Pantheon International Participations PLC
Annual Report and Accounts 2011

PIP

PIP primarily invests in a diversified portfolio of private equity funds across the world.

The Manager, Pantheon Ventures (UK) LLP ("Pantheon"), is one of the world's foremost private equity specialists. With nearly 30 years' experience, and a team of over 60 investment professionals, Pantheon is well positioned to guide PIP towards its objective of maximising capital growth.

Contents

Financial Summary

Highlights	30TH JUNE 2011	30TH JUNE 2010	CHANGE
Summary of results			
Adjusted NAV per share	**1,104.1p**	958.7p	15.2%
Adjusted net assets	**£733.1m**	£636.5m	15.2%
Ordinary shares			
Share price	**714.0p**	486.0p	46.9%
Discount to adjusted NAV per share	**35.3%**	49.3%	
Redeemable shares			
Share price	**710.0p**	550.0p	29.1%
Discount to adjusted NAV per share	**35.7%**	42.6%	
Portfolio activity			
Distributions	**£165.2m**	£72.5m	127.9%
Investments called	**£84.1m***	£67.3m	25.0%
Net cash flow	**£81.1m**	£5.2m	

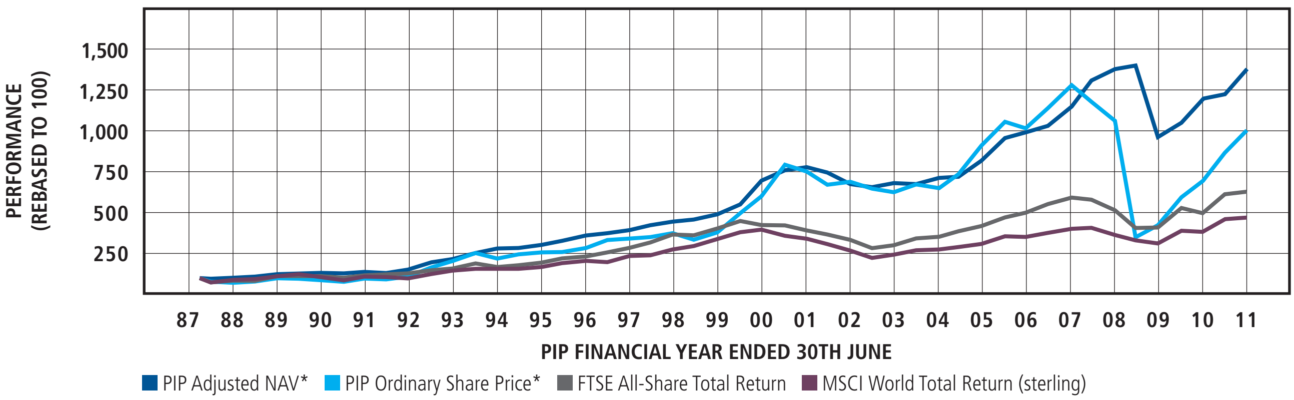
** Excludes £18.8m acquisition cost of a new secondary transaction completed in the year.*

The adjusted NAV excludes a derivative asset relating to the Company's standby subscription agreements with certain institutions under which those institutions can be called by the Company to subscribe for new redeemable shares in the Company ("Standby Commitments"). These agreements are required to be included as an asset in the Company's accounts to comply with FRS 26. The utilisation (such as that which took place on 24th August 2011 in respect of £100.5m of the £150m Standby Commitments) or expiry of Standby Commitments will lead to a reversal of the asset in the accounts at such times. The Board considers that the best measure of the Company's economic value to shareholders is the adjusted NAV per share which is directly comparable to previously published NAV per share. See Notes 13 and 16 of the financial statements for more details.

Performance at 30th June 2011	1 YEAR %	3 YEARS % P.A.	5 YEARS % P.A.	10 YEARS % P.A.	SINCE INCEPTION % P.A.
Adjusted NAV per share	15.2	(0.1)	6.7	5.8	11.7
Share price	46.9	(1.6)	(0.3)	2.9	10.2
FTSE All-Share Total Return	25.6	6.6	4.5	4.8	8.0
MSCI World Total Return (sterling)	22.2	8.5	5.8	3.2	6.7

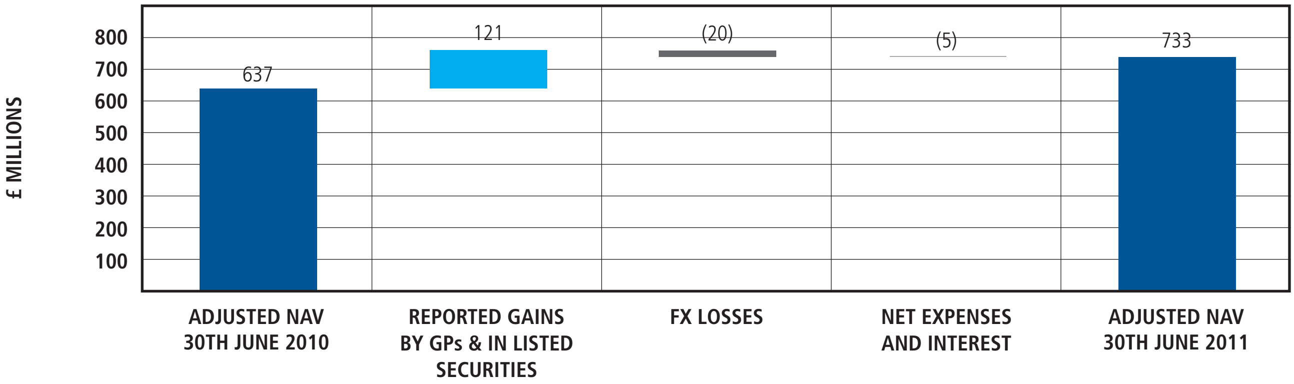
PIP was launched on 18th September 1987. £1,000 invested at inception, assuming reinvestment of dividends, capital repayments and cash flows from the exercise of warrants would have been worth £10,030 at 30th June 2011.

Historical Record



**Includes the effects of dividends, capital repayments and warrants. NAV figure based upon adjusted NAV per share.*

NAV Movement



The above chart reconciles the opening and closing adjusted NAV for the 12 months to 30th June 2011.

Historical Data

	ADJUSTED NAV* (£M)	ADJUSTED NAV PER SHARE (PENCE)	ORDINARY SHARE PRICE (PENCE)	PRIVATE EQUITY PORTFOLIO (£M)	OUTSTANDING COMMITMENTS (£M)
Financial year end (30th June):					
2011	733.1	1,104.1	714.0	810	243
2010	636.5	958.7	486.0	763	331
2009	513.6	773.6	295.3	648	428
2008	736.1	1,108.7	750.0	806	641
2007	610.3	919.2	917.5	527	528
2006	441.0	796.8	726.5	372	365
2005	381.5	657.9	650.5	315	245
2004	245.2	572.5	463.0	233	137
2003	220.9	546.8	447.0	237	158
2002	196.4	541.6	486.5	175	138
2001	206.1	669.1	574.0	201	138
2000	161.3	599.9	457.5	140	77
1999	145.8	405.6	302.5	78	45
1998	131.3	368.6	294.5	79	50
1997	116.8	328.4	270.0	73	47
1996	106.2	302.5	225.0	48	25
1995	86.9	255.1	207.5	33	8
1994	47.4	239.6	176.5	42	7
1993	30.8	195.5	172.5	28	1
1992	21.3	139.7	93.5	28	0
1991	21.0	129.1	86.5	31	1
1990	20.2	126.7	80.5	32	2
1989	16.7	120.9	95.0	25	2
1988	12.4	102.5	75.0	2	0

**Includes participating loan notes in issue between 2000 and 2004.*

Capital Structure at 30th June 2011

Ordinary shares	37,521,013
Redeemable shares*	28,871,255
Total	66,392,268

**On 24th August 2011 PIP issued 9,102,279 new redeemable shares, taking total redeemable shares in issue to 37,973,534 and the total number of ordinary and redeemable shares to 75,494,547.*

Chairman's Statement

I am pleased to report that the adjusted net asset value ("NAV") per share increased by 15.2% to 1,104.1p in the year to 30th June 2011. This performance was driven by substantial valuation gains in our portfolio of private equity assets. Distributions in the year increased by 128% to £165m, many of which were completed at significant uplifts to carrying value.

Strengthened balance sheet

The Company experienced a substantial increase in cash flow during the year, with the portfolio generating £81m of net cash inflows before any new investment commitments, an increase of £76m relative to the previous financial year. This cash flow, along with the Company's new loan facility which expires in 2015, has strengthened the balance sheet. Furthermore, in August 2011, PIP exchanged its full balance of £100.5m of loan notes for new redeemable shares. As a result, the balance sheet is now debt-free and the capital structure has been simplified.

Focus on opportunities in the secondary markets

As a consequence of the strengthened balance sheet, the Company resumed its secondary investment programme in June 2011, with a £24m commitment to a high quality, global portfolio of 25 funds. As I have previously stated, the Company currently intends to place more emphasis with its new commitments on the secondary market. This will allow the Company to acquire mature private equity assets, which tend to have shorter payback periods and relatively low levels of undrawn commitments. The fundamentals driving the secondary market are compelling, and the Company is well positioned to take advantage of opportunities as they arise.

Discount does not reflect fundamental value

PIP's share price increased by 46.9% in the year to 30th June 2011, driven by the strong NAV performance mentioned above, alongside a reduction of the discount from 49% to 35%. Whilst this improvement is welcome, the Board's view is that the discount, which subsequently widened to 44% by the end of September, does not reflect the high quality of the portfolio and the improvements to the Company's balance sheet. In August 2011 the Company bought back, for £6.4m, 940,000 redeemable shares at an average price of 683p, representing a 38% discount to the 30th June adjusted NAV per share. The Board will consider further targeted buybacks of ordinary and redeemable shares as a means of enhancing NAV per share.

Performance

NAV per share performance driven by strong uplift in valuations

The Company has continued to see a significant recovery in valuations. The adjusted net asset value of the Company increased by £96m to £733m during the year. This was mainly due to the strong portfolio performance resulting in investment gains (excluding foreign exchange effects) of £121m. These gains were partially offset by £20m of foreign exchange losses, largely due to the Company's exposure to the US dollar, and £5m of net expenses and interest.

Strong portfolio returns across all stages

Investment gains of £121m (excluding the effect of foreign exchange) represent a return of +16% on the Company's opening portfolio value. In a year when stock market performance was positive, buyout funds performed particularly well, with large buyout returns of +22% and mid-market and smaller buyout returns of +18%. PIP's venture and growth, and special situations funds also performed well, generating returns of +13% and +12% respectively.

Impressive growth at the underlying company level

A review of our largest 50 buyout funds and direct investments (representing approximately 50% of the Company's buyout and direct investments by value) revealed weighted average revenue and EBITDA growth rates of +11% and +22% respectively, for the year to 31st December 2010. The relative strength of our portfolio companies' EBITDA growth supports the view that private equity managers have been successful in targeting cost efficiencies as well as revenue increases at the underlying company-level. In fact, these revenue and EBITDA growth rates comfortably outperformed the underlying comparable growth rates of the MSCI World and FTSE All-Share over the same period.

Investment Activity

The Company generated £81m of net cash inflows from the portfolio during the year, up from £5m in the previous year.

Significant increases in distribution activity

Distributions received in the year were £165m, representing 22% of opening portfolio value – double the distribution rate[1] of 11% in the previous year. This increase in realisation activity, which was particularly significant from the fourth quarter of 2010, was due to a marked increase in IPO and M&A activity. In particular, the portfolio experienced strong rates of distribution from its US portfolio that includes a large proportion of mature venture and growth assets. Additionally, distribution rates were high in Asia, which has been less affected by the financial crisis than other regions. PIP's European portfolio, consisting mainly of less mature European buyout assets, distributed at a slower rate.

The weighted average age of the funds in the Company's portfolio is approximately 6.7 years. A high proportion of the Company's funds are currently in a cash-generative phase. The venture and growth portfolio in particular is very mature at 7.7 years and consists of companies that have passed through several rounds of financing and moved into a more stable growth stage, when managers can focus on an exit. The largest 50 distributions in the period generated substantial uplifts both to cost and carrying value, highlighting the continued ability of private equity managers to create significant value over the course of an investment. PIP is likely to benefit further from realised valuation uplifts as the underlying managers in our mature portfolio continue to realise assets.

Acceleration in call rates and resumption of secondary investments

The Company invested £84m through calls from underlying private equity funds. These calls represent approximately 25% of opening undrawn commitments, up from 16% in the previous year. This increase coincided with improvements in credit market conditions and economic growth. 64% of our calls went into buyout funds, the majority of which were focused on small and mid-sized transactions. 25% of calls went into venture and growth funds, mainly in the USA, with the remainder focused on special situations funds.

In June 2011, the Board was pleased to announce the resumption of the Company's secondary investment programme with a £24m commitment to participate in a large proprietary transaction alongside other Pantheon clients. The purchase, at a discount to September 2010 underlying valuations, consisted of a global portfolio of 25 high quality funds which were 79% funded at acquisition.

We anticipate a strong flow of high quality secondary investment opportunities. The size and experience of Pantheon's secondary team, combined with its primary investment platform, provides PIP with access to large, complex and, in many cases, proprietary transactions. Pantheon is one of a limited number of managers globally who have the capability to execute such transactions.

Portfolio

Relatively low underlying leverage and diversification should reduce volatility

PIP's portfolio has a 40% exposure to venture and growth, special situations and generalist funds, all of which tend to utilise low levels or no leverage. 60% of the portfolio is invested in buyout funds and direct investments which typically utilise debt. The majority of the Company's buyout and direct investment exposure is with managers that focus on small and mid-sized transactions, which tend to have more conservative levels of debt.

In the sample of PIP's largest 50 buyout funds and direct investments, the weighted average debt to EBITDA multiple was 3.7 times at 31st December 2010, substantially lower than the debt levels associated with the peak of the buyout boom, when multiples regularly exceeded 5 to 6 times.

PIP is invested with over 300 private equity managers in over 600 funds, reducing exposure to underperformance from individual assets. Furthermore, the Company's carefully selected portfolio is well diversified by stage, vintage, sector and region, which can significantly reduce the volatility of returns and cash flows. The quality, diversification and inclusion of non-leveraged strategies positions the portfolio relatively well if the current turmoil in global markets persists.

Financing and Capital Structure

A new loan facility and simplified capital structure

In June 2011 PIP signed a new multi-currency, revolving credit facility agreement for $82m and €57m. This new facility will expire in June 2015, and replaced the old facility of $117m and €86m that was due to expire in May 2012. The Board intends to utilise this facility to finance calls of undrawn commitments in the event that distributions from realised investments are insufficient to do so. This provides the Company with greater flexibility to reinvest surplus cash generated from its portfolio without needing to reserve it for future calls of undrawn commitments.

[1] Distribution rate defined as distributions received in the year as a percentage of opening portfolio value.

Chairman's Statement

(CONTINUED)

After the year end, in August 2011, the Company exchanged for new redeemable shares the full outstanding £100.5m balance of loan notes issued in 2008 and 2010 to bridge calls under the Company's standby redeemable share subscription agreements with certain institutions ("Standby Commitments"). The new redeemable shares were issued under these Standby Commitments, at a subscription price equal to the adjusted NAV per share at 30th June 2011. As a result of the exchange, the NAV of the Company increased by £100.5m and debt was eliminated from the balance sheet. The Company has subsequently terminated the remaining £49.5m of Standby Commitments with effect from 30th September 2011.

Together these actions have secured financing over the medium term, simplified the capital structure and ultimately strengthened the Company's financial position.

Undrawn commitments are well covered

Undrawn commitments at 30th June 2011 were £243m, down from £331m at the start of the year. This movement was mainly due to calls of £84m offset by the acquisition of £5m undrawn commitments via a secondary transaction. The remaining movements were due to fluctuations in exchange rates and cancellations of outstanding commitments by general partners.

At 30th June 2011, the Company's available financing was £130.1m, comprising settled cash balances of £27.6m and an unutilised bank loan facility of £102.5m. This available financing (which excludes the unutilised Standby Commitments that were terminated at the end of September 2011), alongside the private equity portfolio of £810m, represented 3.9 times the value of the Company's £243m of undrawn commitments. This multiple has improved from 2.8 times at 30th June 2010, and reflects the strengthening of the balance sheet over the period. It should also be noted that 28% of the undrawn commitments are greater than five years old, most of which relate to funds that are outside their investment periods. Consequently, a portion of these undrawn commitments are unlikely to be called.

The Board is confident that the Company's financing is sufficient to cover undrawn commitments, such that cash generated from net portfolio realisations can be applied to new investment opportunities, as well as share buybacks if discounts remain wide over the coming year.

Outlook

Since the year end, the Company has continued to see strong levels of distributions, with the cash position of the Company increasing from £27.6m at 30th June 2011 to £43.7m at 30th September 2011. It is the Board's view that much of this realisation activity reflects the deal activity consummated by managers in the first half of calendar year 2011, when the financial markets were more settled.

Recent volatility in stock markets and the tightening of the credit markets, particularly in Europe, are likely to cause a slowdown in activity. The FTSE All-Share and MSCI World indices were down 13% and 14% respectively in the September 2011 quarter, which provides a more negative backdrop for valuations in the short-term.

That said, PIP's diversified portfolio and strengthened balance sheet should provide protection if the economic environment deteriorates. Net asset value, taking into account the newly issued redeemable shares, exceeds undrawn commitments by approximately 3.4 times. Given this ratio, the Company should remain cash-generative even if realisation rates are significantly impacted by weak financial markets. Many private equity managers have, over the past few years, deleveraged and strengthened their underlying portfolio companies, and it is our view that the Company's portfolio and balance sheet are substantially more resilient than at the start of the financial crisis in 2008.

With a difficult outlook in mind the Company will continue to take a cautious approach to investing in new opportunities.

Board Change

I would like to take this opportunity to thank Sandy Thomson for his valuable contribution to the Company as a Director and member of our Audit Committee. Sandy, who has been a Director for the past eight years, will be retiring at the Annual General Meeting.

Taking into account Sandy's retirement as a Director, we have appointed an independent recruitment agency to assist in the identification of suitable candidates to join the Board.

TOM BARTLAM
Chairman
4th October 2011

The Manager's Review

Market Review

Investment activity increased globally, driven by improvements in earnings visibility and an increase in the availability of debt. A rise in realisation activity resulted from an increase in the number of trade sales, IPOs and, in particular, secondary buyouts. However, the future pace of investment and realisation activity, particularly in the USA and Europe, could well be impacted by heightened uncertainty in financial markets. In the secondary market for fund interests a strong recovery in activity is set to continue, as new regulation and exposure factors encourage banks and other institutions to sell private equity assets.

US and European Buyouts

The past year saw a resurgence in global buyout activity. The aggregate value of buyout deals on a global basis executed in the first half of 2011 increased by over 50% year-on-year. This was particularly marked in Europe where buyout activity in the first half of 2011 doubled year-on-year, albeit from a low base. Growth in the US market approximated 35%.[1]

Buyout activity was facilitated by improved credit markets across both regions. An increase in high-yield bond issuance in the USA has helped to drive activity, especially in the larger end of the market. It remains to be seen how recent market volatility and growing concerns about the economic outlook in the USA and Europe will impact managers' investment activities.

Realisation activity increased correspondingly year-on-year in the first half of 2011. M&A by trade buyers across both regions, IPOs particularly in the USA, and a revival of secondary buyouts particularly in Europe, all contributed to this rise.

Secondary buyouts are an established and accepted part of the European market where, in some countries, secondary and tertiary buyouts account for more than 50% of deal flow. Public to private transactions are often problematic to execute in Europe. Public markets are also less accessible for European vendors as an exit route. Trade buyers can provide compelling spin-outs and also constitute attractive acquirers for private equity owned companies. However, sometimes the M&A expertise of private equity managers puts them at an advantage to trade buyers allowing for an active secondary buyout market, particularly in the small and mid-markets. Thus, a company in Europe can often benefit from serial private equity ownership, for example when small country funds sell on to regional funds, who in turn sell to pan-European or global funds.

Secondary buyouts can present a number of opportunities to private equity managers because a different type of private equity owner can stimulate the creation of new opportunities to help companies achieve greater scale. Furthermore, timing and cash flow management are frequently more straightforward in companies where the banks and management are already familiar with the buyout's case.

US Venture Capital[2]

Over the year the US venture capital market has continued to recover. As growth has remained subdued, venture capital managers and growth equity managers are continuing to target sectors with secular growth characteristics or with technologies to displace incumbents. Venture and growth investment activity has been predominantly focused on the healthcare, IT and consumer services sectors, where fundamentals remain more favourable globally.

The venture industry has experienced substantial rationalisation over the last decade. This rationalisation, in both the number of funds active in the sector and the amount of dry powder available, has resulted in a more appealing market environment for venture investors.

The venture market also experienced a considerable increase in M&A activity over the period. US venture-backed M&A increased by 31% year-on-year in the first half of 2011. In addition, this year saw a rise in US venture-backed IPOs with $6.8bn of IPOs completed in the first half of 2011, up 180% on the same period in 2010. The second quarter of 2011 was particularly strong with $5.5bn of US venture-backed IPOs executed, the highest level since the third quarter of 2000.[3]

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[1] *Source: Q2 2011 Prequin Quarterly.*

[2] *As the majority of PIP's venture and growth portfolio is based in the USA, the section focuses entirely upon this region.*

[3] *Source: National Venture Capital Association.*

After the recent strength in venture-backed exits, IPO activity has already slowed following recent stock market volatility. However, if markets stabilise again we could continue to see strength in M&A activity within the sector, as cash-rich IT and healthcare firms seek to acquire venture-backed companies operating in potentially disruptive technologies.

