THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you should immediately seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in the Company on or before 29 December 2010 (the ex-dividend date), please send this circular, together with the accompanying form of election (the "Form of Election"), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred some (but not all) of your shares in the Company on or before 29 December 2010 (the ex-dividend date), you should contact your stockbroker, bank manager or other agent through whom the sale or transfer was effected without delay who will then advise you on how to deal with this circular and the Form of Election. However, except as set out in this circular, the circular and the accompanying Form of Election should not be forwarded to or sent in, into or from the United States, Canada or Australia.

If you wish to receive the Final Dividend on your shares in cash in full, you should take no action in relation to the accompanying Form of Election.

STANDARD LIFE EUROPEAN PRIVATE EQUITY TRUST PLC

Registered Office:
1 George Street,
Edinburgh
EH2 2LL

17 December 2010

Dear Shareholder

Scrip Dividend Option

On 6 December 2010, your directors (the ''Directors'') announced their recommendation of a Final dividend (the "Final Dividend") of 0.2p per share in respect of the year ended 30 September 2010 to the holders of ordinary shares (''Shareholders'') on the register at the close of business on 31 December 2010 (the "Record Date"). The Final Dividend is subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting.

At the AGM of the Company held in January 2010, your Directors obtained Shareholder approval to offer Shareholders the opportunity to take dividends in ordinary shares rather than cash. Accordingly, your Directors are now offering Shareholders the opportunity to elect to receive all or part of the Final Dividend in the form of fully paid ordinary shares instead of cash (the ''Scrip Dividend Option").

This circular contains the information you will need to decide whether you want to make an election under the Scrip Dividend Option.

Benefits of the Scrip Dividend Option

Shareholders who elect to take new shares rather than cash in respect of the Final Dividend will increase their holdings without incurring dealing costs or stamp duty. To the extent that Shareholders elect to take new shares, the Company will also benefit from retaining the cash that would otherwise have been paid out as a dividend.

Dilution

Shareholders should note that, on the basis of the Company's current share price, it is expected that new shares issued under the Scrip Dividend Option will be issued at a discount to the last announced diluted net asset value per ordinary share, which was 193.3p as at 30 September 2010. Accordingly, it is expected that the issue of new ordinary shares under the Scrip Dividend Option will have a marginally dilutive effect on the net asset value attributable to the shareholdings of Shareholders who elect to receive all or part of the Final Dividend in cash.

Details of the Scrip Dividend Option

The entitlement of Shareholders who elect for the Scrip Dividend Option will be calculated using the average of the middle market quotations of a share as shown in the Daily Official List published by London Stock Exchange plc for the five dealing days from and including the ex-dividend date, being 29 December 2010. On the basis of the average of the middle market quotations of a share as shown in the Daily Official List published by London Stock Exchange plc for the five dealing days from and including 1 December 2010 (being the latest practicable date prior to the publication of this circular), a Shareholder electing for the Scrip Dividend Option rather than cash would receive one new ordinary share for every 124.85p otherwise payable as a cash dividend on shares registered in his name on the Record Date in respect of which he has elected for the Scrip Dividend Option. For the avoidance of doubt, the actual entitlement of Shareholders who elect for the Scrip Dividend Option may be greater or lower than this illustrative amount, depending upon the Company's share price at the relevant time.

Fractions of a share cannot be issued and any cash balance will be paid.

The Directors reserve the right at any time prior to Admission, and at their discretion, to withdraw the Scrip Dividend Option and pay the Final Dividend entirely in cash.

Applications will be made for the new shares to be admitted to listing in the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities ("Admission"). The Scrip Dividend Option is conditional upon Admission becoming effective on or before 28 January 2011. If this condition is not met the Scrip Dividend Option will be withdrawn and dividends will be paid in cash to all Shareholders.

The detailed terms of the Scrip Dividend Option are set out in Part I of the Appendix to this letter. A personalised Form of Election is enclosed. Should you be interested in taking advantage of the Scrip Dividend Option, please consider the terms set out in the Appendix carefully and the likely tax consequences for you.

A non-exhaustive outline of the likely tax consequences for most UK Shareholders in electing to receive new shares in the place of a cash dividend can be found in Part II of the Appendix to this letter. **If you are in doubt about your tax position, you should consult your professional adviser before taking any action.**

The attention of overseas Shareholders is drawn to paragraph 6 of Part I of the Appendix to this letter.

