laxey Partners entered into an undertaking with the Company whereby Laxey Partners agreed that it will not, and will procure that the Laxey Funds shall not, exercise, in aggregate, more than 29.99 per cent. of the Voting Rights on any resolution.

## 8. Material changes

There has been no material change to the financial or trading position of the Company since the last published annual report and audited financial statements (for the year ended 31 March 2010).

## 9. Market quotations

The following are middle market quotations for the Company's Shares, as derived from the Daily Official List of the London Stock Exchange, for the first business day of each of the six months set out below and for 11 August 2010 (this being the latest practicable date prior to the publication of this Circular):

<i>Date</i>	<i>Price per Share</i>
01/03/2010	116.00
01/04/2010	114.50
04/05/2010	125.00
01/06/2010	131.25
01/07/2010	128.50
02/08/2010	124.75
11/08/2010	126.00

## 10. Consents

J.P. Morgan Cazenove, has given and has not withdrawn its written consent to the issue of this Circular with the references to it in the form and context in which they appear.

## 11. Documents available for inspection

Copies of the following documents are available for inspection at the offices of Martineau, 35 New Bridge Street London EC4V 6BW and at the registered office of the Company during normal business hours on any Business Day (weekends and public holidays excepted) until the conclusion of the General Meeting:

- the articles of association of the Company, which can be found at: <http://www.peiplc.com/articles/>;
- this Circular, which can be found at: <http://www.peiplc.com/meetings/>;
- the consent letter from J.P. Morgan Cazenove, which can be found at: <http://www.peiplc.com/meetings/>;  
and
- the letters of appointment of the Directors, which can be found at: <http://www.peiplc.com/meetings/>;

Copies of these documents are also available free of charge from the Company Secretary.

The articles of association of the Company will be available at the General Meeting for at least 15 minutes prior to and during the General Meeting.

## DEFINITIONS

“Annual General Meeting”	the annual general meeting of the Company to be held on 22 September 2010;
“Annual Report”	the annual report and financial statements of the Company for the year ended 31 March 2010;
“Board”	the board of directors of the Company from time to time;
“Buyback Authority”	the Company’s authority, subject to the approval by Shareholders of resolution 7 to be proposed at the Annual General Meeting (as set out in the notice on page 61 of the Annual Report), pursuant to section 701 of CA 2006, to make one or more market purchases of its own shares of, in aggregate, up to 4,871,886 Shares;
“CA 2006”	Companies Act 2006, as amended;
“Circular”	this document;
“Company”	Private Equity Investor plc;
“Directors”	the directors of the Company from time to time;
“Existing Authority”	the authority for the Company to make market purchases of its Shares obtained at the annual general meeting of the Company held on 16 September 2009;
“Form of Proxy”	the form of proxy for use at the General Meeting;
“FSA”	the Financial Services Authority;
“General Meeting”	the general meeting of the Company (or any adjournment thereof) convened for 9.40 a.m. on 22 September 2010 or as soon thereafter as the Annual General Meeting has concluded, notice of which is set out at the end of the Circular;
“Independent Directors”	all of the Directors with the exception of Colin Kingsnorth;
“Independent Shareholders”	all of the Shareholders with the exception of the Laxey Funds;
“Interest”	has the meaning given to that term in the Takeover Code;
“Issued Share Capital”	the Shares of the Company in issue from time to time;
“J.P. Morgan Cazenove”	J.P. Morgan Securities Limited which conducts its UK investment banking activities as J.P. Morgan Cazenove
“Laxey Funds”	Value Catalyst Fund, Altma SICAV plc in respect of Gardiner Sub Fund, LP Value Limited, Laxey Universal Value LP, Laxey LP McKinsey, LACV Limited, Laxey Investors Limited and LACMA Limited, or any other fund managed by Laxey Partners which is, for the time being, the holder of Shares
“Laxey Partners”	Laxey Partners Limited;
“London Stock Exchange”	London Stock Exchange plc;
“Official List”	the list maintained by the United Kingdom Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000;
“Panel Waiver”	the waiver by the Takeover Panel of the obligation which would otherwise arise under Rule 9 of the Takeover Code for Laxey Partners to make an offer for the remainder of the issued share capital of the Company on a result of the exercise on one or more occasions by the Company of the Buyback Authority;
“Proposal”	the proposal for Shareholders to approve the Panel Waiver and the Resolution, as described in this Circular;
“Resolution”	the resolution to be proposed at the General Meeting;

“Shareholders”	registered holders of Shares;
“Shares”	ordinary shares of 0.01p each in the capital of the Company (and each a “Share”);
“Takeover Code”	The City Code on Takeovers and Mergers;
“Takeover Panel”	The Panel on Takeovers and Mergers;
“Undertaking”	the Undertaking referred to on page 3 of the Circular between Laxey Partners and the Company;
“United Kingdom Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“Voting Rights”	all the voting rights attributable to the capital of the Company which are currently exercisable at a general meeting of the Company;