Asia

The Asian private equity market, which has been less impacted by the financial crisis, has seen continued strong and consistent levels of investment, driven by robust business confidence and growth in the region. China continues to maintain its position as the largest market for private equity capital in the region, followed by Australia and India. In the Chinese market, growth in the number of RMB denominated funds has given rise to an increasing number of new entrants. After a decline in 2010, overall investment activity in Australia has increased this year, particularly at the upper end of the mid-market. In India, domestic specialist funds have overtaken the activity levels of regional funds in the upper mid-market.

During the first half of 2011, Asian private equity posted some of its best half-year realisations, with China and India dominating, although Australia also experienced some large exits during this period. These trends were evident in the Company's portfolio where Asian call and distribution activity represented a relatively high proportion of the totals.

While overall listing activity is expected to moderate and in some cases decline, key IPO markets like China and Australia may yet remain more resilient for the remainder of 2011 and 2012. As was clear during the 2008 downturn, Asian M&A markets have established themselves as a continued source of liquidity to private equity investors. Since July and through the recent market downturn, managers have continued to successfully turn to the M&A and secondary private equity markets to book large exits or partial realisations.

Secondary Interests in Funds

After the low activity levels in the market for secondary fund interests in 2009, which were associated with very weak pricing at the height of the financial crisis, deal volume recovered strongly in 2010 to some $20bn, up from approximately $10bn in 2009. This recovery continued in the first half of 2011 with $14bn of deal volume transacted – the busiest first six months of any year in the history of the market for secondary partnership interests.[4]

As expected, deal activity has emanated particularly from financial institutions and pension funds, which together accounted for about 85% of volume in the first half of 2011.[4] Banks started to significantly reduce their private equity holdings in 2010, responding both to balance sheet pressures and new capital adequacy regulations. We expect regulation to continue to stimulate deal flow. The Dodd-Frank Act in the USA and Basel III regulations are forcing higher the capital adequacy requirements in the banking sector. Similarly, the new regulatory regime under Solvency II is likely to affect insurance companies, at least in Europe and possibly globally, with a potential to affect pension funds also. Pension funds have been active sellers whilst rebalancing their portfolios, either to reduce overall private equity exposure, or to reduce exposure to certain vintages or managers.

Meanwhile, the average discount for secondary transactions has narrowed to around 15% in the first half of 2011.[4] This has further reduced the gap between buyer and seller pricing expectations, thereby stimulating the market. With the impetus for higher deal volumes likely to continue, there could be plenty of attractive secondary opportunities in the market over the coming year. Pantheon will continue to focus on assets that can maintain their resilience in the face of a weakening economic outlook.

Pantheon is one of the largest secondary fund-of-fund managers in the world, with a dedicated team of 23 investment professionals focusing on secondary transactions. This enables the Company to participate alongside other Pantheon clients (according to an agreed allocation ratio) in complex deals that smaller and more inexperienced teams are unable to analyse. Pantheon's global primary platform and reputation as one of the largest and respected primary private equity managers allows it to create proprietary deal flow, thereby avoiding broad auctions, and enabling acquisitions at attractive prices.

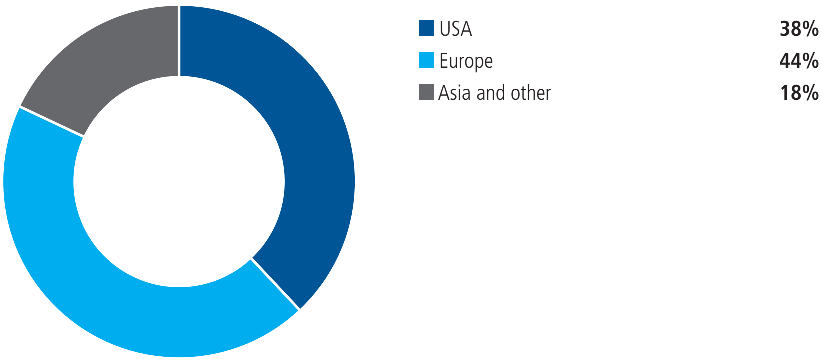
[4] Source: Cogent Partners.

Investments Called in the Year to 30th June 2011

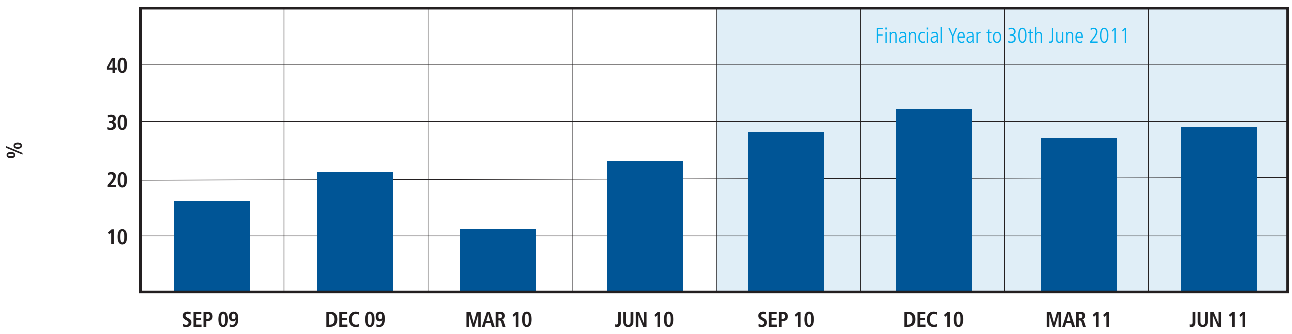
New investments financed during the year ranged across many sectors and regions, from telecommunications firms to leading restaurant chains, energy companies to highly specialised manufacturers and from internet companies to firms operating in the healthcare industry. Further investments will be made in the coming year through calls from the Company's undrawn commitments of £243m, ensuring that PIP continues to invest throughout the economic cycle.

Calls

PIP paid £84m of calls in the year to 30th June 2011, equivalent to approximately 25% of opening undrawn commitments. This is substantially higher than the rate last year which was 16%.



Quarterly Call Rate (Annualised)[1]



Following a marked recovery in investment activity in the June 2010 quarter, annualised quarterly call rates remained relatively high in the year to June 2011, ranging from 27% to 32%.

[1] *Call rate equals calls in period divided by opening undrawn commitments. Call figures exclude the £18.8m acquisition cost of a new secondary transaction completed during the year.*

Largest 50 Calls During the Year to 30th June 2011

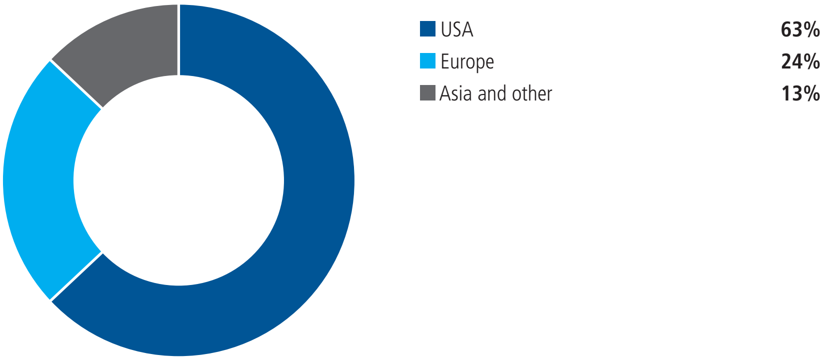
COMPANY/VEHICLE	DESCRIPTION	CALLS £M
Vizada Group	Provides mobile satellite communications	**2.5**
Wagamama	Chain of Japanese-style noodle bars	**2.4**
Caffè Nero	Operates a chain of coffee houses	**1.5**
CommScope/Syniverse	CommScope provides network infrastructure solutions. Syniverse provides technology solutions for the telecoms industry	**1.4**
Conexant/Novell/Tollgrade	Conexant provides multimedia surveillance solutions. Novell provides intelligent workload management. Tollgrade provides network assurance solutions for telecom operators	**1.4**
K-Mac	Operates various fast food restaurants	**1.2**
Warberer's/Zabka	Warberer's is a Hungary-based road transport company. Zabka is a Polish supermarket chain	**1.2**
MPS Holding/Aurenis N1	MPS provides meat processing systems. Aurenis N1 publishes partworks, books and magazines	**1.1**
Panasa	Manufactures and distributes frozen dough and baked goods	**1.0**
Evolution Benefits	Provides healthcare benefits management solutions	**0.9**
A-Plan/The Mill	A-Plan is a high-street retail insurance broker. The Mill produces digital visual effects	**0.9**
Quick Service Restaurants	Operates fast food restaurants	**0.8**
V8 Supercars	Manages and promotes V8 Supercar sport racing	**0.8**
MW Industries	Manufactures highly engineered springs, speciality fasteners and other precision components	**0.8**
Vue Entertainment	Develops and operates multiplex cinemas	**0.8**
NBTY	Manufactures and markets nutritional supplements	**0.7**
Healthe Care	Private hospital operator based in Australia	**0.7**
Virtual Radiologic Corporation / Kroll	Virtual Radiologic is a technology-enabled radiology firm. Kroll provides corporate intelligence services	**0.6**
Multiplan	Healthcare cost management company	**0.6**
Fenn Wright Manson	Fashion retailer	**0.6**
Tivit/Advantage Sales and Marketing	Tivit provide integrated IT services. Advantage is a sales and marketing agency	**0.6**
Sunrise Communications	Swiss telecoms provider	**0.6**
Hyva Holdings	Manufactures hydraulic components used in heavy industrial trucking equipment	**0.6**
Cleansoil	Soil and water decontamination company	**0.6**
Autobar/Leslie's	Autobar supplies and operates vending machines. Leslie's is a retailer of swimming pool products	**0.5**
Equity Trust	Provides fund administration services	**0.5**
Various energy companies	Companies operating in the oil and gas industry	**0.5**
Del Monte Foods	Produces food and pet products	**0.5**
Orient Express Bank	Russian retail and commercial bank	**0.5**
Lazer Spot	Provides yard management solutions and services	**0.5**
Desso	Manufactures textile flooring	**0.5**
Host Europe Group	Provides IT hosting and domain services	**0.5**
Kiloutou	Rental equipment agency	**0.5**
Spice/Avolon Aerospace	Spice provides outsourced infrastructure support services. Avolon provides aircraft leasing and lease management services	**0.5**
Sebia	Oncology diagnostics company	**0.4**
Silver Care	Operates nursing homes	**0.4**
ER Telecom	Russian broadband and cable TV operator	**0.4**
Health Grades	Provides independent healthcare ratings	**0.4**
Phones4u/Nille	Phones4u is a mobile phone sales channel. Nille is a discount retailer in Norway	**0.4**
Royal Sanders	Manufactures private label and branded personal care products	**0.4**
Various companies	Companies operating in the IT services and insurance sectors	**0.4**
Qualicorp	Provides health benefits management services	**0.4**
Telekabel	Provides cable network solutions	**0.4**
PT Link Net	Provides fixed broadband and cable TV services in Indonesia	**0.4**
Barrett Xplore/Mindbody	Barrett Xplore provides 4G wireless and satellite broadband services. Mindbody is an online business management company	**0.4**
1C/Orient Express Bank	1C is a software vendor. Orient Express Bank is a Russian retail and commercial bank	**0.4**
SRA International	Provides technology and strategic consulting services and solutions	**0.4**
Brandon Hire	Tool and equipment hire business	**0.4**
Visma	Provides business software, accounting services and financial services	**0.4**
Various companies	Companies operating in the telecoms, aviation and leisure retail sectors	**0.3**
TOTAL		**35.6**
COVERAGE OF TOTAL CALLS		**42%**

Distributions in the Year to 30th June 2011

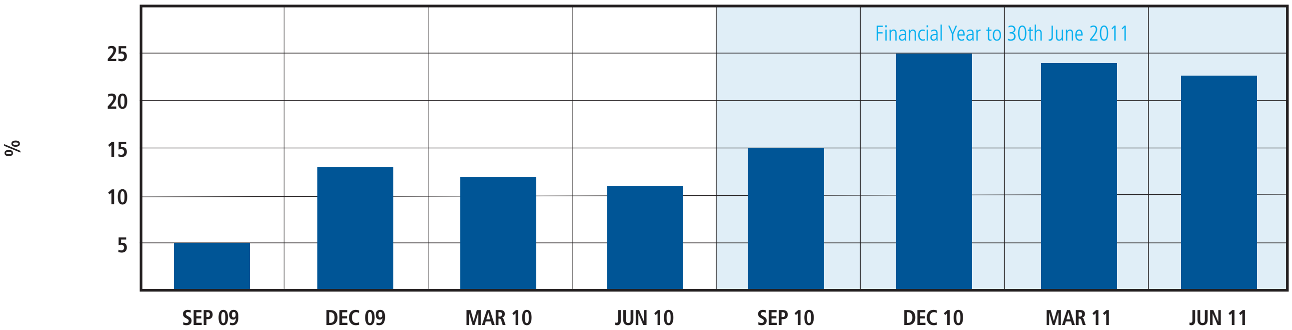
PIP received distributions from more than 400[1] funds, with many at significant uplifts to carrying value. The Company's mature and diversified portfolio should continue to generate significant distributions in the coming quarters.

Distributions

PIP received £165m in proceeds from the portfolio in the 12 months to 30th June 2011, equivalent to approximately 22% of opening private equity assets.

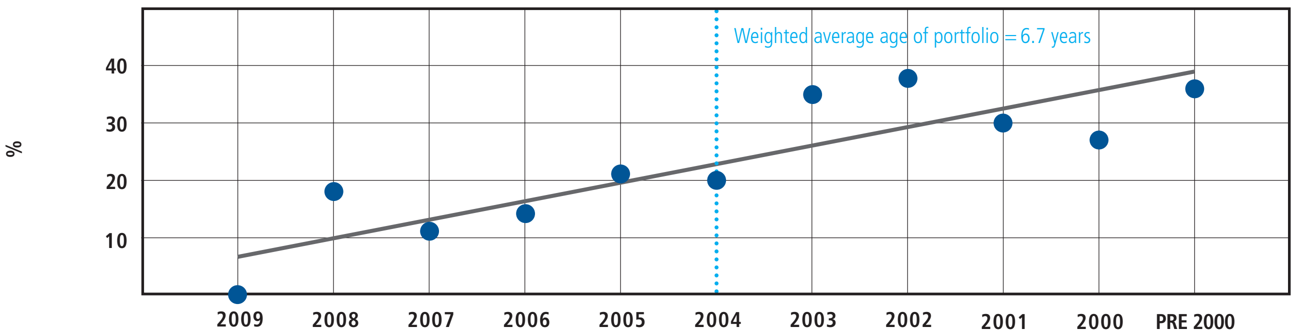


Quarterly Distribution Rate (Annualised)[2]



Distribution rates have picked up since the financial crisis, increasing significantly from December 2010.

Distribution Rate[2] in the Year to 30th June 2011 by Fund Vintage



Mature vintages tend to distribute at higher rates, due to the fact that the underlying managers of mature funds have had time to implement changes in their portfolio companies and prepare them for exit.

[1] This figure looks through feeders and funds-of-funds. [2] Distribution rate equals distributions in period divided by opening portfolio value.

Largest 50 Distributions During the Year to 30th June 2011

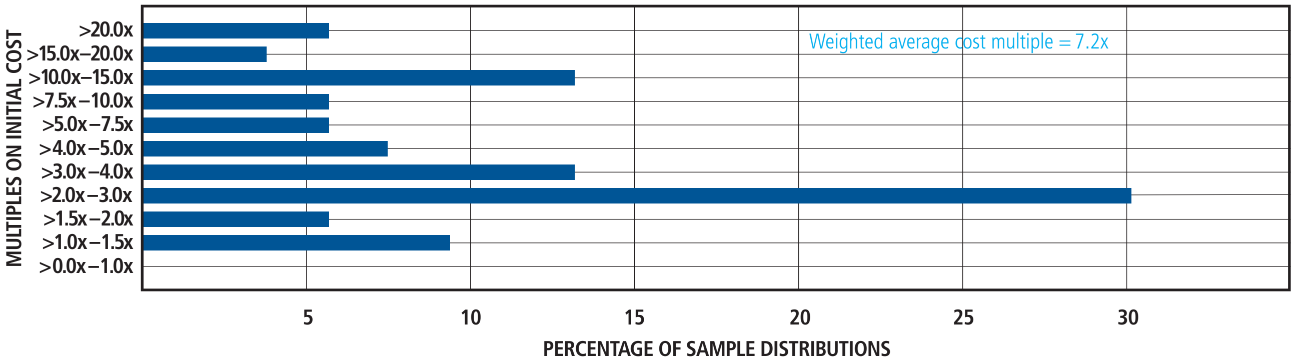
COMPANY / VEHICLE	DESCRIPTION	DISTRIBUTIONS £M
Plexxikon	Discovers and develops novel, small molecule pharmaceuticals applied in cancer treatments	**4.2**
Lincoln Holdings	Supplies lubrication systems, tools and solutions	**2.9**
Ping An Insurance Group	Financial services company based in China	**2.4**
Executive Health Resources	Provides regulatory and compliance solutions to hospitals	**2.2**
IFCO Systems	Business service provider for reusable packaging containers/pallet management services	**2.1**
Quinstreet	Vertical marketing and online media company	**2.0**
Coradiant/ Where	Coradiant provides web application performance monitoring. Where is a location media company	**1.8**
Advanced Metallurgical Group	Provides metallurgical solutions	**1.8**
Qlik Technologies	Provides business intelligence software solutions	**1.7**
TSI Group	Manufactures aircraft cabin products	**1.6**
Hughes Communications	Provides satellite broadband for home and office	**1.6**
Picard / Amadeus	Picard is a frozen food retailer. Amadeus processes transactions for the global travel and tourism industry	**1.5**
Maxinutrition	Sports nutrition company	**1.4**
The Cobalt Group	Automotive digital marketing company	**1.4**
SLV Elektronik	Provides lighting products and systems	**1.2**
SMS	Managed IT maintenance services	**1.2**
Fabrinet	Provides precision optical, electro-mechanical and electronic manufacturing services	**1.2**
AllPoints	Distributes parts, services and equipment to foodservice industry	**1.1**
Welzorg Group	Distributes mobility aids for elderly and disabled people	**1.0**
MECS	Provides services and equipment to the sulphuric acid industry	**1.0**
Qualitest Pharmaceuticals	Generic pharmaceutical company	**1.0**
ev3	Develops technologies and solutions for the treatment of vascular diseases	**1.0**
Sebia	Oncology-focused diagnostic company	**0.9**
Aerocan	Manufactures aluminium aerosol cans for cosmetics and pharmaceuticals	**0.9**
Dresser Holdings	Energy infrastructure technology and service provider	**0.9**
Various companies	Companies operating in the retail, financial and industrial sectors	**0.9**
Aalborg	Provides marine and land-based energy and environmental solutions	**0.8**
Harrington Holdings	Markets and distributes healthcare products	**0.8**
Karavel-Promovacances	Online travel agency	**0.8**
Energy Company	Hydro and thermal energy provider	**0.8**
SMART Technologies	Provides solutions for education, business and government	**0.8**
Ames True Temper	Manufactures non-powered lawn and garden tools	**0.8**
Summit Energy	Provides risk management, energy procurement and sustainability services	**0.8**
Intermedix Corporation	Provides revenue cycle management services to healthcare providers	**0.8**
Ancestry.com	Provides online genealogy services	**0.7**
SpeeCo	Manufactures agricultural implements, parts and accessories	**0.7**
FRSGlobal	Provides regulatory compliance and risk management solutions	**0.7**
Education company	Develops and markets university-level courses for life-long learners	**0.7**
Cellu Tissue Holdings	Manufactures and markets speciality tissues and papers	**0.7**
Isilon Systems	Provides network storage facilities	**0.7**
Netflix	Provides online movies and video games	**0.7**
K-Mac	Operates various fast food restaurants	**0.7**
Communications company	Provides mobile data and voice communication services	**0.7**
Fort Dearborn Company	Supplies decorative labels for consumer goods products	**0.7**
Mortgagebot	Web-based mortgage technology provider	**0.7**
Canpages	Local search and directories publisher	**0.6**
Ardian	Develops treatments for hypertension	**0.6**
Cognis	Supplies speciality chemicals and green chemistry solutions	**0.6**
Dune Networks	Develops switch fabric solutions for data centre networking equipment	**0.6**
Multiplan	Healthcare cost management company	**0.6**
TOTAL		**58.0**
COVERAGE OF TOTAL DISTRIBUTIONS		**35%**

Approximately 54% of the above distributions were derived from trade sales, 26% from IPOs, 17% from sales to other private equity firms and 3% from capital reorganisations.