Action to be taken

If you wish to elect to receive all or part of the Final Dividend in the form of new shares rather than cash, you must complete the Form of Election in accordance with the instructions printed on it and return it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in the reply paid envelope provided, so that it is received by no later than 5.00 p.m. on 14 January 2011. Shareholders should be aware that the price of shares can go down as well as up. If you are in any doubt about what course of action to take in relation to your shareholding, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

Yours faithfully

Scott Dobbie CBE
Chairman

APPENDIX
Part I

Notes

1. Terms of election

Shareholders on the register at the close of business on the Record Date may elect to receive new ordinary shares, credited as fully paid, instead of the cash dividend of 0.2p per share otherwise payable on 28 January 2011. All elections will be subject to fulfilment of the conditions specified in the Form of Election enclosed. An election under the Scrip Dividend Option for the Final Dividend, once received, cannot be revoked or withdrawn. However, the Directors reserve the right at any time prior to Admission, and at their discretion, to withdraw the Scrip Dividend Option and pay the Final Dividend entirely in cash.

An election may be made by Shareholders in respect of all or part of their holdings of ordinary shares.

The number of new ordinary shares to be allotted to electing Shareholders is calculated by multiplying the number of ordinary shares in respect of which an election has been made by the cash dividend per share (0.2p) and dividing by the cash equivalent ordinary share price. New ordinary shares will be allotted up to the maximum whole number possible. Fractions of shares cannot be allotted and any fractional entitlement will be dealt with in accordance with the notes below. The number of new ordinary shares to be allotted in respect of the Final Dividend is calculated as follows:

$(N \times D)/P$

Where N is the number of shares in respect of which the Shareholder has elected to receive new ordinary shares;
D is the declared cash dividend per ordinary share;
P is the cash equivalent share price of one new ordinary share, expressed in pence.

An example for illustrative purposes only is as follows:
The cash dividend is 0.2p per ordinary share, your shareholding is 100,000 ordinary shares, and the scrip reference price is 124.85p.

- Value of cash dividend: 100,000 x 0.2p = £200.
- Number of new shares: £200 ÷ 124.85p = 160.19, rounded down to 160 shares.
- Value of new shares: 160 x 124.85p = £199.76 leaving a cash balance of 24p which will be paid.

2. Basis of allotment of new shares

As provided by the Company's Articles of Association, the relevant value of new shares will be calculated using the average of the middle market quotations of a share, as shown in the Daily Official List published by London Stock Exchange plc, for the five dealing days from and including the ex-dividend date of 29 December 2010.

On the basis of the average of the middle market quotations of a share as shown in the Daily Official List published by London Stock Exchange plc for the five dealing days from and including 1 December 2010 (being the latest practicable date prior to the publication of this circular), if all eligible Shareholders elected to receive the Final Dividend in the form of new ordinary shares rather than in cash in respect of their entire holdings, 258,506 new ordinary shares would be issued (ignoring any reduction in respect of fractions). This would represent an increase of approximately 0.16 per cent. in the Company's issued ordinary share capital. If no elections for the Scrip Dividend Option were received, the total cash dividend payable by the Company would be £322,746. The tax effects of the payment of a dividend, including any tax credits, will depend on each Shareholder's situation.

3. Fractional entitlements

No fraction of a new share will be allotted. The fractional entitlement is the difference between the full cash dividend payable on the shareholding and the value of the new shares, which is calculated by multiplying the number of new shares by the cash equivalent ordinary share price. Any cash balance will be paid.

4. Taxation

The taxation effect of an election on Shareholders will depend on individual circumstances and a non-exhaustive outline of the likely tax consequences for most UK resident Shareholders is set out in Part II of this Appendix.

If you are not sure how you will be affected, you should consult your professional adviser before taking any action.

5. How to make an election

If you wish to receive the Final Dividend in the form of new ordinary shares rather than in cash in respect of all or part of your shareholding, you should complete the enclosed Form of Election and send it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in the reply paid envelope provided so as to be received not later than 5.00 p.m. on 14 January 2011. If the Form of Election is not received by 5.00 p.m. on that day, the dividend will be paid in cash in respect of all ordinary shares registered in your name at the close of business on 31 December 2010. No acknowledgement of receipt of the Form of Election will be issued.

If you return the Form of Election but you do not specify in box 1 the number of shares in respect of which you wish to elect for the Scrip Dividend Option, you will be deemed to have elected for the Scrip Dividend Option in respect of your entire ordinary shareholding on the Record Date.

Dematerialised holders should elect for the scrip dividend using the Euroclear UK & Ireland functionality for electronic dividend elections. Any paper elections relating to dematerialised holdings are submitted wholly at the risk of the submitting party and Equiniti reserves the right to reject any paper elections received relating to these holdings.

6. Overseas Shareholders

It is the responsibility of any Shareholder wishing to elect to receive new ordinary shares under the Scrip Dividend Option to satisfy himself as to full observance of the laws of any relevant territory in connection with such election, including obtaining any requisite governmental or other consent or approval, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Shareholders who are in any doubt as to their position should consult a professional adviser.

No person receiving this circular and/or the Form of Election in any territory other than the UK may treat it as constituting an invitation or offer to elect to receive any shares, nor should he in any event use such Form of Election unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Form of Election could lawfully be used by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, this circular and/or the Form of Election are sent for information only, are confidential and should not be copied or distributed.