# NOTICE OF GENERAL MEETING

## PRIVATE EQUITY INVESTOR PLC

*(Registered in England and Wales with registered number 03912487)*

Notice is hereby given that a general meeting of Private Equity Investor plc (“the Company”) will be held at the offices of JP Morgan Cazenove & Co. Limited at 20 Moorgate, London EC2R 6DA at 9.40 a.m. on 22 September 2010 (or as soon thereafter as the Annual General Meeting of the Company convened on the same day has concluded) to consider and, if thought fit, to pass the following resolution as an ordinary resolution.

### **Ordinary Resolution**

That the waiver by the Panel on Takeovers and Mergers of any obligation that would otherwise arise on Laxey Partners Limited to make a general offer to the shareholders of the Company pursuant to Rule 9 of the City Code on Takeover and Mergers (“Takeover Code”) as a result of the exercise on one or more occasions by the Company of its Buyback Authority (as defined in the circular to shareholders of the Company dated 12 August 2010 a copy of which is produced to the meeting and initialled for the purpose of identification by the chairman of the meeting (“Circular”)), be and hereby is approved.

In order to comply with the Takeover Code, the Resolution will be taken on a poll and the Laxey Funds and Laxey Partners Limited have undertaken not to vote on the Resolution.

The definitions contained in the Circular shall have the same meanings where used in this Resolution.

Dated: 12 August 2010

By order of the Board  
Capita Sinclair Henderson Limited  
Secretary

Registered office:  
Beaufort House  
51 New North Road  
Exeter  
Devon  
EX4 4EP

**Notes:**

1. The resolution is subject to the approval of the independent shareholders (being the shareholders of the Company other than Laxey Partners Limited and the Laxey Funds) and, in order to comply with the Takeover Code, the resolution will be taken on a poll. Each independent shareholder will be entitled to one vote for each share held and Laxey Partners Limited and the Laxey Funds will be disenfranchised from voting on the resolution.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulation 2001), members must be registered in the register of members of the Company at 5.00 pm on 20 September 2010 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A shareholder entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy (or proxies) to attend, speak and, on a poll, vote instead of him or her in respect of such shares provided that, if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares held by the shareholder. A proxy need not be a shareholder of the Company.
4. A reply paid envelope is enclosed for the return of the attached form of proxy. To be valid, it should be lodged with the Company's registrar, Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 9.40 am on 20 September 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
5. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
6. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
7. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 7 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
10. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
11. As at 11 August 2010 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 32,500,910 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 11 August 2010 were 32,500,910.
12. Information regarding the meeting is also available on the Company's website, [www.peiplc.com/meetings/](http://www.peiplc.com/meetings/).

# FORM OF PROXY

## PRIVATE EQUITY INVESTOR PLC

I/We .....  
(Block Capitals Please)

of .....

being a shareholder(s) of the above-named Company, appoint the chairman of the meeting or

.....

of .....

for the following number of shares

to act as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at the offices of JP Morgan Cazenove & Co. Limited at 20 Moorgate, London EC2R 6DA at 9.40 am on 22 September 2010 (or as soon thereafter as the Annual General Meeting of the Company has concluded) (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given

Please indicate with an 'X' in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolution or abstain from voting as he thinks fit.

The proxy is directed to vote as follows:

<i>Ordinary Resolution</i>	<i>For</i>	<i>Against</i>	<i>Vote Withheld</i>
Approval of the waiver by the Panel on Takeovers and Mergers of obligations arising under Rule 9 of the City Code on Takeovers and Mergers.			

Signature ..... Dated ..... 2010

**Notes:**

1. The notice of the meeting is set out in the circular to shareholders of the Company dated 12 August 2010. Definitions used in the circular apply herein.
2. If any other proxy is preferred, strike out the words "chairman of the meeting" and add the name and address of the proxy you wish to appoint. The proxy need not be a member.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
4. Any alterations to the form should be initialled.
5. If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
7. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach the registrars of the Company at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
8. The completion of this form will not preclude a member from attending the meeting and voting in person.
9. The resolution is subject to the approval of the independent shareholders (being the shareholders of the Company other than Laxey Partners Limited and their respective interests) and in order to comply with the Takeover Code, the resolution will be taken on a poll. Each independent shareholder will be entitled to one vote for each share held and Laxey Partners Limited and the Laxey Funds will be disenfranchised from voting on the resolution.
10. The completed form of proxy should be returned by post in the enclosed reply paid envelope.