Distributions in the Year to 30th June 2011

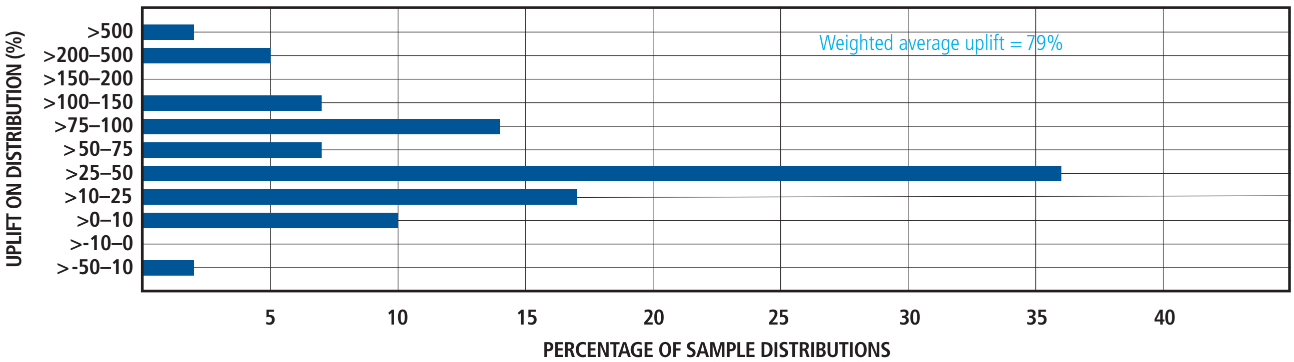
(CONTINUED)

Cost Multiples on a Sample of the Largest Distributions in the Year to 30th June 2011[1]



The chart above shows the range of multiples on initial cost, where information is available, achieved by the underlying fund manager on the largest 50 distributions. The weighted average cost multiple of the sample was 7.2 times. 100% of the distributions in the sample generated multiples in excess of 1.0 times cost for the underlying fund, over 80% achieved multiples in excess of 2.0 times and over 20% of the sample generated multiples in excess of 10.0 times. These results highlight the continued ability of private equity managers to create significant value over the course of an investment.

Uplifts to Previous Valuations on a Sample of the Largest Distributions in the Year to 30th June 2011[2]



The chart above shows the range of uplifts to previous valuations, where information is available, achieved by the underlying fund manager on the largest 50 distributions. The weighted average uplift of the sample was 79%. 98% of the sample distributed an amount greater than the previous valuation, over 70% of the sample generated uplifts in excess of 25%, and 14% generated uplifts in excess of 100%. These findings are consistent with our view that distributions tend to be significantly incremental to returns. PIP's mature portfolio is well placed to continue to generate a good level of distributions in the coming year.

[1] The available data in the sample represented approximately 35% of PIP's total distributions for the year to 30th June 2011. This data is based upon cost multiples (gross or net) available at the time of the distribution.

[2] The available data in the sample represented approximately 28% of PIP's total distributions for the year to 30th June 2011. This data set excluded distributions from the sale of listed holdings.

Finance

Finance

Cash and Available Bank Facility

At 30th June 2011 the Company had settled cash balances equivalent to £27.6m.

In June 2011 the Company entered into a new multi-currency revolving credit facility agreement ("New Loan Facility"), replacing its previous multi-currency revolving credit facility agreement that was due to expire in May 2012. The New Loan Facility is due to expire in June 2015 and comprises facilities of \$82m and €57m (down from \$117m and €86m in the previous facility agreement). The New Loan Facility remained undrawn at 30th June 2011.

Standby Financing and Loan Notes

Between 2005 and 2008 PIP entered into a number of standby agreements (the "Standby Commitments") with certain institutions under which the Company could require the institutions to subscribe up to £150m for new redeemable shares, at a price equal to the prevailing NAV per share at the time of subscription. The purpose of these Standby Commitments was to provide an additional level of assurance that PIP would be in a position at all times to meet its financial obligations. Furthermore, in December 2008 and September/October 2010, PIP issued to these institutions a total of £100.5m in unsecured subordinated loan notes which were due to mature on 15th November 2011 (the "Loan Notes") in order to bridge calls under the Standby Commitments. At 30th June 2011, £150m of Standby Commitments and £100.5m of Loan Notes were outstanding.

Post Year End: Exchange of Loan Notes for Shares

On 24th August 2011, PIP drew down £100.5m under the Standby Commitments resulting in the issue of 9,102,279 new redeemable shares (based on the prevailing adjusted NAV per share at 30th June 2011 of 1,104.12p). Simultaneously, the Company repaid £100.5m of Loan Notes, effectively exchanging the full balance of the Loan Notes for new redeemable shares. At the end of September 2011 the Board terminated the remaining £49.5m of Standby Commitments.

These actions have enabled the Company to simplify its capital structure by removing loan notes from the balance sheet.

Post Year End: Share Buyback

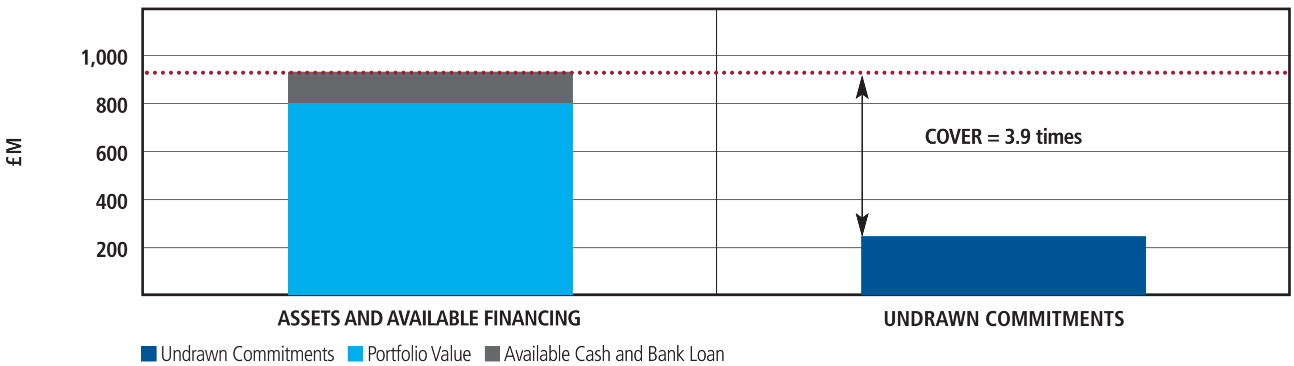
At the end of August 2011, PIP bought in the market 940,000 redeemable shares which are currently being held in treasury. At an average purchase price of 683p (38% discount to the 30th June 2011 adjusted NAV per share), it is the Board's view that these shares represented an attractive investment that will prove to be accretive to NAV per share. The Board will consider making further buybacks at times when the Company's shares remain undervalued in the market.

Commitment Cover

At 30th June 2011, PIP's available financing, excluding the remaining Standby Commitments terminated in September 2011, stood at £130.1m, comprising £27.6m in settled cash balances and £102.5m in undrawn bank facility (sterling equivalent). The sum of the Company's available financing and private equity portfolio exceeded its undrawn commitments by 3.9 times, up from 2.8 times at 30th June 2010.

It should be noted that a portion of the Company's undrawn commitments might not be called by the underlying managers. When a fund is past its investment period, which is typically between five and six years, it generally cannot make any new investments (only draw capital to fund existing follow-on investments or pay expenses). As a result, the rate of capital calls in these funds tends to slow dramatically. 28% of the Company's undrawn commitments are in fund vintages that are greater than five years old.

Commitment Cover as at 30th June 2011



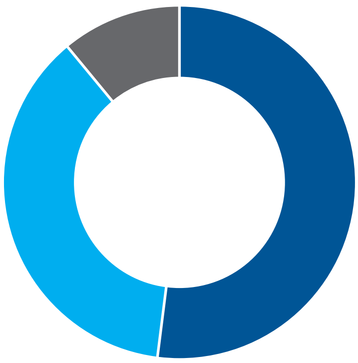
Portfolio Overview

The diversification of PIP's portfolio, with assets spread across different investment styles and stages including buyout, venture and growth, and special situations, helps to reduce volatility of both returns and cash flows. The maturity profile of the portfolio ensures that PIP is not overly exposed to any one vintage. Furthermore, PIP's geographical diversification extends its exposure beyond the USA and Europe, to regions with higher rates of economic growth such as Asia. As such, the Company offers a comprehensively global, diversified selection of private equity assets, carefully selected by Pantheon for their quality.

Portfolio Analysis by Value as at 30th June 2011

Geography

The majority of PIP's geographical exposure is focused on the USA and Europe, reflecting the fact that these regions have the most developed private equity markets. PIP's assets based in Asia and other regions provide access to faster-growing economies.



USA	**52%**
Europe	**37%**
Asia and other	**11%**

Stage

PIP's portfolio is well diversified across different private equity investment styles and stages. The majority of the Company's buyout exposure is focused on mid- and small-cap funds, which have tended to utilise lower levels of leverage in their acquisition structures than the very largest funds. In addition, PIP has a significant exposure to venture and growth-focused funds, many of which were acquired through the secondary market.

Small/Mid Buyout	**36%**
Large/Mega Buyout	**22%**
Venture and Growth	**30%**
Special Situations	**6%**
Generalist	**4%**
Directs	**2%**

Maturity

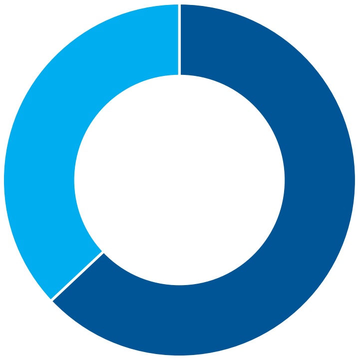
PIP's portfolio is well diversified by fund vintage (referring to the year the fund made its first drawdown). Only 16% of the portfolio relates to large/mega buyouts from fund vintages 2005 to 2007, indicating that the Company has a relatively low exposure to the higher levels of leverage experienced during the peak of the buyout market.

Because PIP acquires many of its investments in the secondary market, it achieves further "backward diversification" and is able to acquire assets having good visibility of underlying company quality and prospects.

2000 and earlier	**19%**
2001	**6%**
2002	**2%**
2003	**3%**
2004	**6%**
2005	**14%**
2006	**20%**
2007	**23%**
2008	**7%**
2009	**0%**
2010	**0%**

Primary/Secondary

63% of the portfolio is derived from primary transactions and 37% from secondary transactions.



Primary	**63%**
Secondary	**37%**

Portfolio Analysis

Debt Multiples[1]

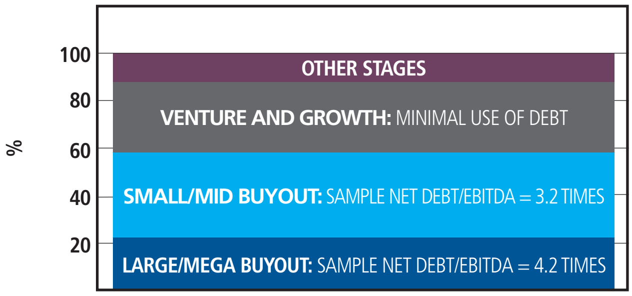
Venture and growth, small/mid-size buyouts and large/mega buyouts account for 88% of the portfolio value, and have differing leverage characteristics:

> The venture and growth portfolio accounts for 30% of portfolio value and has very little or no reliance on debt.

> The small/mid-size buyout portfolio sampled contains a moderate level of debt, with net debt / EBITDA of 3.2 times.

> The large/mega buyout portfolio sampled contains higher levels of debt with net debt / EBITDA of 4.2 times, although relatively low compared to the debt multiples of deals executed at the peak of the buyout market in 2006/2007.

PIP Portfolio at 30th June 2011

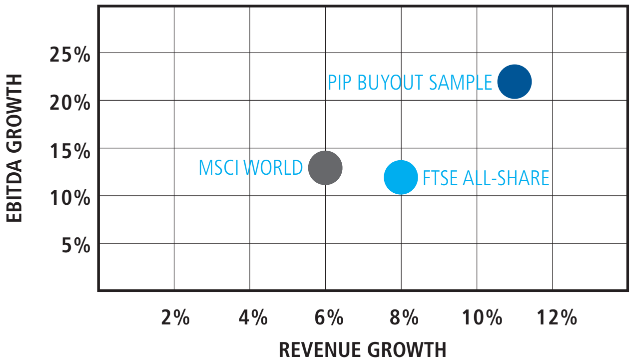


Revenue and EBITDA Growth[1]

> Weighted average revenue and EBITDA growth for the sampled buyout companies was +11.2% and +21.6% respectively in the year to 31st December 2010. This compares favourably with the S&P 500 and FTSE All-Share indices, both of which recorded single digit revenue growth and mid-teens EBITDA growth in the same period.

> These revenue and EBITDA growth figures suggest strong performance at the underlying company level. In particular, they suggest that, on the whole, our managers have been successful in managing costs, driving efficiencies and positioning their companies for top line growth throughout 2010.

Revenue and EBITDA growth in the Year to 31st December 2010

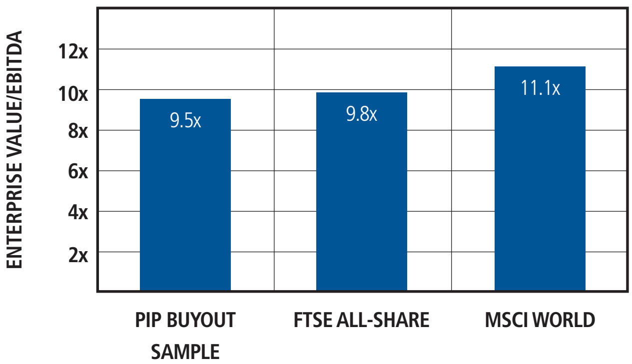


Valuation Multiple[1]

> Accounting standards require private equity managers to value their portfolio at fair value. This leads to volatility in valuations reflecting movements in the broader markets. However, valuations of private equity assets can often leave some room for value enhancement when liquidity is released through a sale.

> Sample weighted average enterprise value/EBITDA for the year to 31st December 2010 was 9.5 times. This figure is lower than the FTSE All-Share and MSCI World.

Valuation Multiple at 31st December 2010



Impact of Distributions Upon Returns

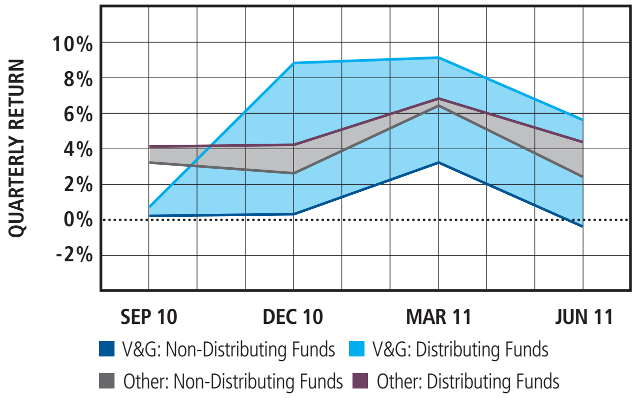
> The chart shows PIP's quarterly performance over the year to 30th June 2011, split by Venture and Growth and Other Stages (includes buyouts, special situations, generalist funds and direct investments).

> Distributing funds, defined as funds that paid a distribution during the quarter, have outperformed non-distributing funds in every quarter. This data suggests that distributions, on the whole, have been accretive to performance.

> The outperformance of distributing funds is more marked for venture and growth funds, where valuations are often based upon cost or the latest round of financing, relative to buyout funds, whose valuations tend to be based upon the multiples of comparable listed companies.

> Venture and growth funds typically invest in disruptive technologies for which trade buyers can often be willing to pay a substantial premium. These results are consistent with our sample of the largest 50 distributions on page 13. In this sample, the weighted average uplift for venture and growth realisations was 151% versus 79% for the sample overall.

Impact of Distributions: Return Spread of Distributing Funds Over Non-Distributing Funds



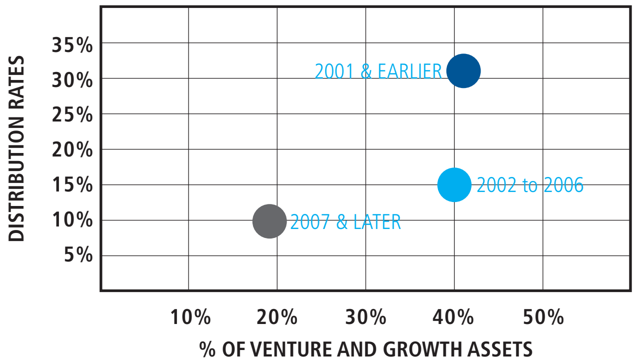
Quarterly return excludes foreign exchange gains/losses.

Venture and Growth Distribution Rates

> Over 40% of PIP's venture and growth assets are in funds dated 2001 and earlier. These companies are now mature and many are cash-generative, having survived the bursting of the technology bubble and the latest downturn. Venture managers focus their attention on those companies that have the ability to drive meaningful returns and are generally quick to pull out of investments in failing companies. Consequently, only venture assets with good potential survive to maturity.

> Mature venture companies, which often resemble growth investments in terms of cash generation and profitability, have shown an increased likelihood of returning cash to investors. It is our view that PIP's mature venture and growth assets can continue to generate a good level of distributions. Given the fact that distributions tend to lead to uplifts, especially in the venture and growth stage as illustrated in the section above, being so mature, PIP's venture and growth portfolio is strongly placed to perform well.

Distribution Rates in the Year to 30th June 2011



Distribution rate equals distributions in year divided by opening portfolio value.

[1] ***Buyout Sample Methodology***

The sample buyout figures were calculated from over 75% of the value of the companies within the largest 50 buyout funds and direct investments as at 31st December 2010. This accounts for approximately 50% of the value of PIP's buyout and direct portfolio. The figures are based upon unaudited data. The revenue and EBITDA figures were based upon the year to 31st December 2010, or where not available the closest annual period disclosed. The net debt and enterprise value figures were based upon 31st December 2010 underlying valuations, or the closest period end disclosed. The underlying company data was weighted by NAV to calculate an average. Individual company revenue and EBITDA growth figures were capped between +1000% and -1000% to avoid large distortions from movements relative to a small denominator. FTSE All-Share and MSCI World data was taken from Bloomberg.

Portfolio Managers by Geography

The Company has exposure to many of the best managers across the world. Our USA investments focus primarily on mid-market buyout and mature venture and growth opportunities. In Europe we focus primarily on mid-market buyouts through both Pan-European managers and regional specialists with a detailed knowledge of local markets. The Asian portfolio is focused on both the buyout and growth stages, investing with managers who have a strong local presence. In this section we disclose only the largest fund manager exposures.

USA

Small/Mid Buyout	
Golden Gate Capital	1.7%
Brentwood Associates	1.6%
Avista Capital Partners	1.1%
Genstar Capital Partners	1.0%
Churchill Capital Partners	0.9%
ABRY Partners	0.6%
Sterling Investment Partners	0.6%
Code Hennessy & Simmons	0.5%
The Jordan Co.	0.4%
Castle Harlan Partners	0.4%
American Securities Capital Partners	0.4%
Lake Capital Partners	0.4%
Leonard Green & Partners	0.4%
Sun Capital Partners	0.4%
Pfingsten Partners	0.4%
Beacon Group	0.3%
Morgan Stanley	0.3%

Large/Mega Buyout	
Carlyle Group	1.4%
Providence Equity Partners	1.4%
Bain Capital	1.1%
Francisco Partners	1.0%
Apollo Management	1.0%
Vestar Capital Partners	0.5%
First Reserve	0.4%
Onex Partners	0.4%
Ares Management	0.4%
Blackstone Capital Partners	0.3%
Thomas H Lee Partners	0.3%

Early Stage Venture	
GrandBanks Capital	1.0%
Canaan Partners	0.7%
JK&B	0.6%
ARCH Venture Partners	0.5%
InterWest Partners	0.4%
Alta Partners	0.4%
Granite Ventures	0.4%
Battery Ventures	0.3%
Enterprise Partners	0.3%

Growth Capital	
ABS Capital Partners	1.4%
Technology Crossover Ventures	0.8%
Summit Partners	0.6%
Weston Presidio Capital	0.6%
Scale Venture Partners	0.4%

Balanced/Diversified Venture	
Oak Investment Partners	1.1%
Polaris Venture Partners	0.9%
New Enterprise Associates	0.7%
Essex Woodlands Health Ventures	0.6%
RedShift Ventures	0.6%
Baker Capital Partners	0.5%
Spectrum Equity Partners	0.4%
New Leaf Venture Partners	0.4%
Catalyst Investors	0.4%
Lightspeed Venture Partners	0.3%

Special Situations	
Carlyle Group / Riverstone Holdings	1.2%
Oaktree Capital Management	0.9%
Yorktown Partners	0.5%
MatlinPatterson	0.5%

Figures above show the top three manager exposures (NAV + outstanding commitments) in each category shown, and in addition any managers with exposures greater than £3m in each category, as a percentage of the Company's total exposure. The above figures show both primary and secondary exposures. The manager exposures shown on pages 20 and 21 represent 78% of the Company's total exposure.