The Company (acting in its absolute discretion) reserves the right to reject any election made for shares made by or on behalf of a person outside the UK or if it appears that the election may constitute a breach of any relevant securities legislation.

Notwithstanding any other statement in this circular, the Company reserves the right to permit a Shareholder to take up shares if the Company is satisfied (acting in its absolute discretion) that such action would not result in contravention of any applicable legal or regulatory requirements.

This circular has not been submitted to the clearance procedures of any authorities and the shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any State of the United States of America and they are not being offered in the United States of America and its territories and possessions, in Canada or in Australia, or their respective states, territories or possessions.

7. If you have received more than one Form of Election

If, for any reason, your holding is registered in more than one way and as a result you have received more than one Form of Election, then, unless you are able on or before 14 January 2011 to make arrangements with Equiniti Limited to have your holdings consolidated, they will be treated for all purposes as separate and you should complete separate Forms of Election accordingly. In order to consolidate your holdings you should write as soon as possible to Equiniti Limited stating that you wish them to effect the same and enclosing all Forms of Election, which should be completed if you wish to participate in the Scrip Dividend Option.

8. If you have recently sold or transferred all or any of your shares or purchased shares

If, on or before 29 December 2010 (the ex-dividend date), you have sold or transferred all or some of your holding of shares, you should consult your stockbroker or agent without delay. Your stockbroker or agent will then advise you as to how to deal with the Form of Election.

9. Delivery and admission of the new shares

Applications will be made for the new ordinary shares to be issued pursuant to the Scrip Dividend Option to be admitted to listing in the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities ("Admission"). The Scrip Dividend Option is conditional upon Admission becoming effective on or before 28 January 2011. The new ordinary shares will on issue rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company and will rank for all future dividends on such shares.

Subject to Admission, dealings in the new ordinary shares are expected to begin on 28 January 2011. In the unlikely event that Admission is not granted on or before 28 January 2011, Forms of Election will be disregarded and the Final Dividend will be paid in cash in the normal way. The new ordinary shares will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that certificates for the new ordinary shares will be posted, at the risk of the persons entitled thereto, on 27 January 2011. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the register. If you are a CREST member, your CREST account will be credited directly with new ordinary shares on 28 January 2011.

10. Expected timetable of events

6 December 2010	Final Dividend announced
17 December 2010	Posting of Forms of Election
29 December 2010	Shares quoted ex-dividend
31 December 2010	Record date for Final Dividend
6 January 2011	Announcement of scrip dividend pricing
14 January 2011	Final date for consolidation of holdings (see note 7 above)
14 January 2011	Final date for receipt of Forms of Election
27 January 2011	Posting of tax vouchers for cash dividends
27 January 2011	Posting of definitive share certificates/CREST statements and cheques for cash dividends
28 January 2011	First day of dealings in the new ordinary shares, dividend payment date and CREST member accounts credited with new ordinary shares

Further copies of this circular and/or Forms of Election may be obtained from Share Dividend Operations, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA up to and including 14 January 2011.

APPENDIX
Part II

TAXATION

This summary of the taxation treatment is not exhaustive and does not deal with every Shareholder's situation nor does it consider the position of any Shareholder not resident in the UK or who holds the shares for trading purposes or the non-UK tax treatment of any Shareholder resident in the UK. **If you are not sure how you will be affected or if you are a UK resident and a citizen of any nation other than the UK, you should consult your professional adviser before deciding whether or not to make an election.**

UK Resident Shareholders

The taxation effect for a United Kingdom resident Shareholder making an election to receive new shares instead of the full cash dividend will depend on the circumstances of that Shareholder. Your directors have been advised that, under current UK legislation and HM Revenue & Customs practice, the taxation consequences for such Shareholders will be broadly as outlined below.

1. Individuals

To the extent you receive a cash dividend it is treated as a normal dividend. The tax treatment of the issue of new shares is outlined below.

Income Tax

Where individuals elect to take new shares instead of the full cash dividend, they will be treated as having received gross income of an amount per share (the "gross dividend") which, when reduced by income tax at the dividend ordinary rate (currently 10 per cent.), is equal to the "Cash Equivalent" as defined below. The individual will also be treated as having paid income tax at the rate of 10 per cent. of that gross dividend (the "tax credit"). For example, an individual electing to receive new shares of which the Cash Equivalent* is £90 will be treated as receiving gross income of £100 and as having paid dividend ordinary rate tax of £10 on that grossed up amount. Dividend income is treated as the 'top slice' of an individual's income.

(a) Basic Rate Taxpayers

Individuals who (after taking account of their receipt of new shares and any cash dividend) pay only basic rate income tax should have no further liability to tax on the receipt of the new shares.