EUROPE

German Manager

Arcadia	0.5%

Israeli Managers

Gemini Israel Funds	0.5%
Cedar Ventures	0.1%
Jerusalem Venture Partners	0.1%

Italian Managers

Private Equity Partners	0.7%
Clessidra Capital Partners	0.6%
BS Private Equity	0.1%

Benelux Manager

Bencis Capital Partners	0.5%

Central & Eastern European Managers

Mid-Europa Partners	0.9%
Enterprise Investors	0.3%

French Managers

Chequers Capital	0.5%
Sagard Private Equity Partners	0.5%
Atria Private Equity Partners	0.3%

Northern European Managers

Nordic Capital	1.2%
Altor Equity Partners	0.9%
Herkules Capital	0.5%
Northzone Partners	0.3%

Russian Manager

Baring Vostok Capital Partners	1.1%

Spanish Manager

Mercapital Private Equity	0.9%

Pan-European Managers

Barclays Private Equity	2.7%
Apax Partners	2.3%
CVC Capital Partners	2.0%
Hutton Collins	1.9%
Doughty Hanson & Co	1.7%
IK Investment Partners	1.2%
Permira	1.1%
BC Partners	1.1%
Cinven Partners	0.9%
Cipio Partners	0.7%
HgCapital	0.6%
Advent International Group	0.6%
Summit Partners	0.6%
Index Ventures	0.6%
Montagu Private Equity	0.6%
Accel Partners	0.5%
Wellington Partners	0.4%

UK Managers

Vision Capital	1.7%
Nova Capital Management	1.6%
Amadeus Capital Partners	0.3%
Alchemy Partners	0.3%

ASIA AND OTHER

Country Specialist Buyout

Archer Capital (Australia)	0.7%
Unison Capital Partners (Japan)	0.6%
Hony Capital (China)	0.3%

Country Specialist Growth

CDH Capital (China)	0.3%
DT Capital Management (China)	0.2%
AsiaVest Partners (China)	0.2%

Pan-Asian

Pacven Walden Ventures	0.8%
CVC Capital Partners	0.7%
Baring Private Equity Partners	0.6%
Texas Pacific Group	0.6%
Warburg Pincus Partners	0.5%
Unitas Capital	0.5%
Clearwater Capital Partners	0.4%
Kohlberg Kravis Roberts and Co.	0.4%
Affinity Equity Partners	0.4%

Figures above show the top three manager exposures (NAV + outstanding commitments) in each category shown, and in addition any managers with exposures greater than £3m in each category, as a percentage of the Company's total exposure. The above figures show both primary and secondary exposures.

Underlying Portfolio Companies

PIP has built a portfolio of interests in over 600 funds and over 3,500 underlying companies. The analysis below shows diversification at the underlying company level.

Company Sectors

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to minimise the effects of cyclical trends within particular industry segments. Relative to the FTSE All-Share and MSCI World indices, PIP is underweight in many of the segments that have been most recently associated with high levels of volatility, such as Energy and Financials.

Energy	**6%**
Materials	**4%**
Industrials	**18%**
Consumer Discretionary	**20%**
Consumer Staples	**5%**
Healthcare	**14%**
Financials	**7%**
Information Technology	**22%**
Telecom Services	**4%**
Utilities	**0%**

Company Geography

The geographical exposure of PIP's underlying company investments is diversified across North America, Europe and Asia. Notably, PIP's European exposure is focused upon Northern European economies.

North America	**50%**
UK	**14%**
Asia and other	**11%**
Germany	**6%**
Scandinavia	**6%**
Benelux	**4%**
France	**3%**
Central and Eastern Europe	**2%**
Italy	**2%**
Iberia	**1%**
Other Europe	**1%**

This data is based upon underlying company valuations at 31st December 2010, and accounts for approximately 90% of PIP's overall portfolio value.

Largest Companies by Sector as at 30th June 2011

NAME	DESCRIPTION	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
INFORMATION TECHNOLOGY		
MYOB	Develops and publishes business management software and solutions	**0.5%**
InterXion*	Provides colocation, data centres and managed services	**0.4%**
Siltron	Manufactures silicon wafer and solar cell technology	**0.4%**
Glasshouse Technologies	Provides a variety of global support and storage services for hardware or software companies	**0.4%**
2e2	Provides IT services, focused on business communications technology	**0.3%**
CONSUMER DISCRETIONARY		
Jack Wolfskin	Outdoor equipment and apparel	**0.4%**
Rosetta Stone*	Develops language learning software	**0.4%**
Array Marketing Group	Provides in-store marketing for retailers and brand manufacturers	**0.4%**
BrightHouse	Sells a range of consumer electronics, white goods and furniture	**0.4%**
The Teaching Company	Publishes and markets university level courses on DVD, audio CD and other formats	**0.3%**
INDUSTRIALS		
Carbolite	Manufactures and supplies industrial furnaces, ovens and incubators	**1.1%**
Bibby Scientific	Manufactures broad-based laboratory products	**0.7%**
Scilabware	Manufactures laboratory glassware and laboratory reusable products	**0.5%**
Sterilin	Manufactures single-use consumables for life science users	**0.4%**
Norit	Produces activated carbon and related services	**0.3%**
HEALTHCARE		
Attendo	Operates elderly and disabled care homes	**1.0%**
Nycomed	Pharmaceutical company	**0.8%**
Capio	Provides hospitals and other care units	**0.3%**
FINANCIALS		
Global Blue	Provides travel-related payment services	**0.4%**
GGC Credit Opportunities	Distressed company debt and other credit opportunities	**0.3%**
TMF	Provides outsourced management and accounting services	**0.2%**
ENERGY		
Kinder Morgan*	Provides pipeline transportation and energy storage solutions	**0.3%**
CPL Industries	Manufactures and distributes solid fuel	**0.3%**
Sapphire Energy	Develops biofuel	**0.2%**
CONSUMER STAPLES		
Fairway Market	Metropolitan food retailer	**0.3%**
BSN	Manufactures and sells consumable medical products	**0.3%**
Europris	Integrated discount retailer	**0.2%**
TELECOMMUNICATION SERVICES		
TDC*	Provides fixed-line, mobile and cable telecommunications services	**0.5%**
Intelsat	Operates fixed satellite communication services	**0.3%**
Vizada	Provides satellite communication services	**0.3%**
MATERIALS		
Evonik	Produces speciality chemicals and power generation	**0.3%**
Brenntag*	Provides business-to-business distribution solutions for industrial and speciality chemicals	**0.3%**
Univar	Distributes chemicals	**0.2%**

**Quoted holding as at 30th June 2011.*

Outstanding Commitments

PIP's outstanding commitments to fund investments, 74% of which relate to primary funds and 26% of which relate to secondary funds, are well diversified by stage and geography and will enable the Company to participate in future investments with many of the highest quality fund managers in the private equity industry.

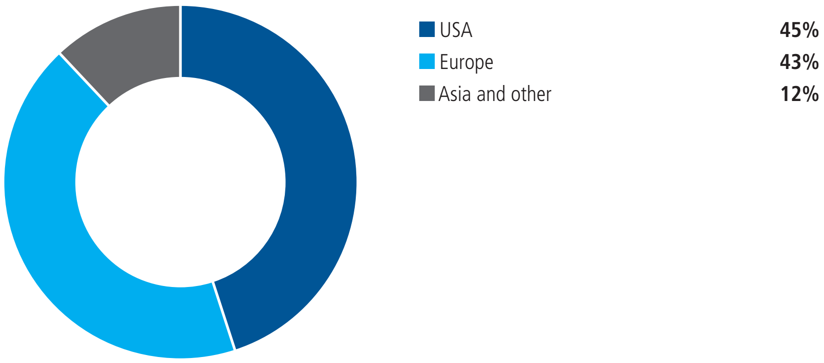
Portfolio Analysis by Outstanding Commitments as at 30th June 2011

PIP's outstanding commitments to investments decreased to £243m at 30th June 2011 compared with £331m at 30th June 2010. The Company paid calls of £84m and acquired £5m of outstanding commitments via a secondary transaction.

The remaining movements were caused by fluctuations in exchange rates and cancellations of outstanding commitments by general partners.

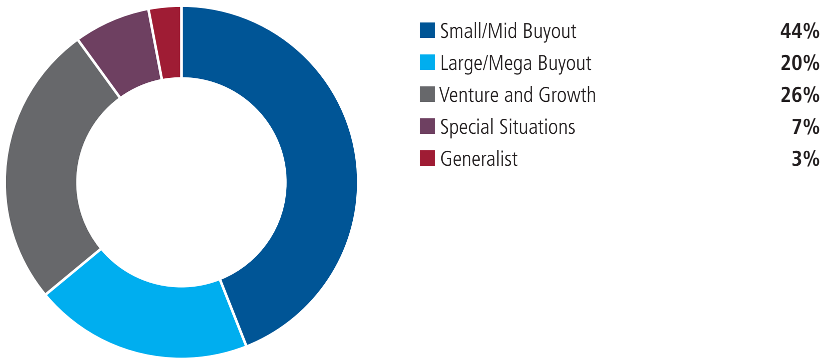
Geography

The USA and Europe have the largest outstanding commitments, reflecting the fact that they have the most developed private equity markets. Commitments to Asia and other regions provide access to faster-growing economies.



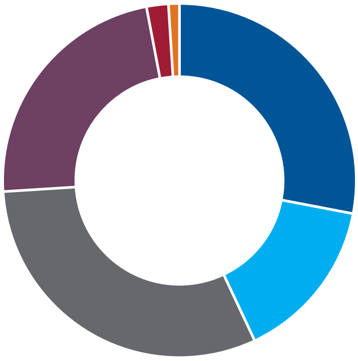
Stage

PIP's undrawn commitments are well diversified across all major stages of private equity. The majority of the buyout exposure is with mid-cap and smaller funds. Venture and growth forms a significant portion of the Company's undrawn commitments.



Maturity

28% of PIP's undrawn commitments are in the 2005 fund vintage or older. Most relate to funds that are outside their investment periods and, as such, should have slower call rates. It is likely that a portion of these commitments will not be drawn.



2005 and earlier	**28%**
2006	**15%**
2007	**31%**
2008	**23%**
2009	**2%**
2010	**1%**

Pantheon Vehicles

Pantheon Ventures (UK) LLP ("Pantheon") is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, the firm's managed fund-of-funds vehicles. In addition, Pantheon has agreed that PIP will never be disadvantaged in terms of fees compared with the position it would have been in had it made investments directly into the underlying funds rather than indirectly through such fund-of-funds vehicles.

The Top 20 Managers by Value and Outstanding Commitments

Top 20 Managers by Value as at 30th June 2011

NUMBER	MANAGER	REGION	STAGE BIAS	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Barclays Private Equity	EUROPE	BUYOUT	2.9%
2	Apax Partners	EUROPE	BUYOUT	2.6%
3	CVC Capital Partners	EUROPE	BUYOUT	2.4%
4	Nova Capital Management	EUROPE	BUYOUT	2.0%
5	Vision Capital	EUROPE	BUYOUT	1.7%
6	Brentwood Associates	USA	BUYOUT	1.7%
7	Golden Gate Capital	USA	BUYOUT	1.7%
8	Doughty Hanson & Co	EUROPE	BUYOUT	1.6%
9	Hutton Collins	EUROPE	SPECIAL SITUATIONS	1.6%
10	IK Investment Partners	EUROPE	BUYOUT	1.5%
11	Nordic Capital	EUROPE	BUYOUT	1.5%
12	Providence Equity Partners	USA	BUYOUT	1.5%
13	Carlyle Group	GLOBAL	GENERALIST	1.4%
14	Carlyle Group/Riverstone Holdings	USA	SPECIAL SITUATIONS	1.3%
15	ABS Capital Partners	USA	VENTURE AND GROWTH	1.3%
16	Avista Capital Partners	USA	BUYOUT	1.3%
17	Bain Capital	USA	BUYOUT	1.3%
18	Oak Investment Partners	USA	VENTURE AND GROWTH	1.3%
19	BC Partners	EUROPE	BUYOUT	1.2%
20	Permira	EUROPE	BUYOUT	1.2%

Top 20 Managers by Outstanding Commitments as at 30th June 2011

NUMBER	MANAGER	REGION	STAGE BIAS	% OF OUTSTANDING COMMITMENTS
1	CVC Capital Partners	EUROPE	BUYOUT	3.6%
2	Hutton Collins	EUROPE	SPECIAL SITUATIONS	3.1%
3	Summit Partners	GLOBAL	VENTURE AND GROWTH	2.7%
4	Clessidra Capital Partners	EUROPE	BUYOUT	2.5%
5	Barclays Private Equity	EUROPE	BUYOUT	2.2%
6	Carlyle Group	GLOBAL	GENERALIST	2.1%
7	Doughty Hanson & Co	EUROPE	BUYOUT	2.1%
8	GrandBanks Capital	USA	VENTURE AND GROWTH	2.0%
9	Arcadia	EUROPE	BUYOUT	1.9%
10	Private Equity Partners	EUROPE	BUYOUT	1.8%
11	ABS Capital Partners	USA	VENTURE AND GROWTH	1.8%
12	Unison	ASIA AND OTHER	BUYOUT	1.7%
13	Mercapital	EUROPE	BUYOUT	1.7%
14	Mid-Europa Partners	EUROPE	BUYOUT	1.6%
15	Golden Gate Capital	USA	BUYOUT	1.6%
16	Baring Vostok Capital Partners	EUROPE	BUYOUT	1.5%
17	Vision Capital	EUROPE	BUYOUT	1.4%
18	Sagard Private Equity Partners	EUROPE	BUYOUT	1.4%
19	Gemini Israel Funds	EUROPE	VENTURE AND GROWTH	1.3%
20	Technology Crossover Ventures	USA	VENTURE AND GROWTH	1.3%

The Top 20 Companies by Value

Top 20 Companies by Value as at 30th June 2011

NUMBER	COMPANY	SECTOR	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Carbolite	INDUSTRIALS	1.1%
2	Attendo	HEALTHCARE	1.0%
3	Nycomed	HEALTHCARE	0.8%
4	Bibby Scientific	INDUSTRIALS	0.7%
5	MYOB	INFORMATION TECHNOLOGY	0.5%
6	Scilabware	INDUSTRIALS	0.5%
7	TDC*	TELECOMMUNICATION SERVICES	0.5%
8	Jack Wolfskin	CONSUMER DISCRETIONARY	0.4%
9	Rosetta Stone*	CONSUMER DISCRETIONARY	0.4%
10	InterXion*	INFORMATION TECHNOLOGY	0.4%
11	Array Marketing Group	CONSUMER DISCRETIONARY	0.4%
12	Global Blue	FINANCIALS	0.4%
13	Siltron	INFORMATION TECHNOLOGY	0.4%
14	BrightHouse	CONSUMER DISCRETIONARY	0.4%
15	Sterilin	INDUSTRIALS	0.4%
16	Glasshouse Technologies	INFORMATION TECHNOLOGY	0.4%
17	Norit	INDUSTRIALS	0.3%
18	Kinder Morgan*	ENERGY	0.3%
19	CPL Industries	ENERGY	0.3%
20	IFCO Systems*	INDUSTRIALS	0.3%

**Quoted holding as at 30th June 2011.*

The Manager (Pantheon)

Pantheon, one of the world's foremost private equity specialists, has acted as Manager to PIP since its inception in 1987, evaluating and managing investments on PIP's behalf in line with the strategy agreed by the Board. Pantheon is also one of the largest and most experienced secondary managers, having committed more than $6 billion to secondaries over more than 20 years.

Strong Private Equity Track Record

Pantheon is one of the leading private equity fund-of-funds managers in the world, with global assets under management of $24.3 billion,[1] and over 350 institutional investors.

Pantheon has a strong and consistent private equity investment track record. For nearly 30 years Pantheon has made investments in over 1,000 private equity funds, gaining exceptional insight and access to the most attractive funds in all the major private equity regions.

Risk Management

Pantheon has substantial experience of investing in private equity through various economic cycles and in different regional markets. The firm's asset allocation, diversification strategies and disciplined investment process are structured with the objective of producing the best possible risk-adjusted returns. Pantheon's diversification strategy limits portfolio risk by including a multi-strategy approach, targeting funds with a variety of different return characteristics and deploying capital over a number of vintage years, generally ensuring that the most attractive segments of the market are represented in the portfolio. When applying this approach, the Board works closely with Pantheon to ensure that the management of the Company is in line with its agreed strategy.

Reputation as a Preferred Investor

Pantheon has been investing in private equity for nearly 30 years and has an enviable reputation in the industry. Pantheon is often considered a preferred investor due to its reputation, active approach and scale of commitments. In addition, Pantheon generally seeks advisory board seats to contribute actively to governance during the life of the fund. As such Pantheon is represented on over 250 advisory boards worldwide. Long-standing partnerships with managers on a global basis can also enhance the firm's deal flow in the secondary market.

Team-Based Culture

Pantheon draws upon a deep pool of resources that contributes to a unique team-based culture. With teams operating in London, San Francisco, Hong Kong and New York, Pantheon adopts a collegial approach to investment decision-making, globally leveraging the collective experience and expertise of all investment professionals. The team's experience is also brought to bear on the evaluation, selection and ongoing monitoring of fund investments. Pantheon's team of 62 investment professionals, supported by 96 other professionals,[2] work together with the ultimate aim of producing strong and consistent results.

Secondary Investing

Pantheon is one of the largest and longest established secondary investors in the world, with more than 20 years' experience of successful secondary investing and a team of 23 investment professionals who focus on secondary transactions. This size and experience means Pantheon can focus on large and complex deals in which many other, lower resourced, investors cannot participate.

Pantheon has committed more than $6 billion in the secondary market globally across more than 280 transactions, including more than 90 portfolio transactions and more than 190 single fund secondaries.

Pantheon always aims to leverage the knowledge and due diligence information of its primary fund teams and global offices. Long-standing partnerships with general partners on a global basis help to enhance the firm's deal flow.

While the increase in scale of the secondary market has been paralleled by growth in the number of would-be acquirers of secondary assets, Pantheon believes that there is a relative shortage of experienced teams with the ability to transact the full range of global secondary purchase types. As a result, the differentiation between experienced and well-resourced global specialists and the rest is becoming increasingly apparent as the market evolves.

The Investment Team

A: San Francisco – *24 investment professionals* **B:** London – *28 investment professionals*
C: Hong Kong – *7 investment professionals* **D:** New York – *3 investment professionals*

At a Glance

> $24.3 billion[1] assets under management, with over 350 institutional investors

> World leader in private equity fund-of-funds management with nearly 30 years' experience

> International team comprising 158 staff, including 62 investment professionals[2]

> At the forefront of the fast-growing secondary market, having committed $6 billion to secondary investments globally, across more than 280 transactions

[1] *As at 31st March 2011.*

[2] *All staff figures as at 1st September 2011.*

Responsible Investment

Pantheon's policy in terms of responsible investment is to seek to ensure that the social, environmental and ethical considerations that are taken into account in its own day-to-day business are, as much as possible, reflected in the policy adopted by each of the individual private equity managers with whom they invest.

Commitment to the Principles for Responsible Investing

Pantheon is committed to the Principles for Responsible Investing ("PRI") and was one of the first fund-of-funds managers to support the policy. Pantheon believes that adoption of PRI initiatives will ultimately work to the benefit of investors.

Pantheon takes into account both financial and non-financial factors, of which Environmental, Social and Governance ("ESG") risks are a core part of the analysis. The chart below demonstrates Pantheon's commitment to implementing each of the six principles.

1

INVESTMENT ANALYSIS/PROCESSES

Integral part of:

> Due diligence process

> Reporting/monitoring process

> Risk matrix

2

ACTIVE OWNERSHIP

> Table ESG issues on advisory boards

> Committed to following policy of active ownership

3

DISCLOSURE

> Importance of sound ESG practices highlighted during negotiation of Pantheon side-letter with General Partners

> Work with trade bodies on disclosure issues

PRI

PROMOTING ACCEPTANCE

> Educate clients through conferences, seminars and briefing notes

> Working with General Partners and Limited Partners

4

WORKING TOGETHER

> Collaboration with clients, General Partners and trade bodies

5

REPORTING

> Encourage General Partners to report on ESG issues

6

Pantheon believes that consideration of ESG risk forms part of general risk management and its mitigation strengthens downside protection and enhances reputation, which can also lead to value creation. In considering a new fund commitment, Pantheon is committed to understanding the manager's willingness to adhere to sound ESG practices, favouring those managers who understand the nature of ESG risks and who seek to minimise them. Pantheon's due diligence process ascertains the extent to which the manager incorporates ESG risks in their analysis and the measures they take to mitigate them before and after investment. The chart below demonstrates how ESG risk management is an integral part of Pantheon's investment process.

1

ORIGINATION, SCREENING AND INITIAL DUE DILIGENCE

> Understanding that General Partners will follow spirit of PRI and seek to improve ESG in companies
> Awareness of ESG risks within specific sectors, e.g. forestry, mining
> Awareness of country/regional ESG risks

2

ADVANCED DUE DILIGENCE

> Review investment strategy: high ESG risk investments?
> Review ESG monitoring systems
> Review governance arrangements

3

LEGAL NEGOTIATION

> Importance of sound ESG practices highlighted during negotiation of Pantheon side-letter with General Partners

4

POST INVESTMENT MONITORING

> Raising ESG agenda through Advisory Boards and monitoring meetings
> ESG risk rating methodology within monitoring process
> Where General Partners have effective control or significant influence, expect to see more active ESG stance

Biographies of Key Senior Personnel

Andrew Lebus Partner

Joined 1994, 26 years of private equity experience

Andrew is a senior member of Pantheon's investment team. He is responsible for co-ordinating the Company's activities within Pantheon and participates in the secondary investment process. Andrew, who spent eight years in Pantheon's Hong Kong office, also participates in Asian investment including determining investment strategy and overseeing the selection and monitoring of investments. Prior to joining Pantheon, Andrew worked for a number of years in corporate finance with special emphasis on the private equity market, latterly at Credit Lyonnais Securities, and prior to that at its affiliate, Castleforth. Andrew is based in London.

Alastair Bruce Managing Partner

Joined 1996, 15 years of private equity experience

As Pantheon's Managing Partner, Alastair chairs the committee which runs the firm from day to day. Before joining Pantheon, he spent seven years at SPP Investment Management as a real estate investment analyst and business controller. Alastair is based in London.

Chris Meads Partner

Joined 2001, 15 years of private equity experience

Chris is Pantheon's Head of Investment and leads Asian investment activity. Chris joined Pantheon from HSBC Hong Kong, where he was involved both in strategic acquisitions and the design and implementation of internal operating procedures. He was previously a senior investment analyst for Brierley Investments Ltd in both Hong Kong and New Zealand, and before that worked in a deal advisory capacity for CS First Boston (NZ) and as an economist for the National Bank of New Zealand and the Reserve Bank of New Zealand. Chris is based in Hong Kong.

Paul Ward Partner

Joined 2003, 14 years of private equity experience

Paul is responsible for the evaluation and completion of private equity secondary transactions. Paul joined Pantheon from Lehman Brothers Private Equity Group, where he was Investment Director. Previously, he worked for Lehman Brothers Investment Bank in both New York and London on M&A and Corporate Finance advisory services and, prior to that, was a management consultant for PA Consulting. Paul is based in London.

Helen Steers Partner

Joined 2004, 22 years of private equity experience

Helen leads Pantheon's European primary investment activity. Helen joined Pantheon in 2004 from Russell Investments in Paris, where she was Managing Director with overall responsibility for private equity in Europe. Prior to joining Russell in 1999, Helen spent five years as Director, European Private Equity with the Caisse de Dépôt et Placement du Québec. From 1989 to 1994, Helen was a senior investment manager at the Business Development Bank of Canada in Montréal. Helen is based in London.

Susan Long McAndrews Partner

Joined in 2002, 16 years of private equity experience

Susan leads Pantheon's North American primary investment activity. Prior to joining Pantheon, she was a principal at Capital Z Partners in Asia, where she was responsible for executing investments in private equity funds and in fund management companies. In addition, Susan was a director at Russell Investments from 1995 to 1998 in their private equity group. Susan is based in San Francisco.

Kevin Albert Partner

Joined 2010, 29 years of private equity experience

Kevin is responsible for business development and client service activities globally at Pantheon. Kevin previously worked at Elevation Partners where he was in charge of fundraising and investor relations. For the 24 years prior to joining Elevation, Kevin ran the Global Private Equity Placement Group at Merrill Lynch. Kevin is based in New York.

Elly Livingstone Partner

Joined 2001, 14 years of private equity experience

Elly leads Pantheon's global secondary investment funds. Prior to joining Pantheon, Elly was an investment manager focusing on the analysis, structuring and execution of direct investments at Actis Capital, an emerging markets private equity fund, having worked previously for Accenture and PricewaterhouseCoopers on a wide range of international consulting and corporate finance advisory assignments. Elly is based in London.

Company Strategy

The Company's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies.

Company Strategy

The spread of performance in private equity is much wider than in other asset classes and the selection of managers has a significant influence on investment performance. As a specialist fund-of-funds manager monitoring and researching the global private equity market, Pantheon, PIP's Manager, is well positioned to identify fund managers who have the skills and strategies to deliver superior performance within their particular market segments.

PIP's strategy is to invest with leading private equity managers whilst reducing investment risk through diversification of the underlying portfolio by geography, investment stage and sector. This strategy is implemented through PIP's access to Pantheon's primary, secondary and co-investment activities. PIP has the flexibility to vary the size and emphasis of its investments depending on its available financing.

The current portfolio reflects PIP's prolonged access to Pantheon's highly successful primary and secondary investments over the past 23 years. Only funds that have passed rigorous due diligence and research are selected for investment.

Secondary Programme Emphasis

It is the Board's current intention to emphasise secondary investment as the Company makes new commitments.

Secondary purchases of existing interests in private equity funds are typically acquired between three and six years after a fund's inception, when such funds are substantially invested. As a result they tend to have relatively low levels of undrawn commitments. PIP benefits from secondaries because the fees and expenses in the first few years have been paid and distributions from the fund will be returned over a shorter time period. This helps to reduce the drag to performance from young and immature funds, known as the "J-curve effect". In addition, secondary assets can be purchased at a discount, especially in cases where the seller has liquidity problems, increasing the opportunity for outperformance. More details on secondary investments can be found on the opposite page.

As the Company continues to build its financial resources through net portfolio realisations, the shorter duration of secondary investments and lower associated undrawn commitments will help to further increase the Company's financial strength.

In accordance with the terms of its management agreement with Pantheon, PIP is entitled under Pantheon's allocation policy to the opportunity to co-invest in a predetermined ratio alongside Pantheon's latest global secondary fund, Pantheon Global Secondary Fund IV, benefiting from access to larger secondary opportunities that it would not have had the capacity to complete alone. The secondary programme enables PIP to acquire attractively priced secondary interests as they become available, and aims to outperform market averages through judicious pricing and timing.

Share Buybacks

In certain circumstances, usually where the Company's shares are quoted at a significant discount to NAV, the Board may view the shares as presenting an attractive investment opportunity relative to other uses of cash, such as new investment commitments. In such circumstances, the Board will consider targeted buybacks of ordinary and redeemable shares instead of, or in addition to, new investments as a means of utilising cash generated from the Company's portfolio.

Current Outlook for Secondary Investments

What is a Secondary?

A secondary transaction generally consists of purchasing an interest in a private equity fund, or portfolio of multiple funds (consisting of invested capital and remaining capital commitments) from an existing investor seeking liquidity prior to the termination of these funds. A secondary transaction can also consist of purchasing direct company interests which are either privately held or in which the trading of shares is restricted.

Why Invest in Secondaries?

A secondary investment exhibits several features that differentiate it from other private equity assets, including the potential for timely deployment and earlier return of capital, portfolio transparency and the ability from time to time to acquire assets at a discount to Pantheon's assessment of the fair market value. Pantheon believes that these characteristics have the potential to reduce the risks typically associated with private equity fund investing.

Timely Deployment of Capital

Investing in secondaries can be a particularly helpful strategy for investors seeking to boost the proportion of their allocation to private equity actually at work "in the ground". Whereas a primary fund at inception has no assets, and will draw down capital at an unpredictable rate over a period of years as it invests into underlying companies, a fund acquired as a secondary is partially invested at the time of purchase.

Earlier Return on Investment

Investing later in a fund's life reduces the impact of the "J-curve" normally associated with private equity fund investments. The visibility of assets makes it easier to identify outperforming funds and likely exit horizons. Furthermore, the write down of early, unsuccessful investments, the reduced impact of early management fees and the shorter time horizon to liquidity provides a number of benefits to the investor. Investors may expect an earlier return of capital on their investments, relatively fewer capital calls and a shorter investment holding period.

Reduced Investor Risk

Unlike investing in a fund at inception, when it represents a blind pool of capital, secondary investing allows detailed analysis of a fund's assets. Using a rigorous due diligence process, Pantheon evaluates funds on a company-by-company basis. This bottom-up analysis allows Pantheon to determine which companies are critical to a portfolio's success and evaluate their potential value at the time of exit. This transparency may decrease investment risk.

Embedded knowledge of portfolios also enhances Pantheon's ability to assess and value portfolios accurately. Pantheon frequently has performance and operational information on the assets for sale in the secondary market due to its position as an advisor or manager to existing investors in the fund, investment in a portfolio company through another fund or previous contact with the fund manager.

Discount to Fair Market Value

Pantheon undertakes detailed analysis on underlying assets in a portfolio to establish value. Discounts to assessed fair market value may be applied to reflect the quality of the assets, the seller's motivation to divest, market conditions and the illiquid nature of the asset class. In certain circumstances a fund interest may be acquired at a premium to NAV, depending on asset quality and fund manager valuation policy among other factors.

Time and Vintage Diversification

Secondary investment is a tool which enables investors in private equity to add an element of retrospective vintage diversification to their portfolios by buying into a range of mature funds, typically three to six years into their lives. This additional diversification serves to mitigate private equity investment risk at the portfolio level.

Current Outlook

The Manager believes that an oversupply of capital to the private equity market from 2006 to 2008 and regulatory changes will continue to provide a stimulus for an attractive market opportunity for secondaries. Furthermore, an emphasis on secondary investing in the coming year will enable the Company to continue to enhance its financial strength by focusing on investments that have a shorter duration than new funds invested through the primary market.

Objective and Investment Policy

Objective and Investment Policy

The Company's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies.

The Company's policy is to make unquoted investments, in general, by subscribing for investments in new private equity funds and buying secondary interests in existing private equity funds and, occasionally, by acquiring direct holdings in unquoted companies, usually either where a vendor is seeking to sell a combined portfolio of fund interests and direct holdings or where there is a private equity manager, well known to the Company's Manager, investing on substantially the same terms.

The Company may invest in private equity funds which are quoted. In addition, the Company may from time to time hold quoted investments in consequence of such investments being distributed to the Company from its fund investments or in consequence of an investment in an unquoted company becoming quoted. The Company will not otherwise normally invest in quoted securities, although the Company reserves the right to do so should this be deemed to be in the interests of the Company.

The Company may invest in any type of financial instrument, including equity and non-equity shares, debt securities, subscription and conversion rights and options in relation to such shares and securities and interests in partnerships and limited partnerships and other forms of collective investment scheme. Investments in funds and companies may be made either directly or indirectly, through one or more holding, special purpose or investment vehicles in which one or more co-investors may also have an interest.

The Company employs a policy of over-commitment. This means that the Company may commit more than its available uninvested assets to investments in private equity funds on the basis that such commitments can be met from anticipated future cash flows to the Company and through the use of borrowings and capital raisings where necessary.

The Company's policy is to adopt a global investment approach. The Company's strategy is to mitigate investment risk through diversification of its underlying portfolio by geography, sector and investment stage. Since the Company's assets are invested globally on the basis, primarily, of the merits of individual investment opportunities, the Company does not adopt maximum or minimum exposures to specific geographic regions, industry sectors or the investment stage of underlying investments.

In addition, the Company adopts the following limitations for the purpose of diversifying investment risk:

- the requirement for approval as an investment trust that no holding in a company will represent more than 15% by value of the Company's investments at the time of investment;
- the aggregate of all the amounts invested by the Company in (including commitments to or in respect of) funds managed by a single management group may not, in consequence of any such investment being made, form more than 20% of the aggregate of the most recently determined gross asset value of the Company and the Company's aggregate outstanding commitments in respect of investments at the time such investment is made;
- the Company will invest no more than 15% of its total assets in other UK-listed closed-ended investment funds (including UK-listed investment trusts).

The Company may invest in funds and other vehicles established and managed or advised by Pantheon or any Pantheon affiliate. In determining the diversification of its portfolio and applying the manager diversification requirement referred to above, the Company looks through vehicles established and managed or advised by Pantheon or any Pantheon affiliate.

The Company may enter into derivatives transactions for the purposes of efficient portfolio management and hedging (for example, hedging interest rate, currency or market exposures).

Surplus cash of the Company may be invested in fixed interest securities, bank deposits or other similar securities.

The Company may borrow to make investments and typically uses its borrowing facilities to manage its cash flows flexibly, enabling the Company to make investments as and when suitable opportunities arise and to meet calls in relation to existing investments without having to retain significant cash balances for such purposes. Under the Company's articles of association, the Company's borrowings may not at any time exceed 100% of the Company's net asset value. Typically, the Company does not expect its gearing to exceed 30% of gross assets. However, gearing may exceed this in the event that, for example, the Company's pipeline of future cash flows alters.

The Company may invest in private equity funds, unquoted companies or special purpose or investment holding vehicles which are geared by loan facilities that rank ahead of the Company's investment. The Company does not adopt restrictions on the extent to which it is exposed to gearing in funds or companies in which it invests.

The Directors’ Report

The Directors

The Board consists solely of non-executive Directors and no one individual has unfettered powers of decision. The Board has put in place levels of corporate governance which it believes are appropriate to an investment trust and to enable the Company to comply with the AIC Code of Corporate Governance (the "AIC Code"). Directors are subject to re-election by shareholders at intervals specified in the Company's Articles of Association, and in accordance with the AIC Code and the Financial Services Authority's Listing Rules. The Directors consider that this meets the requirement of the UK Corporate Governance Code that Directors are appointed for specific periods and that their re-appointment should not be automatic. A formal process exists for the selection of new Directors to the Company. The level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company.

KEY: (a) Member of the Audit Committee (b) Member of the Management Engagement Committee (c) Independent of the Manager

Tom Bartlam Chairman (a), (b) & (c)

Born December 1947. Appointed to the Board on 26th June 2003. Appointed as Chairman on 22nd July 2004

Tom Bartlam was managing director of Intermediate Capital Group PLC, the leading independent arranger and provider of mezzanine finance in Europe, until his retirement in 2005; he remained a non-executive director until 2009. He is non-executive chairman of Polar Capital Holdings PLC and a non-executive director of Numis Corporation PLC and Henderson Fledgling Trust PLC. Prior to founding Intermediate Capital Group PLC in 1989, he worked for Charterhouse Bank, where he was a director involved in their corporate finance and private equity activities. He is a chartered accountant.

Ian Barby Audit Committee Chairman (a), (b) & (c)

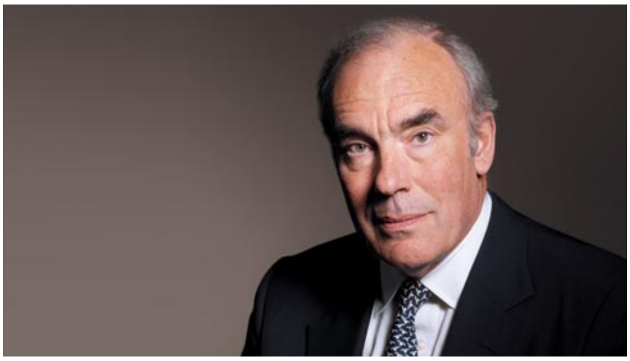
Born January 1945. Appointed to the Board on 28th April 2005

Ian Barby practised as a Barrister before joining Warburg Investment Management Ltd in 1985, subsequently becoming a vice chairman of Mercury Asset Management plc and latterly, until 2003, a managing director of Merrill Lynch Investment Managers. He is currently chairman of Invesco Perpetual UK Smaller Companies Investment Trust PLC and of Ecofin Water and Power Opportunities plc, as well as being a director of Merrill Lynch World Mining Trust plc, Schroder Income Growth Fund plc and SR Europe Investment Trust plc.

Richard Crowder

Born March 1950. Appointed to the Board on 1st September 2000

Richard Crowder holds a range of directorships and consultancy appointments including Better Capital Limited, Bluecrest Limited, London & Stamford Property plc, Japan Residential Investment Company Limited and a number of investment funds listed on the Irish and Channel Islands stock exchanges. He is a director of a number of private equity fund-of-funds managed by the Pantheon Group. Having worked as an investment manager with Ivory & Sime in Edinburgh and as head of investment research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of managing director for Schroders' Singapore associate. He was the founding managing director of Schroders' Channel Islands subsidiary from 1991 to 2000. He is a member of the Securities and Investment Institute and resides in Guernsey.



Peter Readman (b) & (c)

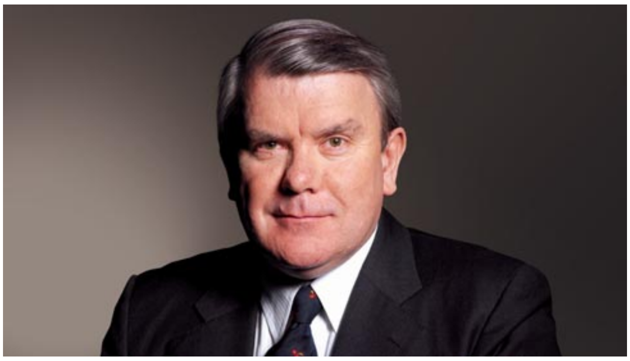
Born December 1946. Appointed to the Board on 20th October 1994

Peter Readman is chairman of Abercromby Property International and of the Chamber Orchestra of Europe. He is an economic advisor to a number of international companies, a member of the Cambridge University Investment Board and a director of Keystone Investment Trust PLC and Schroder Income Growth Fund plc.

Rhoddy Swire

Born March 1951. Appointed to the Board on 7th August 1987

Rhoddy Swire is Pantheon's founder and has been a director of Pantheon International Participations PLC since its listing in 1987. In 1981 Rhoddy joined GT Management Ltd to oversee and manage unquoted investments and subsequently led the buyout from GT Management Ltd to form Pantheon. He is a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP and a number of Pantheon funds. He is also a director of Lewmar Marine plc and The China Navigation Company Limited.



Sandy Thomson (a), (b) & (c)

Born July 1953. Appointed to the Board on 22nd May 2003

Sandy Thomson was most recently Chairman of Taconic Capital Advisors UK LLP, and is a director of a number of other companies. Prior to joining Taconic, he was managing general partner of an Asian private equity fund located in Hong Kong. He has over 30 years' experience in investment banking, private equity and hedge fund investing in the UK, Europe, the USA and Asia. Sandy will be retiring from the Board at the Annual General Meeting.

The Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 30th June 2011.

The Business Review which follows is designed to provide shareholders with information about the Company's business and results in the year to 30th June 2011. It should be read in conjunction with the Chairman's Statement and Manager's Review.

Business Review

Business and Strategy

Pantheon International Participations PLC (the "Company" or "PIP"), a closed-ended investment trust, is the longest established private equity fund-of-funds quoted on the London Stock Exchange. It enables investors to gain access to a substantial portfolio of unquoted companies in the USA, Europe and Asia, within funds managed by experienced private equity managers selected for their ability to outperform.

PIP's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies. The Company's full Objective and Investment Policy are set out on page 36.

The Company was incorporated and registered in England and Wales on 16 July 1987. It is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. It is a member of The Association of Investment Companies ("AIC").

The Company has received written approval from HM Revenue & Customs ("HMRC") as an authorised investment trust under Section 1158/59 of the Corporation Tax Act 2010 for the year ended 30th June 2010. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. The Company has been approved as an investment trust for all previous years. It is the opinion of the Directors that the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval.

New regulations for obtaining and retaining investment trust status have been published by HMRC and, subject to finalisation, these are expected to come into force in 2012. Overall these changes should be beneficial for the investment trust industry and no negative impact on the Company is anticipated. An application for approval as an investment trust must be made within 90 days after the end of the first accounting period of the Company following implementation of the new regime. If the application is accepted, the Company will be treated as an investment trust company for that period and for each subsequent accounting period (subject to any subsequent serious breaches of the regulations).

The Company's status as an investment trust allows it to obtain an exemption from paying capital gains tax on the profits made from the sale of its investments. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost.

Principal Risks and Uncertainties Facing the Company

The Company invests principally in private equity funds. However, the Company's strategy is to adopt a global fund-of-funds investment programme, maximising returns through selection of the best available funds, and to mitigate investment risk through diversification of the underlying portfolio by geography, investment stage and sector. The principal risks facing the Company include the following:

Funding of investment commitments

In the normal course of its business, the Company typically has outstanding commitments to private equity funds which are substantial relative to the Company's assets. The Company's ability to meet these commitments is dependent upon it receiving cash distributions (the timing and amount of which can be unpredictable) from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities.

Risks relating to investment opportunities

There is no guarantee that the Company will find sufficient suitable investment opportunities, or that the private equity funds in which it invests will find suitable investment opportunities, to achieve the level of diversification which the Company seeks to achieve in relation to its investment portfolio.

Financial risk of private equity

The Company invests in private equity funds and unquoted companies which are less readily marketable than quoted securities and may take a long time to realise. In addition, such investments may carry a higher degree of risk than investments in quoted securities. The Company may be adversely affected by these risks notwithstanding the level of diversification which it seeks to achieve in relation to its investment portfolio.

Long-term nature of private equity investments
Private equity investments are long-term in nature and may take some years before reaching a level of maturity at which they can be realised. Accordingly, it is possible that the Company may not receive a return on investments made by it for a number of years.

Liquidity risk
Due to the Company's investment policy, a large proportion of the Company's portfolio comprises indirect participations in unquoted investments and direct holdings in unquoted investments. Such investments are less readily marketable than quoted securities and realisation of these investments may require a lengthy time period or may result in distributions in kind to the Company.

Valuation uncertainty
In valuing its investments in private equity funds and unquoted companies and in publishing its net asset value, the Company relies to a significant extent on the accuracy of financial and other information provided by these funds and companies to the Manager. There is potential for inconsistency in the valuation methods adopted by these funds and companies. In addition, the information provided is typically more than 90 days old at the time the net asset value of the Company's shares is reported.

Gearing
The Company has four-year committed revolving dollar and euro credit facilities with The Royal Bank of Scotland plc and Lloyds TSB Bank plc. As at 30th June 2011 these facilities were undrawn. At 30th June 2011 the Company had borrowings of £100.5m in the form of unsecured subordinated loan notes (2010: total borrowings of £127m).

The use of gearing can cause both gains and losses in the asset value of the Company to be magnified. The Company may also invest in private equity funds or unquoted companies which are geared by loan facilities that rank ahead of the Company's investment both for payment of interest and capital. As a consequence, the Company may be exposed to gearing through the borrowings from time to time of such private equity funds and companies, therefore investment in such assets presents a higher risk as to their capital return.

Foreign currency risk
The Company makes investments in US dollars, euros and other currencies as well as sterling. Accordingly, the Company is exposed to currency exchange rate fluctuations.

Competition
The Company competes for investments with other investors. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which such investments can be made.