(b) Non Taxpayers or Low Taxpayers

Individuals who do not pay income tax, or whose liability to income tax does not exceed the tax credit attaching to the dividend, are not entitled to claim repayment of the tax credit attaching to any dividend, whether it is paid in cash or if they elect to receive new shares.

(c) Higher Rate Taxpayers

An individual who (after taking into account the receipt of new shares and any cash dividend) is liable to pay income tax at the higher rate will be subject to income tax at the dividend upper rate (currently 32.5 per cent.). Such Shareholder will be treated as having paid tax at the dividend rate of 10 per cent. on the dividend but will be liable to pay additional tax, calculated by multiplying the grossed up amount of the Cash Equivalent* by the percentage difference between the dividend upper rate and the dividend ordinary rate (currently 22.5 per cent.). For example, such a Shareholder in receipt of new shares with a Cash Equivalent of £90 (that is, a gross dividend of £100) will be liable to additional tax of £22.50 (an effective tax rate of 25 per cent. on the Cash Equivalent amount.)

(d) Additional Rate Taxpayers

An additional rate of income tax is payable by taxpayers with taxable income in excess of £150,000 per annum. An individual who (after taking into account the receipt of new shares and any cash dividend) is liable to pay income tax at the additional rate will be subject to income tax at the dividend additional rate (currently 42.5 per cent.). Such Shareholder will be treated as having paid tax at the dividend rate of 10 per cent. on the dividend but will be liable to pay additional tax, calculated by multiplying the grossed up amount of the Cash Equivalent* by the percentage difference between the dividend additional rate and the dividend ordinary rate (currently 32.5 per cent.). For example, such a Shareholder in receipt of new shares with a Cash equivalent of £90 (that is, a gross dividend of £100) will be liable to additional tax of £32.50 (an effective rate of 36.11 per cent. on the Cash Equivalent amount).

Capital Gains Tax

For capital gains tax purposes, individual Shareholders who elect to receive new shares instead of a cash dividend are not treated as having made a disposal of their existing shares. The new shares will be treated as a separate asset for capital gains tax purposes acquired for an amount equal to the Cash Equivalent* which will represent the base cost of those shares. Chargeable gains realised on any future disposal of the new shares will be subject to capital gains tax currently at a rate of 18 per cent. for basic rate taxpayers and 28 per cent. for higher and additional rate taxpayers.

2. **Trustees**

Income Tax

Trustees, who are liable to income tax at the rate applicable to trusts (currently 40 per cent.), will pay tax on dividends at the dividend trust rate (currently 32.5 per cent.). Where such trustees elect to receive new shares, the same grossing up procedure as outlined above for individuals will apply. Thus, the trustees will be treated as having received gross income of an amount which, when reduced by income tax at the dividend ordinary rate, is equal to the Cash Equivalent*. The trustees will be liable to pay additional tax of 22.5 per cent. of the grossed up amount of the Cash Equivalent*, being the difference between the dividend ordinary rate and the dividend trust rate.

Capital Gains Tax

For capital gains tax purposes, trustees who elect to receive new shares instead of a cash dividend are not treated as having made a disposal of their existing shares. The new shares will be treated as a separate asset for capital gains tax purposes acquired for an amount equal to the Cash Equivalent* which will represent the base cost of these shares. Chargeable gains realised on any future disposal of the new shares will in general be subject to capital gains tax currently at a rate of 28 per cent.

3. **UK Resident Corporate Shareholders**

When a corporate Shareholder who is resident in the UK elects to receive new shares, these new shares will not be treated as franked investment income for corporation tax purposes. Corporation tax will not be chargeable on new shares issued. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the new shares.

4. **Pension Funds**

UK pension funds are not entitled to claim repayment of the tax credit attaching to any dividend. If a UK pension fund elects to receive new shares, no tax credit will attach to the new shares and no repayment claim can be made in respect thereof. Therefore a UK pension fund will not be able to claim repayment of the tax credit whether it receives the dividend in cash or elects to receive new shares.

5. **Stamp duty and stamp duty reserve tax**

No stamp duty or stamp duty reserve tax is payable in respect of the allotment and issue of the new shares.

***Cash Equivalent**

The "Cash Equivalent" of one new share for the purposes of this Part of the Appendix will be announced on 6 January 2011. If, on the first day of trading on the London Stock Exchange, the market value of one new share exceeds the Cash Equivalent by 15 per cent. or more the Cash Equivalent is taken to be that market value instead.

This summary of taxation treatment is not exhaustive and, in particular, does not consider the position of any Shareholder not resident in the United Kingdom or the non-UK tax treatment of any Shareholder resident in the United Kingdom. If you are not sure how you will be affected or you are a UK resident and a citizen of any nation other than the United Kingdom, you should consult your professional adviser before deciding whether or not to make an election.