Unregulated nature of underlying investments
The private equity funds and underlying unquoted investments that form the basis of the majority of the Company's portfolio are not subject to regulation by the Financial Services Authority or an equivalent regulatory body. Funds and unquoted companies in which the Company invests (directly or indirectly) may be domiciled in jurisdictions which do not have a regulatory regime which provides an equivalent level of investor protection to that provided under the laws of the United Kingdom.

Defaults on commitments
If, in consequence of any failure to meet a demand for payment of any outstanding unpaid capital commitment of the Company to any private equity fund in which the Company has invested, the Company is treated as a defaulting investor by that fund, the Company may suffer a resultant dilution in its interest in that fund and, possibly, the compulsory sale of that interest.

Taxation
Any change in the Company's tax status or in taxation legislation or practice could affect the value of the investments held by and the performance of the Company. In addition, the income and gains of the Company from its investments may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise.

The Manager and other third party advisers
Like most investment trust companies, the Company has no employees and the Directors are all non-executive. The Company is dependent upon the services of Pantheon Ventures (UK) LLP ("Pantheon") as Manager and may be adversely affected if the services of Pantheon cease to be available to the Company. Details of the terms of the Management Agreement are set out on pages 43 and 44.

Other third party service providers on whom the Company relies include Capita Sinclair Henderson Limited, which provides administrative, accounting and company secretarial services, and HSBC Bank plc, which acts as Custodian in respect of the Company's quoted equities and bonds.

Further information on risks
Further information on the principal risks the Company faces in its portfolio management activities and the policies for managing these risks and the policy and practice with regard to financial instruments are summarised in Note 22 to the financial statements.

Review of 2010/2011

Net asset value
The Company's adjusted total net assets attributable to shareholders increased during the year to £733.1m (2010: £636.5m). The adjusted net asset value per ordinary share and redemption value per redeemable share was 1,104.12p at 30th June 2011 (2010: 958.71p).

The Directors' Report

(CONTINUED)

The adjusted net asset value per share excludes the derivative asset relating to the Company's standby subscription agreements with certain institutions under which those institutions can be called upon by the Company to subscribe for new redeemable shares in the Company ("Standby Commitments"). Under FRS 26, these agreements need to be included as an asset in the Company's financial statements. The utilisation (such as that which took place on 24th August 2011 in respect of £100.5m of the £150m standby facility) or expiry of the Standby Commitments (which occurred with the cancellation of the remaining Standby Commitments on 30th September 2011) will lead to a reversal of the asset in the financial statements at such times. The Board considers that the best measure of the Company's economic value to shareholders is the adjusted net asset value per share (see Notes 13 and 16 to the financial statements for details of the adjustment).

Results and dividends

The results for the year are as set out in the Income Statement on page 60. This shows that the Company's net revenue deficit on ordinary activities before taxation for the year was £3.4m (2010: deficit of £9.1m) and adjusted capital returns were £101.9m (2010: return of £133.1m) (excluding the loss on the derivative at fair value through profit or loss).

The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2011 (2010: nil).

Key performance indicators

The Board and the Manager monitor the following Key Performance Indicators:

1. The net asset value performance
   PIP's adjusted net asset value per share increased by 15.2% to 1,104.12p in the year to 30th June 2011. The net asset value returns over 1 year, 3 years, 5 years and 10 years and since inception are set out on page 2. The 15.2% increase in PIP's adjusted net asset value per share compares with increases in the MSCI World Total Return (sterling) Index of 22.2% and the FTSE All-Share Total Return Index of 25.6% respectively.

2. The level of discount
   PIP's ordinary share price during the year increased by 46.9% to 714p (2010: 486p) and the discount narrowed to 35.3% at the year end (2010: discount of 49.3%) based on the adjusted net asset value.

3. The total expense ratio
   The total expense ratio (calculated using average monthly net assets) of the Company for the year ended 30th June 2011 was 1.45% (2010: 1.63%).

Future Developments

A review of the year to 30th June 2011 and the outlook for the coming year can be found in the Chairman's Statement and the Manager's Review.

Share Capital

As at 30th June 2011, the Company had 37,521,013 ordinary shares of £0.67 each and 28,871,255 redeemable shares of £0.01 each in issue.

Subsequent to the year end, on 24th August 2011 the Company drew down £100,500,082.88 under commitments to subscribe for new redeemable shares of £0.01 each in the capital of the Company from the institutions with whom the Company had entered into Standby Commitments. Simultaneously the Company repaid £100.5m of outstanding unsecured subordinated loan notes ("Loan Notes") held by the same institutions. These actions effectively exchanged the full balance of the Loan Notes for new redeemable shares, and 9,102,279 new redeemable shares (with an aggregate nominal value of £91,022.79) were issued at a price of 1,104.12p per share, being the adjusted net asset value per share as at 30th June 2011.

No shares were purchased by the Company and no shares were held in treasury during the year. Since the year end, 940,000 redeemable shares (with an aggregate nominal value of £9,400 and representing 3.3% of the redeemable share capital in issue on 30th June 2011) have been purchased in the market for a total consideration of £6.5m. These shares have been placed into treasury.

As at the date of this report, the Company had shares in issue as shown in the table below, all of which are admitted to trading on the London Stock Exchange:

Share Capital and Voting Rights At 4th October 2011	NUMBER OF SHARES IN ISSUE	VOTING RIGHTS ATTACHED TO EACH SHARE	NUMBER OF SHARES HELD IN TREASURY	% OF TOTAL VOTING RIGHTS REPRESENTED BY EACH CLASS
ORDINARY SHARES OF £0.67 EACH	37,521,013	1	–	100
REDEEMABLE SHARES OF £0.01 EACH	37,973,534	–	940,000	–
TOTAL VOTING RIGHTS	37,521,013			

The redeemable shares do not carry any right to speak or vote at general meetings of the Company, including on resolutions authorising the issue or buyback of shares, although holders of redeemable shares are entitled to receive notice of general meetings of the Company and to attend such meetings. Redeemable shares do carry the right to vote at separate class meetings of the holders of redeemable shares. The sanction of holders of redeemable shares is required to various corporate actions as set out in the Articles of Association.

There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Further details of the rights attaching to each of the Company's classes of share are included in Note 14 to the financial statements.

Amendment of the Company's Articles of Association and the giving of authority to issue or buy back the Company's shares require an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's current authorities to issue and buy back shares are detailed on pages 46 and 47.

Social, Environmental, Community and Employee Issues

The Company has no employees and the Board consists entirely of non-executive Directors. As an investment trust, the Company has no direct impact on the community or the environment. The Manager is committed to the Principles for Responsible Investing and its policies are set out on pages 30 and 31. These Principles are integrated into Pantheon's investment analysis and decision-making process, as well as during post-investment monitoring.

Management

The Company's investment manager, Pantheon Ventures (UK) LLP, acts under a management agreement with the Company dated 25th February 2004 (as amended by supplemental agreements dated 9th August 2004, 30th January 2007, 1st December 2010 and 3rd May 2011) (the "Management Agreement").

Pantheon is one of the world's foremost private equity fund-of-funds managers and has acted as Manager to the Company since its inception in 1987. Affiliated Managers Group, Inc. ("AMG"), alongside senior members of the Pantheon team, acquired Pantheon in 2010. The new ownership structure, with Pantheon senior management owning a meaningful share of the equity in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Following the acquisition of the Pantheon group by AMG, the business of Pantheon Ventures Limited was transferred to a new limited liability partnership, Pantheon Ventures (UK) LLP, as part of a restructuring of the Pantheon group. As part of this process, the Management Agreement between the Company and Pantheon Ventures Limited dated 25th February 2004 was novated to Pantheon Ventures (UK) LLP on 1st December 2010. The management and staff of Pantheon Ventures became partners in or employees of Pantheon Ventures (UK) LLP and continue their previous roles in relation to the Company and other Pantheon-managed funds and accounts.

Under the terms of the Management Agreement Pantheon has been appointed as the sole and exclusive discretionary manager of all the assets of the Company from time to time and to provide certain additional services in connection with the management and administration of the Company's affairs, including monitoring the performance of, and giving instructions on behalf of the Company to, other service providers to the Company.

The Manager is entitled to a monthly management fee at an annual rate of (i) 1.5% on the value of the Company's investment assets up to £150 million and (ii) 1% on the value of such assets in excess of £150 million. In addition, the Manager is entitled to a monthly commitment fee of 0.5% per annum on the aggregate amount committed (but unpaid) in respect of investments, up to a maximum amount equal to the total value of the Company's investment assets.

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 30th June in each year. The performance fee payable in respect of each such calculation period is 5% of the amount by which the net asset value at the end of such period exceeds 110% of the applicable "high-water mark", i.e. the net asset value at the end of the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. The performance fee is calculated using the adjusted net asset value, which excludes the derivative asset.

The performance fee is calculated so as to ignore the effect on performance of any performance fee payable in respect of the period for which the fee is being calculated or of any increase or decrease in the net assets of the Company resulting from any issue, redemption or purchase of any shares or other securities, the sale of any treasury shares or the issue or cancellation of any subscription or conversion rights for any shares or other securities and any other reduction in the Company's share capital or any distribution to shareholders. No performance fee is payable in respect of the year ended 30th June 2011.

The Directors' Report

(CONTINUED)

The value of investments in, and outstanding commitments to, investment funds managed or advised by the Pantheon group ("Pantheon Funds") are excluded in calculating the monthly management fee and the commitment fee. In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

The Management Agreement is capable of being terminated (without penalty to the Company) by either party giving two years' notice in writing. It is capable of being terminated by the Company (without penalty to the Company) immediately if, among other things, the Manager materially breaches its obligations (and cannot or does not remedy the breach) or goes into liquidation and on six months' notice if there is a change of control of the Manager or if certain "key man" provisions are triggered. The Manager has the benefit of an indemnity from the Company in respect of liabilities arising out of the proper performance by the Manager of its duties and compliance with instructions given to it by the Board and an exclusion of liability save to the extent of any negligence, fraud, wilful default or breach of duty.

Under the terms of the Management Agreement, the Company is entitled to participate in allocations made by the Pantheon group, under its secondary investment programme, of opportunities to acquire secondary investments, other than certain co-investment opportunities in single companies or business entities. The Company is entitled to be allocated half of any such opportunity (other than a single fund secondary investment opportunity) up to an acquisition cost of $40m and 25% of any balance. The Company is also entitled to be allocated, on the same basis, a share of the excess participation in single fund secondary investment opportunities which cannot be allocated to the Pantheon group's regional fund-of-funds clients. This basis for allocation to PIP of secondary investments applies until replaced by alternative allocation arrangements.

An alternative basis for the allocation to the Company of secondary investment opportunities may be applied by Pantheon in the context of a successor fund to Pantheon Global Secondary Fund IV. In the event of Pantheon and the Company being unable to agree any such alternative allocation basis, Pantheon will cease to be entitled to any performance fee for calculation periods following that in which the alternative allocation basis takes effect and the Company will be entitled to terminate the Management Agreement (without penalty to the Company) on six months' notice.

Pantheon evaluates and manages investments on the Company's behalf in line with the strategy agreed by the Board.

The Board keeps the performance of the Manager under continual review, and the Management Engagement Committee carries out an annual review of the Manager's performance and the terms of the Management Agreement. The ongoing review of the Manager includes activities and performance over the course of the year and review against the Company's peer group. The Board are of the opinion that it is in the interests of shareholders to continue the appointment. The reasons for this view are that the investment performance is satisfactory and the Manager is best placed to continue to manage the assets of the Company according to the Company's strategy.

Under an agreement dated 20th November 1997, administrative, accounting and company secretarial services are provided by Capita Sinclair Henderson Limited. The Administration Agreement may be terminated by twelve months' written notice.

Related party transactions and Directors' interests in contracts and agreements are disclosed in Note 23 to the financial statements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the Chairman's Statement and Manager's Review on pages 4 to 36.

At each Board meeting, the Directors review the Company's latest management accounts and other financial information. Its commitments to private equity investments are reviewed, together with its financial resources, including cash held and the Company's borrowing capability. One-year cash flow scenarios are also presented to each meeting and discussed.

After due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial resources, the Directors have concluded that the Company has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance

The Statement on Corporate Governance on pages 50 to 56 forms part of the Directors' Report.

Directors

The Directors in office during and at the end of the year are shown on pages 38 and 39.

Details of the Directors retiring and standing for re-election at the AGM are set out on pages 51 and 52.

Mr Thomson will be retiring at the AGM and will not be standing for re-election.

The interests of the Directors and their families in the ordinary shares and redeemable shares of the Company are as shown below. These interests are beneficial. There were no changes to these interests between 30th June 2011 and the date of this Report.

Mr Swire is a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP, the Company's Manager, and is therefore deemed to have an interest in the Management Agreement.

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on pages 51 and 52.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Payment of Suppliers

It is the Company's policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. As at 30th June 2011, suppliers' invoices totalling £136,000 were due (2010: suppliers' invoices totalling £849,000 were due).

Directors' Interests

		2011	2010
T.H. BARTLAM	Ordinary shares	**12,000**	12,000
	Redeemable shares	**–**	–
I.C.S. BARBY	Ordinary shares	**24,000**	24,000
	Redeemable shares	**–**	–
R.J. CROWDER	Ordinary shares	**75,000**	75,000
	Redeemable shares	**–**	–
J.P.A. READMAN	Ordinary shares	**13,320**	13,320
	Redeemable shares	**4,587**	4,587
R.M. SWIRE	Ordinary shares	**77,430**	77,430
	Redeemable shares	**5,798**	5,798
A. THOMSON	Ordinary shares	**–**	–
	Redeemable shares	**–**	–

Substantial Shareholders

As at 30th June 2011 the Company had received notification of the following disclosable interests in the voting rights of the Company:

	VOTING RIGHTS	%
CO-OPERATIVE INSURANCE SOCIETY LIMITED	**3,611,557**	**9.63**
JOHN LEWIS PARTNERSHIP PENSIONS TRUST LIMITED	**2,175,000**	**5.80**
ASSET VALUE INVESTORS	**1,880,326**	**5.01**
Includes the holding of British Empire Securities and General Trust plc	1,189,287	3.17
LEGAL & GENERAL GROUP PLC	**1,479,551**	**3.94**
BAE SYSTEMS PENSION FUND TRUSTEES LIMITED	**1,315,809**	**3.51**
WEST MIDLANDS PENSION FUND	**1,148,375**	**3.06**

No changes to these interests were notified between 30th June 2011 and the date of this Report.

The Directors' Report

(CONTINUED)

Annual General Meeting

The Company's next Annual General Meeting ("AGM") will be held at 12 noon on 22nd November 2011. The notice convening the meeting (the "Notice of AGM") accompanies this Report and is set out on pages 81 to 85.

At the AGM, holders of ordinary shares are being asked to vote on various items of business that are routinely considered at the Company's annual general meetings. These are the receipt and adoption of the reports of the Directors and Auditors and the financial statements for the year ended 30th June 2011, the receipt and approval of the Directors' Remuneration Report, the re-appointment of Directors, the re-appointment of the Auditors, Grant Thornton UK LLP, the authorisation of the Directors to determine the remuneration of the Auditors, the granting of authorities in relation to the allotment of shares, the disapplication of pre-emption rights, the purchase by the Company of its own shares and the approval of the holding of general meetings (other than annual general meetings) on not less than 14 clear days' notice. In addition, holders of ordinary shares are being asked to vote on a proposed amendment to the Company's articles of association in order to effect a variation of the rights attaching to the redeemable shares. This variation will require, and will be subject to, the sanction of the holders of the redeemable shares by way of an extraordinary resolution passed at a separate meeting of the holders of redeemable shares. A separate meeting of redeemable shareholders for this purpose has been convened to be held at 12.30 pm on 22nd November 2011 or as soon thereafter as the AGM has been concluded or adjourned and Pantheon's presentation to shareholders, scheduled to immediately follow the AGM, has been concluded.

Resolutions 1 to 8 to be proposed at the AGM will be proposed as ordinary resolutions and resolutions 9 to 12 as special resolutions.

The Directors' Remuneration Report is set out on page 57. An explanation of the resolutions relating to the re-appointment of Directors and the recommendation of the Nomination Committee as to voting in this regard are set out in the Statement on Corporate Governance on pages 51 and 52.

Authority to Allot Shares and Disapplication of Statutory Pre-Emption Rights

The authorities given to the Directors at the AGM held on 24th November 2010 to allot shares and to allot equity securities (and sell shares held as treasury shares) for cash otherwise than in accordance with statutory pre-emption rights (which require that, when new shares are issued, or treasury shares are sold, for cash, the shares are first offered to existing shareholders in proportion to their existing holdings of shares) will expire at the forthcoming AGM.

Resolution 8 set out in the Notice of AGM, an ordinary resolution, will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot ordinary shares and redeemable shares in the Company and to grant rights to subscribe for or convert a security into such shares and will replace the current authority granted to Directors at last year's AGM.

The authority conferred by Resolution 8, if passed, will permit the Company to allot up to £126,578.44 in redeemable share capital, being one-third of the issued redeemable share capital of the Company at the date of this Report, and to allot up to £8,379,692.90 in ordinary share capital, being one-third of the issued ordinary share capital of the Company as at the date of this Report.

The maximum nominal amount of £8,506,271.34 which the Directors will be authorised to allot by the passing of Resolution 8 represents 33.8% of the issued ordinary share capital of the Company and includes redeemable share capital representing 34.2% of the issued redeemable share capital of the Company (excluding treasury shares), both as at the date of this Report. As at such date, the Company is not holding any ordinary shares as treasury shares and is holding 940,000 redeemable shares as treasury shares, representing 2.5% of the issued redeemable share capital of the Company (excluding treasury shares), and 1.3% of the aggregate ordinary share capital and redeemable share capital (excluding treasury shares), as at such date.

Resolution 9 set out in the Notice of AGM, a special resolution, will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot equity securities for cash pursuant to the authority conferred by Resolution 8 as described above and to sell for cash ordinary shares and redeemable shares held by the Company as treasury shares, in each case otherwise than by way of a pre-emptive offer to existing shareholders. Equity securities for this purpose means ordinary shares and redeemable shares in the Company and rights to subscribe for or convert a security into such shares. This authority will replace the current authority granted to Directors at last year's AGM.

No ordinary shares have been issued under the existing authority. As set out on page 42, 9,102,279 redeemable shares were issued on 24th August 2011.

Resolution 9, if passed, will have the effect of disapplying the statutory pre-emption rights referred to above in relation to (i) the allotment of new equity securities up to the maximum amount of share capital permitted by Resolution 8 and the sale from treasury of ordinary shares and redeemable shares where such securities or shares are offered to ordinary and redeemable shareholders in proportion to their existing holdings of ordinary and redeemable shares, except where exclusions are necessary or desirable to deal with fractional entitlements, regulatory requirements and/or legal or practical issues; (ii) the grant of subscription and conversion rights in relation to, and the allotment (including the sale from treasury) of, up to £37,973.53 in aggregate nominal amount of redeemable share capital (being 10% of the issued redeemable share capital of the Company as at the date of this Report), at a price per share not less than the most recently calculated net asset value per share at the time of issue (or sale); and (iii) the grant of subscription and conversion rights in relation to, and the allotment (including the sale from treasury) of, up to £2,513,907.87 in aggregate nominal amount of ordinary share capital (being 10% of the issued ordinary share capital of the Company as at the date of this Report), at a price per share not less than the most recently calculated net asset value per share at the time of issue (or sale).

The maximum amount in respect of which the statutory pre-emption rights are disapplied under Resolution 9 (other than in relation to sub-paragraph (i) above) represents 10% of the issued equity share capital of the Company as at the date of this Report, and includes ordinary share capital representing 10% of the issued ordinary share capital of the Company and redeemable share capital representing 10% of the issued redeemable share capital of the Company, in each case as at the date of this Report.

The Directors intend to use the authorities to be conferred by Resolutions 8 and 9 to facilitate future issues (and sales from treasury) of redeemable shares and ordinary shares (at or above the prevailing net asset value per share at the time of issue (or sale), where the shares to be issued or sold are not offered to ordinary and redeemable shareholders in proportion to their existing holdings), to raise funds for investment by the Company in accordance with its investment policy, as and when required from time to time.

Purchase of Own Shares

At last year's AGM the Directors were authorised to make market purchases of up to 14.99% of each of the Company's redeemable shares and ordinary shares. No ordinary shares have been bought back under this authority. As set out on page 42, following the year end 940,000 redeemable shares have been bought back and placed into treasury under this authority.

Resolution 10 set out in the Notice of AGM, a special resolution, will, if passed, renew this authority by authorising the Company for a period of 18 months (or until the following AGM, if earlier) to make market purchases of up to 14.99% of the redeemable shares in circulation, representing 5,551,326 redeemable shares at the date of this report, and up to 14.99% of the ordinary shares in circulation, representing 5,624,399 ordinary shares as at the date of this Report. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of (i) 5% above the average of the market values of shares of the relevant class for the five business days before the purchase and (ii) the higher of the price of the last independent trade and the highest current bid on the London Stock Exchange. The minimum price which may be paid is £0.01 per share in the case of a purchase of redeemable shares and £0.67 per share in the case of a purchase of ordinary shares.

As at the date of this Report, there are no outstanding warrants or options to subscribe for shares in the Company.

The Directors believe that the discount to net asset value at which redeemable shares and ordinary shares trade in the market from time to time may make it beneficial for the Company to use surplus cash (to the extent available) and/or short-term borrowings in order to repurchase shares. The Directors accordingly may cause the Company to undertake share buybacks from time to time although the Company would generally seek, if market conditions are appropriate, to return excess cash through the redemption of redeemable shares at NAV. Any such buyback would only be undertaken in circumstances where the Directors believe that it would increase the net asset value per share. In repurchasing shares, the Company may repurchase redeemable shares or ordinary shares or both in any combination or proportions as the Directors consider to be appropriate. The Company will consider holding any of its own shares which it purchases pursuant to the authority to be conferred by Resolution 10, if passed, as treasury shares rather than cancelling them, if the Directors determine in connection with any such purchase that it would be advantageous for the Company to do so.

The Directors' Report

(CONTINUED)

Notice Period for General Meetings

Resolution 11 set out in the Notice of AGM, a special resolution, will, if passed, renew the approval of 14 clear days as the minimum period of notice for all general meetings of the Company (other than annual general meetings). The approval will be effective until the Company's next AGM, when it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days' notice where they consider it to be in the best interests of shareholders to do so, and should such a meeting be called, the Company will offer facilities for all shareholders to vote by electronic means.

Amendment of Articles of Association

Resolution 12 set out in the Notice of AGM, a special resolution, will, if passed and subject to the sanction of the holders of the redeemable shares ("redeemable shareholders") noted below being given, amend the articles of association of the Company to vary the period following any day upon which the net asset value per share of the Company's shares is calculated (a "Calculation Date") during which the Company is permitted to repurchase ordinary shares or redeemable shares without the previous sanction of an extraordinary resolution of redeemable shareholders passed at a separate class meeting.

The rights attaching to the redeemable shares have the effect that, if the Company purchases ordinary shares or redeemable shares, it must purchase the shares during the period of 60 days following a Calculation Date and at a price per share not exceeding the net asset value per share as at that Calculation Date (the "Reference NAV per Share"), unless it obtains the prior sanction of the holders of the redeemable shares. This requirement is contained in article 4(2)(b)(iii) of the Company's articles of association.

Given the nature of the Company's investments, the determination of the net asset value per share as at a Calculation Date involves a process which can take several weeks. Typically, the Company is only able to announce the net asset value per share as at a given Calculation Date around a month following that date. This means that, in practice, the period during which ordinary shares and/or redeemable shares can be purchased by the Company is substantially reduced to 30 days or less each quarter. This limits the Company's scope for identifying suitable buyback opportunities in the market when it considers it desirable to use any authority it may have from time to time to purchase shares.

Resolution 12, if passed at the AGM and sanctioned by redeemable shareholders, would amend article 4(2)(b)(iii) of the Company's articles of association to permit the Company to make a purchase of ordinary shares or redeemable shares at any time during the period commencing on the Calculation Date as at which the Reference NAV per Share is calculated and ending on the day immediately preceding the following Calculation Date. Since Calculation Dates occur quarterly, this would mean that the period following each Calculation Date during which the Company could purchase ordinary shares or redeemable shares without the prior sanction of redeemable shareholders would be approximately 90 days. In addition, article 4(2)(b)(iii) would be amended to make clear that it also applies to a purchase of shares which are to be held in treasury following the purchase, rather than being cancelled.

The Company is also required, unless it has the prior sanction of redeemable shareholders, to issue ordinary shares and redeemable shares (except, in the case of ordinary shares to satisfy a demand for the purchase of ordinary shares under the Company's savings scheme), sell ordinary shares and redeemable shares held as treasury shares and redeem redeemable shares during the period of 60 days following the Calculation Date as at which the net asset value per share by reference to which the issue, sale or redemption (as the case may be) is undertaken is calculated. It is not proposed to amend these timing requirements. This is because the practical issue arising in the context of a purchase of shares – i.e. that of identifying suitable buy-back opportunities in the market – does not arise in the case of an issue, sale from treasury or a redemption of shares.

The Directors consider that the proposed amendment described above would benefit the Company and the shareholders as a whole, as it would provide the Company with greater flexibility to take advantage of buyback opportunities when the Company's ordinary shares or redeemable shares are trading in the market at a discount to the net asset value per share, when the Company has authority to do so. Since the Company would seek to purchase ordinary shares or redeemable shares only when they are trading in the market at a discount to the published net asset value per share, the Directors consider that an extended period during which shares could be purchased without the sanction of the holders of redeemable shares would not materially increase the risk of purchases being effected at a price which is greater than the Reference NAV per Share adjusted for any movements in value of the Company's assets between the Calculation Date as at which the Reference NAV per Share was determined and the date of the purchase.

The amendment to the articles of association proposed in Resolution 12 would vary the rights attaching to the redeemable shares. Accordingly, Resolution 12 is subject to the sanction of the holders of the redeemable shares by way of an extraordinary resolution passed at the separate meeting of the holders of redeemable shares which has been convened to be held at 12.30 pm on 22nd November 2011 or as soon thereafter as the AGM has been concluded or adjourned and Pantheon's presentation to shareholders, scheduled to immediately follow the AGM, has been concluded.

Recommendation

Full details of all the above resolutions are provided in the Notice of Meeting on pages 81 to 85.

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that ordinary shareholders vote in favour of all the resolutions to be proposed as they intend to do in respect of their own beneficial holdings.

Auditors

Resolutions to re-appoint Grant Thornton UK LLP and to authorise the Directors to determine their remuneration will be put to shareholders at the forthcoming AGM.

Information to Auditors

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

On behalf of the Board
TOM BARTLAM
Chairman
4th October 2011

Statement on Corporate Governance

The Company is committed to maintaining high standards of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

This Statement forms part of the Directors' Report set out on pages 40 to 49.

Compliance Statement

The Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance (the "AIC Code") issued in October 2010, by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

In September 2010, the Financial Reporting Council (the "FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, reconfirmed its endorsement of the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC Members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Code, to the extent that they are relevant to the Company's business, throughout the year ended 30th June 2011.

The UK Code includes provisions relating to:

> the role of a chief executive; and
> executive directors' remuneration.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Due to the illiquid nature of the portfolio, a full portfolio listing is not available.

Board Members

The Board consists of six Directors, all of whom are non-executive and resident in the UK, except Mr Crowder who resides in Guernsey. The Company has no employees. The Board seeks to ensure that it has the appropriate balance of skills, experience, ages and length of service amongst its members. The Directors possess a wide range of business and financial expertise relevant to the direction of the Company, and consider themselves as committing sufficient time to the Company's affairs.

The terms and conditions of the appointment of the non-executive Directors are set out in letters of appointment, copies of which are available for inspection at the registered office of the Company and will be available at the AGM. None of the Directors had a contract of service with the Company as at 30th June 2011. Brief biographical details of the Directors, including details of their other directorships and significant commitments, can be found on pages 38 and 39.

On appointment to the Board, Directors are fully briefed as to their responsibilities and are given the opportunity to talk to the relevant executive members of the management company throughout their terms in office.

Board Operation

The Directors of the Company meet at regular Board meetings, normally eight times throughout the year, and additional meetings and telephone meetings are arranged as necessary. Eight scheduled meetings were held during the year to 30th June 2011. Messrs Bartlam, Barby, Crowder and Thomson attended all of the eight Board meetings, and Messrs Readman and Swire attended seven Board meetings.

In order to review the effectiveness of the Board as a whole, its Committees and individual Directors, the Company has implemented a thorough appraisal process, encompassing both quantitative and qualitative measures of performance in respect of the Board and its Committees. The appraisal process was conducted by the Chairman by way of an evaluation questionnaire and interviews and took place in July 2011; it will be repeated annually. The appraisal of the Chairman followed the same process and was carried out by the Board as a whole under the leadership of Mr Readman (the Senior Independent Director).

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The Company has arranged a Directors' and Officers' Liability insurance policy which includes cover for legal expenses.

The Company's Articles of Association take advantage of statutory provisions to indemnify the Directors against certain liabilities owed to third parties even where such liability arises from conduct amounting to negligence or breach of duty or of trust. In addition, under the terms of appointment of each Director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each Director against all costs, expenses, losses and liabilities incurred in execution of his office as Director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Chairman and Senior Independent Director

The Chairman, Mr Bartlam, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. Mr Bartlam is also a non-executive director of Numis Corporation PLC and Henderson Fledgling Trust PLC and non-executive Chairman of Polar Capital Holdings PLC. He considers himself to have sufficient time to commit to the Company's affairs.

Mr Readman has been appointed by the Board as the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

Directors' Independence

In accordance with the Listing Rules that apply to closed-ended investment entities and taking into consideration the AIC Code, the Board has reviewed the status of its individual Directors and the Board as a whole.

Mr Swire is a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP, the Company's Manager, and was formerly a director and Senior Partner of Pantheon Holdings Limited, and is therefore not considered to be independent under the terms of the AIC Code.

Mr Crowder is currently a director of a number of private equity fund-of funds managed by the Pantheon group, the majority of which PIP is invested in, and by virtue of that fact is not considered to be an independent Director of the Board under the terms of the AIC Code.

Mr Readman was first elected to the Board in 1994. The Board considers that the independence in character and judgement of Mr Readman is not compromised by his length of service but, on the contrary, is strengthened by continuity and experience and therefore Mr Readman is considered to be independent.

Messrs Barby, Bartlam and Thomson are each considered to be independent in both character and judgement. Accordingly, four of the six Board members are considered by the Board to be independent and thus the majority of the Board comprises independent non-executive Directors.

Re-appointment of Directors

The Board's policy with regard to tenure of office is that any Director having served for nine years since his first election will be required to seek annual re-appointment thereafter. Accordingly, Mr Readman is required to seek re-appointment at the forthcoming AGM and at each AGM thereafter.

For the purpose of compliance with the FSA Listing Rules in relation to board independence, for so long as any Director of the Company is also a director or employee of or a professional adviser to the Company's Manager (or any other company in the same group) or is a director of another investment company or fund managed by the Company's Manager (or any other company in the same group), that Director will seek re-appointment at each AGM. Accordingly, Messrs Crowder and Swire are due to seek re-appointment at the forthcoming AGM.

In accordance with the terms of the Articles of Association, one-third of Directors will retire by rotation at each AGM and no Director shall serve a term of more than three years before re-appointment.

Statement on Corporate Governance

(CONTINUED)

Resolutions to re-appoint Messrs Crowder, Readman and Swire are contained within the Notice of AGM on page 81. The Nomination Committee has reviewed the appointment of each Director retiring at the forthcoming AGM. Following a formal performance evaluation, the Nomination Committee members recommend that shareholders vote for the re-appointments of Messrs Crowder, Readman and Swire as they believe that their performance continues to be effective, that they demonstrate commitment to their roles as non-executive Directors of the Company and that they have actively contributed during meetings throughout the year.

Before voting, shareholders are requested to note that in the opinion of the other members of the Nomination Committee, each of the retiring Directors has many years' relevant experience of UK private equity and the investment trust industry which is of great value to the Company and its Board.

Board Responsibilities and Relationship with the Manager

The Board is responsible for the determination and implementation of the Company's investment policy and for monitoring compliance with the Company's objectives. At each Board meeting the Directors follow a formal agenda to review the Company's investments and all other important issues, such as asset allocation, gearing policy, corporate strategic issues, cash management, peer group performance, marketing and shareholder relations, investment outlook, revenue forecasts and outlook, to ensure that control is maintained over the Company's affairs. The Board regularly considers its overall strategy and monitors the share price level of discount.

The Board is responsible for the investment policy and strategic and operational decisions of the Company and for ensuring that the Company is run in accordance with all regulatory and statutory requirements. These procedures have been formalised in a schedule of matters reserved for decision by the full Board, which has been adopted for all meetings. This schedule was reviewed and updated during the year. These matters include:

> the maintenance of clear investment objectives and risk management policies, changes to which require Board approval;

> the monitoring of the business activities of the Company, including investment performance and annual budgeting; and

> review of matters delegated to the Manager, Administrator or Company Secretary.

The management of the Company's assets is delegated to Pantheon. At each Board meeting, a representative of Pantheon is in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made and contacts the Board as required for specific guidance on particular issues. Pantheon has discretion to manage the assets of the Company in accordance with the Company's objectives and policies, subject to certain investment restrictions (which may be amended by the Company from time to time with the consent of the Manager). The investment restrictions currently imposed on the Manager are as follows:

> an investment which would result in the aggregate outstanding investment commitments of the Company exceeding 150% of the net asset value of the Company at the time the investment is made, or the aggregate cash, loan and redeemable share commitment resources then available to the Company being less than 30% of such aggregate outstanding commitments, requires the prior approval of the Board;

> no direct or indirect investment in a single company shall form more than 5% of the gross asset value of the Company at the time the investment is made;

> the amount invested (including amounts committed for investment) in respect of a single fund shall not exceed 10% of the aggregate of the gross asset value of the Company and the aggregate outstanding investment commitments of the Company at the time the investment is made;

> an investment must not result in the aggregate amount invested or committed for investment by the Company in respect of funds managed by a single fund management group being more than 20% of the aggregate of the gross asset value of the Company and the aggregate outstanding investment commitments of the Company at the time such investment is made;

- the prior approval of the Board is required for an investment (including investment commitments) in respect of a single secondary interest in an existing fund or a portfolio of secondary interests in existing funds and/or direct investments in one or more companies exceeding 3% of the net asset value of the Company at the time the investment is made; and
- direct investment of £5m or more in respect of a single company requires the prior approval of the Board.

In applying the above restrictions, the Company looks through holding and special purpose vehicles and investment vehicles established and managed or advised by the Manager or any other company in the Pantheon group. The Manager has also agreed that it will obtain the prior approval of the Board in relation to any primary investment in a new fund which is made otherwise than on a pro-rata basis with other Pantheon clients investing in the same fund and in relation to any investment in a vehicle managed by a member of the Pantheon group, other than holding, special purpose and feeder vehicles where no fee is charged by the Pantheon group.

The Board determines the parameters of investment strategy and risk management policies within which the Manager can exercise judgement, and sets the investment and risk management strategies in relation to currency exposure. The Company Secretary and Manager prepare briefing notes for Board consideration on matters of relevance, for example changes to the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

Institutional Investors – Use Of Voting Rights

The Company has delegated the exercise of its voting rights to the Manager. Pantheon has a policy of advising its clients to vote on all corporate actions in relation to investments, and does this on behalf of the Company. Pantheon consults with the Directors of the Company in the case of any corporate action where either there is a conflict of interest between PIP and other Pantheon clients, or where for any reason the proposed voting is inconsistent with the advice given to Pantheon's other clients.

Conflicts of Interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a conflict arising.

A register of conflicts is maintained by the Company Secretary and is regularly reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Committees of the Board

The Board has appointed a number of Committees as set out below to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference which clearly define their responsibilities and these can be inspected at the registered office of the Company.

Audit Committee

During the year ended 30th June 2011 the Audit Committee comprised Messrs Barby, Bartlam and Thomson, all independent non-executive Directors of the Company.

Mr Barby, the Chairman of the Audit Committee, is a qualified Barrister with wide experience of the investment management industry and of the investment trust sector. It is felt by the Committee that he is sufficiently qualified for the position of Chairman of the Audit Committee. Mr Bartlam is a chartered accountant and it is felt appropriate for the Chairman of the Company to be a member of the Audit Committee as he provides a valuable contribution to the deliberations of the Committee.

The Audit Committee met on three occasions during the year ended 30th June 2011, which were attended by all Committee members. It is intended that the Committee will continue to meet at least three times a year, to review the Half Yearly Report, to review the year-end valuation of investments and to approve the Company's Annual Report and Accounts.

Statement on Corporate Governance

(CONTINUED)

The primary responsibilities of the Audit Committee are: to monitor the integrity of the financial statements, the financial reporting process and the accounting policies of the Company; to review the effectiveness of the internal control environment of the Company and monitor adherence to best practice in corporate governance; to make recommendations to the Board in relation to the re-appointment of the Auditors and to approve their remuneration and terms of engagement; to review and monitor the Auditors' independence and objectivity and the effectiveness of the audit process; and to provide a forum through which the Company's Auditors report to the Board. The Audit Committee also has responsibility for reviewing the whistle blowing procedures and for receiving reports from the compliance officer of the Manager. Committee members consider that, individually and collectively, they are appropriately experienced to fulfil the role required.

The Audit Committee has direct access to the Company's Auditors, Grant Thornton UK LLP, and representatives of Grant Thornton UK LLP attend each Committee meeting. On the basis of these meetings, the Audit Committee has been able to assess the effectiveness of the external audit. Should the Auditors provide non-audit services to the Company, the Committee ensures that auditor objectivity and independence is safeguarded. The Board's policy is that non-audit work may be carried out by the Company's Auditors unless there is a conflict of interest or someone else is considered to have more relevant experience. Non-audit services amounting to £27,000 were provided during the year ended 30th June 2011 (2010: £17,000), relating to review of the quarterly and year end net asset value calculations and the review of the half-yearly report.

Following consideration of the performance of the Auditors, the service provided during the year and a review of their independence and objectivity, the Audit Committee recommended to the Board the re-appointment of Grant Thornton UK LLP as Auditors to the Company.

The Chairman of the Audit Committee will be present at the AGM to deal with any questions relating to the financial statements.

Management Engagement Committee

The Management Engagement Committee comprises all the independent non-executive Directors and is chaired by Mr Bartlam. The Management Engagement Committee met on one occasion during the year under review, at which all Committee Members were present.

The Board keeps the performance of the Manager under continual review. In addition, in accordance with the requirements of the AIC Code, the Management Engagement Committee reviews the performance of the Manager's obligations under the Management Agreement and considers the need for any variation to the terms of this Agreement on an annual basis. The Management Engagement Committee then makes a recommendation to the Board about the continuing appointment of the Manager under the terms of the Management Agreement.

The Management Engagement Committee also reviews annually the performance of the Company Secretary, the Custodian and the Registrar and any matters concerning their respective agreements with the Company.

Nomination Committee

The Nomination Committee comprises the entire Board and is chaired by Mr Bartlam. The Nomination Committee meets at least once a year.

The role of the Committee is to undertake the formal process of reviewing the balance and effectiveness of the Board and consider succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company and those individuals who might best provide them. The Committee makes recommendations to the Board with regard to the criteria for future Board appointments and the methods of selection as and when necessary, the appointment of a Senior Independent Director, membership of the Audit Committee, and the re-appointment of those Directors standing for re-election at AGMs.

The Committee met with all members present on one occasion during the year ended 30th June 2011, to consider and make recommendations to the Board concerning the re-appointment of those Directors seeking re-election at the 2010 AGM.

At this meeting, the Committee also discussed the structure and composition of the Board. It being over five years since the appointment of the last Director, the Committee recommended that the Board consider making a new appointment. Led by the Chairman and the independent Directors, the Board has considered the desired background and expertise of any new Director to complement the skills already on the Board. An independent recruitment agency has been appointed to assist in the identification of suitable candidates.

The Committee is responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to undertake them and for reviewing the Directors' performance appraisal process.

Remuneration Committee

As the Company has no employees and the Board is composed solely of non-executive Directors, it is not considered necessary to have a Remuneration Committee. It is the responsibility of the Board as a whole to determine and approve Directors' fees, following proper consideration, having regard to the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Company's affairs and remuneration levels generally within the investment trust sector. The Chairman's remuneration is decided and approved by the Board under the leadership of the Senior Independent Director.

Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on page 57.

Internal Control Review

The Directors acknowledge that they are responsible for the Company's risk management and systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the FRC's "Internal Control: Revised Guidance for Directors on the Combined Code", has been established for identifying, evaluating and managing risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place throughout the year and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Internal Control Assessment Process

Risk assessment and the review of internal controls is undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which third parties operate the relevant controls.

Against this background the Board has split the review into four sections reflecting the nature of the risks being addressed. The sections are as follows:

- corporate strategy;
- published information and compliance with laws and regulations;
- relationship with service providers; and
- investment and business activities.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the Directors have obtained information from key third party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- details of the control environment;
- identification and evaluation of risks and control objectives;
- assessment of the communication procedures; and
- assessment of the control procedures operated.

The key procedures which have been established to provide effective internal financial controls are as follows:

- Investment management is provided by Pantheon Ventures (UK) LLP. The Board is responsible for the implementation of the overall investment policy and monitors the action of the Manager at regular Board meetings.
- The Company receives advice in respect of fixed interest and foreign currency advice from Alliance Bernstein when required.
- The provision of administration, accounting and company secretarial duties is the responsibility of Capita Sinclair Henderson Limited.
- Custody of assets is undertaken by HSBC Bank plc as the Company's Custodian for quoted equities and bonds.

Statement on Corporate Governance

(CONTINUED)

> - The duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
> - The non-executive Directors of the Company clearly define the duties and responsibilities of their agents and advisors in the terms of their contracts. The appointment of agents and advisors is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
> - Mandates for authorisation of investment transactions and expense payments are set by the Board.
> - The Board reviews detailed financial information produced by the Manager and the Company Secretary on a regular basis.

The Company does not have an internal audit function. All of the Company's management functions are delegated to independent third parties whose controls are reviewed by the Board. It is therefore felt that there is no need for the Company to have an internal audit function. However, this need is reviewed periodically.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the various systems of internal controls as operated by the Company's main service providers during the year.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Capita Sinclair Henderson Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that statutory obligations of the Company are met.

Dialogue with Shareholders

Communication with shareholders is given a high priority by both the Board and the Manager, and all Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and, where eligible, vote at the AGM, during which the Board and the Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Manager, the Board and the Chairmen of the Board's standing committees. At each AGM a presentation is made by the Manager to all shareholders present.

There is regular dialogue with institutional shareholders and a structured programme of shareholder presentations by the Manager to institutional investors takes place following publication of the annual results. A detailed list of the Company's shareholders is reviewed at each Board meeting.

The Annual and Half Yearly Reports of the Company are prepared by the Board and its advisors to present a full and readily understandable review of the Company's performance. Copies are dispatched to shareholders by mail and are also available for downloading from Company's website: www.pipplc.com. The Company always responds to letters from individual shareholders. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office shown on page 86, who will arrange for the relevant Board member to contact them.

Directors' Remuneration Report

YEAR ENDED 30TH JUNE 2011

The Board has prepared this report in accordance with Schedule 8 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution will be put to the members to approve the Report at the forthcoming AGM.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 59.

Remuneration Committee

It is not considered appropriate for the Company to establish a separate Remuneration Committee. It is therefore the practice for the Board as a whole to consider and approve Directors' remuneration.

Policy on Directors' Fees

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. The level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors and the Directors do not receive pension benefits, share options or other benefits. It is intended that this policy will continue for the year ending 30th June 2012 and for subsequent financial years.

Directors' fees for the year ended 30th June 2011 were at a level of £40,000 per annum for the Chairman (unchanged since 2009), £25,000 per annum for the Chairman of the Audit Committee (unchanged since 2007) and £20,000 for the other Directors (unchanged since 2003). It is intended to review the level of Directors' fees during the course of the current financial year.

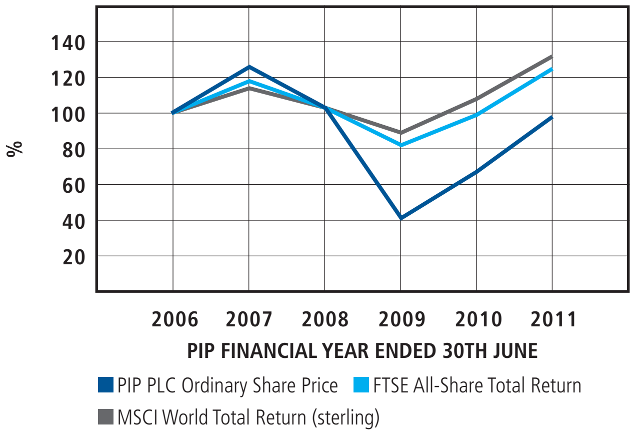
Directors' Service Contracts

None of the Directors has a contract of service with the Company. Each Director has entered into terms of appointment as a non-executive Director of the Company. There has been no other contract or arrangement between the Company and any Director at any time during the year. Under the Articles of Association each Director shall retire and be subject to election at the first Annual General Meeting following appointment, and at least every three years thereafter. After nine years' service, Directors are subject to annual re-election. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company's Performance

The graph below shows the total return to ordinary shareholders, compared to the total shareholder returns of the FTSE All-Share Total Return Index and MSCI World Total Return (sterling) Index. These indices have been selected as the most relevant, although there is no listed index that is directly comparable to the Company's portfolio.

Total Return vs FTSE All-Share Total Return and MSCI World Total Return (Sterling) – Rebased from June 2006



Directors' Emoluments for the Year (Audited)

The Directors who served in the year received the following emoluments in the form of fees:

	2011	2010
T.H. BARTLAM	£40,000	£40,000
I.C.S. BARBY	£25,000	£25,000
R.J. CROWDER	£20,000	£20,000
J.P.A. READMAN	£20,000	£20,000
R.M. SWIRE	£20,000	£20,000
A. THOMSON	£20,000	£20,000

Approval

The Directors' Remuneration Report was approved by the Board on 4th October 2011 and signed on its behalf by:

TOM BARTLAM
Chairman

Statement of Directors' Responsibilities

IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and estimates that are reasonable and prudent;

> state whether applicable UK accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors, to the best of their knowledge, state that:

> the financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and return of the Company; and

> this Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are responsible for ensuring that the Directors' Report and other information in the Annual Report is prepared in accordance with Company law in the United Kingdom, and that the Annual Report includes information required by the Listing Rules of the Financial Services Authority. They also have responsibility for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board
TOM BARTLAM
Chairman
4th October 2011

Independent Auditor's Report

TO THE MEMBERS OF PANTHEON INTERNATIONAL PARTICIPATIONS PLC

We have audited the financial statements of Pantheon International Participations PLC for the year ended 30th June 2011 which comprise the Income Statement, Reconciliation of Movements in Equity Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 58, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on Financial Statements

In our opinion the financial statements:

> give a true and fair view of the state of the Company's affairs as at 30th June 2011 and of its return for the year then ended;
> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
> have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
> the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
> the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
> certain disclosures of directors' remuneration specified by law are not made; or
> we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

> the Directors' statement, set out on pages 44 and 45 in relation to going concern;
> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
> certain elements of the report to the shareholders by the Board on Directors' Remuneration.

MARCUS SWALES
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
4th October 2011

Income Statement

YEAR ENDED 30TH JUNE 2011

	NOTE	**2011** REVENUE £'000	CAPITAL £'000	TOTAL* £'000	2010 AS RESTATED REVENUE £'000	CAPITAL £'000	TOTAL* £'000
Gains on investments at fair value through profit or loss**	9b	**–**	**100,976**	**100,976**	–	130,815	130,815
Loss on derivatives contained in standby agreements at fair value through profit or loss		**–**	**(10,404)**	**(10,404)**	–	(18,190)	(18,190)
Currency gains on cash and borrowings	19	**–**	**911**	**911**	–	2,758	2,758
Investment income	2	**9,986**	**–**	**9,986**	4,128	–	4,128
Investment management fees	3	**(8,836)**	**–**	**(8,836)**	(8,715)	–	(8,715)
Other expenses	4	**(1,115)**	**(37)**	**(1,152)**	(668)	(459)	(1,127)
RETURN ON ORDINARY ACTIVITIES BEFORE FINANCING COSTS AND TAX		**35**	**91,446**	**91,481**	(5,255)	114,924	109,669
Interest payable and similar charges/finance costs	6	**(3,427)**	**–**	**(3,427)**	(3,840)	–	(3,840)
RETURN ON ORDINARY ACTIVITIES BEFORE TAX		**(3,392)**	**91,446**	**88,054**	(9,095)	114,924	105,829
Tax on ordinary activities	7	**(1,920)**	**–**	**(1,920)**	(1,129)	–	(1,129)
RETURN ON ORDINARY ACTIVITIES AFTER TAX FOR THE FINANCIAL YEAR		**(5,312)**	**91,446**	**86,134**	(10,224)	114,924	104,700
RETURN PER ORDINARY AND REDEEMABLE SHARE	8	**(8.00)p**	**137.73p**	**129.73p**	(15.40)p	173.10p	157.70p
ADJUSTED RETURN PER ORDINARY AND REDEEMABLE SHARE	8	**(8.00)p**	**153.41p**	**145.41p**	(15.40)p	200.50p	185.10p
DILUTED RETURN PER ORDINARY AND REDEEMABLE SHARE	8	**(6.64)p**	**114.34p**	**107.70p**	(12.46)p	140.09p	127.63p

* The total column of this statement represents the Company's profit and loss account prepared in accordance with UK Accounting Standards. The supplementary revenue return and capital columns are prepared under guidance published by the Association of Investment Companies.

** Includes currency movements on investments.

The amounts for 2010 have been restated to reflect the inclusion of a derivative asset relating to the Company's standby commitments (see Notes 13 and 20).

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

There were no recognised gains or losses other than those passing through the Income Statement.

The Notes on pages 64 to 80 form part of these financial statements.

Reconciliation of Movements in Equity Shareholders' Funds

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	OTHER CAPITAL RESERVE £'000	CAPITAL RESERVE ON INVESTMENTS HELD £'000	SPECIAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
Movement for the year ended 30th June 2011								
OPENING EQUITY SHAREHOLDERS' FUNDS	**25,428**	**183,184**	**26**	**249,366**	**192,828**	**99,861**	**(50,234)**	**700,459**
Return for the year	**–**	**–**	**–**	**39,424**	**52,022**	**–**	**(5,312)**	**86,134**
CLOSING EQUITY SHAREHOLDERS' FUNDS	**25,428**	**183,184**	**26**	**288,790**	**244,850**	**99,861**	**(55,546)**	**786,593**
Movement for the year ended 30th June 2010 as restated								
OPENING EQUITY SHAREHOLDERS' FUNDS	25,428	183,184	26	257,729	69,541	99,861	(40,010)	595,759
Return for the year	–	–	–	(8,363)	123,287	–	(10,224)	104,700
CLOSING EQUITY SHAREHOLDERS' FUNDS	25,428	183,184	26	249,366	192,828	99,861	(50,234)	700,459

The Notes on pages 64 to 80 form part of these financial statements.

The amounts for 2010 have been restated to reflect the inclusion of a derivative asset relating to the Company's standby commitments (see Notes 13 and 20).

Balance Sheet

AS AT 30TH JUNE 2011

	NOTE	2011 £'000	2010 AS RESTATED £'000
Fixed assets			
Investments designated at fair value through profit or loss	9a/b	**815,868**	763,304
Current assets			
Debtors	11	**2,440**	917
Derivatives contained in standby agreements at fair value through profit and loss	13	**53,543**	63,947
Cash at bank	18	**27,645**	6,431
		83,628	71,295
Creditors: Amounts falling due within one year			
Other creditors	12	**12,403**	6,916
Bank loan	18	**–**	77,724
Loan notes	12	**100,500**	49,500
		112,903	134,140
NET CURRENT LIABILITIES		**(29,275)**	(62,845)
NET ASSETS		**786,593**	700,459
Capital and reserves			
Called-up share capital	14	**25,428**	25,428
Share premium	15	**183,184**	183,184
Capital redemption reserve	15	**26**	26
Other capital reserve	15	**288,790**	249,366
Capital reserve on investments held	15	**244,850**	192,828
Special reserve	15	**99,861**	99,861
Revenue reserve	15	**(55,546)**	(50,234)
TOTAL EQUITY SHAREHOLDERS' FUNDS		**786,593**	700,459
NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**1,184.77p**	1,055.03p
ADJUSTED NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**1,104.12p**	958.71p
DILUTED NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**1,104.12p**	958.71p

The Notes on pages 64 to 80 form part of these financial statements.

The amounts for 2010 have been restated to reflect the inclusion of a derivative asset relating to the Company's standby commitments (see Notes 13 and 20).

The financial statements were approved by the Board on 4th October 2011 and were signed on its behalf by

TOM BARTLAM
Chairman

Company No. 2147984

Cash Flow Statement

YEAR ENDED 30TH JUNE 2011

	NOTE	2011 £'000	2010 £'000
Cash flow from operating activities			
Investment income received		**9,848**	4,121
Deposit and other interest received		**2**	7
Investment management fees paid		**(8,873)**	(12,236)
Secretarial fees paid		**(186)**	(178)
Other cash payments		**(808)**	(3,382)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	**(17)**	(11,668)
Servicing of finance			
Revolving credit facility and overdraft interest paid		**(501)**	(1,804)
Loan commitment and arrangement fees paid		**(1,752)**	(341)
Redeemable share commitment fees paid		**(312)**	(640)
Interest on loan notes paid		**(1,831)**	(1,105)
NET CASH OUTFLOW FROM SERVICING OF FINANCE		**(4,396)**	(3,890)
Tax			
Net tax paid		**(1,920)**	(1,129)
NET CASH OUTFLOW FROM TAX		**(1,920)**	(1,129)
Capital expenditure and financial investment			
Purchases of investments		**(113,761)**	(75,857)
Purchases of government securities		**(10,874)**	–
Disposals of investments		**167,053**	118,188
Disposals of government securities		**10,874**	–
NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**53,292**	42,331
NET CASH INFLOW BEFORE FINANCING		**46,959**	25,644
Financing			
Drawdown of loan		**3,755**	–
Repayment of loan		**(80,839)**	(41,094)
Issue of loan notes		**51,000**	–
NET CASH OUTFLOW FROM FINANCING		**(26,084)**	(41,094)
INCREASE/(DECREASE) IN CASH	17	**20,875**	(15,450)

The Notes on pages 64 to 80 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(A) Basis of Preparation

The financial statements have been prepared on the historical cost basis of accounting, except for the measurement at fair value of investments and financial instruments, and in accordance with applicable UK accounting standards and on the basis that all activities are continuing. The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

Following the recognition of the Company's standby commitment agreements as a financial asset and treatment as derivatives in compliance with FRS 26 Financial Instruments – Recognition and Measurement, the figures for 2010 have been restated. Please refer to Note 20 for further disclosures.

(B) Statement of Recommended Practice

The financial statements have been prepared in accordance with the Statement of Recommended Practice (as amended in January 2009) for the financial statements of investment trust companies and venture capital trusts issued by the Association of Investment Companies.

(C) Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

(D) Valuation of Investments

All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, quoted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business at the balance sheet date. For investments that are not actively traded in organised financial markets, fair value is determined using reliable valuation techniques as described below:

(i) Unquoted fixed asset investments are stated at the estimated fair value.

In the case of investments in private equity funds, this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information the values are assumed to be reasonable. These valuations are reviewed periodically for reasonableness.

In the case of direct investments in unquoted companies, the initial valuation is based on the transaction price. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This information may include the valuations provided by private equity managers who are also invested in the company. Valuations are reduced where the company's performance is not considered satisfactory.

Private equity funds may contain a proportion of quoted shares from time to time, for example, where the underlying company investments have been taken public but the holdings have not yet been sold. The quoted market holdings at the date of the latest fund accounts are reviewed and compared with the value of those holdings at the year end. If there has been a material movement in the value of these holdings, the valuation is adjusted to reflect this.

(ii) Quoted investments are valued at the bid price on the relevant stock exchange.

(iii) The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. Within the Company's portfolio, those fund holdings purchased at a premium are normally immediately revalued to their stated net asset values irrespective of the purchase price. Those fund holdings purchased at a discount are normally held at cost until the receipt of a valuation from the fund manager in respect of a date after acquisition, when they are revalued to their stated net asset values, unless an adjustment against a specific investment is considered appropriate.

As at 30th June 2011 there was no aggregate difference to be recognised in profit or loss at the start or end of the period.

(E) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the security.

Other interest receivable is included on an accruals basis.

(F) Taxation

Corporation tax payable is based on the taxable profit for the year. The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19 Deferred Tax.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the marginal method.

(G) Expenses

All expenses are accounted for on an accruals basis. Expenses, including investment management fees, are charged through the revenue account except as follows:

> expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 9;
> expenses of a capital nature are accounted for through the capital account; and
> investment performance fees.

(H) Foreign Currency

The currency of the Primary Economic Environment in which the Company operates ("the functional currency") is pounds sterling ("sterling"), which is also the presentation currency. Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of transaction or, where applicable, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement. For non-monetary assets these are covered by fair value adjustments.

(I) Other Capital Reserve

The following are accounted for in this reserve:

> investment performance fees;
> gains and losses on the realisation of investments;
> realised exchange differences of a capital nature; and
> expenses of a capital nature.

Capital distributions from investments are accounted for on a reducing cost basis; cash received is first applied to reducing the historical cost of an investment; any gain will be recognised as realised only when the cost has been reduced to nil.

(J) Capital Reserve on Investments Held

The following are accounted for in this reserve:

> increases and decreases in the value of investments held at the year end.

(K) Investment Performance Fee

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 30th June in each year. The fee payable in respect of each such period is 5% of any increase in the adjusted net asset value of the Company at the end of such period over the applicable "high-water mark" plus the hurdle rate of 10%.

The applicable "high-water mark" in respect of any calculation period is the adjusted net asset value at the end of the previous calculation period in which a performance fee was payable, compounded annually at the hurdle rate for each subsequent completed calculation period up to the commencement of the calculation period for which the performance fee is being calculated.

(L) Derivatives

The derivative is comprised of standby commitments allowing the Company to call upon certain institutions to subscribe for new redeemable shares (see Note 13). It is accounted for as a financial asset at fair value through profit and loss and any gains or losses are analysed within the Income Statement as a capital return.

The derivative value represents the difference between the quoted price of the redeemable shares and the adjusted NAV per share multiplied by the number of redeemable shares that would be issued (at adjusted NAV per share) assuming a full drawdown of £150m under the standby commitments. The time value is not considered in valuing the asset as its effect is deemed immaterial.

Notes to the Financial Statements

(CONTINUED)

2. Income

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Income from investments		
Unfranked investment income	**9,984**	4,121
	9,984	4,121
Other income		
Exchange differences on income	**2**	7
	2	7
TOTAL INCOME	**9,986**	4,128
Total income comprises:		
Dividends	**9,982**	4,121
Interest	**2**	–
Exchange differences on income	**2**	7
	9,986	4,128
Analysis of income from investments		
Unlisted	**9,982**	4,121
Listed	**2**	–
	9,984	4,121

3. Investment Management Fees

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2011 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000
Investment management fees	**8,836**	**–**	**8,836**	8,715	–	8,715
	8,836	**–**	**8,836**	8,715	–	8,715

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report on pages 43 and 44. At 30th June 2011 £1,506,000 (2010: £1,543,000) was owed for investment management fees. A performance fee of £5,057,000 is payable to the Manager at the year end (see Note 12) in respect of the initial 18 month performance fee calculation period ended 30th June 2008. Of this amount £3,660,000 was charged in the year to 30th June 2008 with the remaining balance charged in the year to 30th June 2007. No performance fee is payable in respect of the 12 calendar month period to 30th June 2011. The basis upon which the performance fee is calculated is explained in Note 1(K) and in the Directors' Report on pages 43 and 44.

4. Other Expenses

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2011 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000
Secretarial and accountancy services	**185**	**–**	**185**	180	–	180
Fees payable to the Company's Auditors for the audit of the annual financial statements	**38**	**–**	**38**	40	–	40
Fees payable to the Company's Auditors for other services:						
– all other services	**27**	**–**	**27**	17	–	17
Directors' remuneration (see Note 5)	**145**	**–**	**145**	145	–	145
Irrecoverable VAT	**74**	**–**	**74**	(274)	–	(274)
Legal and professional fees	**328**	**37**	**365**	304	459	763
Printing	**65**	**–**	**65**	61	–	61
Other	**253**	**–**	**253**	195	–	195
	1,115	**37**	**1,152**	668	459	1,127

The Directors do not consider that the provision of non-audit work to the Company affects the independence of the Auditors.

5. Directors' Remuneration

Directors' emoluments comprise wholly Directors' fees. A breakdown is provided in the Directors' Remuneration Report on page 57.

6. Interest Payable and Similar Charges

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Bank loan and overdraft interest	**477**	1,828
Loan commitment and arrangement fees	**807**	366
Redeemable share commitment fee	**312**	541
Loan notes interest	**1,831**	1,105
	3,427	3,840

Notes to the Financial Statements

(CONTINUED)

7. Tax on Ordinary Activities

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2011 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 AS RESTATED TOTAL £'000
Withholding tax deducted from distributions	**1,920**	**–**	**1,920**	1,129	–	1,129

Current tax

The current tax for the year differs from the standard rate of corporation tax in the UK (26%). The differences are explained below:

	REVENUE £'000	CAPITAL £'000	2011 TOTAL £'000	REVENUE £'000	CAPITAL £'000	2010 TOTAL £'000
Net return on ordinary activities before tax	**(3,392)**	**91,446**	**88,054**	(9,095)	114,924	105,829
Theoretical tax at UK corporation tax rate of 27.5%* (2010: 28%)	**(933)**	**25,148**	**24,215**	(2,547)	32,179	29,632
Non-taxable investment, derivative and currency gains	**–**	**(25,159)**	**(25,159)**	–	(32,307)	(32,307)
Effect of expenses in excess of taxable income	**–**	**11**	**11**	–	128	128
Unused management expenses	**933**	**–**	**933**	2,547	–	2,547
Withholding tax deducted from distributions	**(1,920)**	**–**	**(1,920)**	(1,129)	–	(1,129)
TOTAL CURRENT TAX	**(1,920)**	**–**	**(1,920)**	(1,129)	–	(1,129)

* The corporation tax rate applied is based on the average tax rate for the financial year ended 30th June 2011.

Factors That May Affect Future Tax Charges

The Company is an investment trust and therefore is not subject to tax on capital gains. Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to meet for the foreseeable future) the conditions for approval as an investment trust company.

No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue. As at 30th June 2011 excess management expenses are estimated to be in excess of £95m (2010: £70m).

8. Return per Share

	REVENUE	CAPITAL	30TH JUNE 2011 TOTAL	REVENUE	CAPITAL	30TH JUNE 2010 AS RESTATED TOTAL
Return on ordinary activities after tax for the financial year in £'000	**(5,312)**	**91,446**	**86,134**	(10,224)	114,924	104,700
Loss on derivatives contained in standby agreements in £'000	**–**	**10,404**	**10,404**	–	18,190	18,190
Adjusted return on ordinary activities after tax for the financial year in £'000*	**(5,312)**	**101,850**	**96,538**	(10,224)	133,114	122,890
Ordinary and redeemable shares			**66,392,268**			66,392,268
Ordinary and redeemable shares following issue of new redeemable shares**			**79,977,748**			82,038,292
Return per ordinary and redeemable share	**(8.00)p**	**137.73p**	**129.73p**	(15.40)p	173.10p	157.70p
Adjusted return per ordinary and redeemable share*	**(8.00)p**	**153.41p**	**145.41p**	(15.40)p	200.50p	185.10p
Diluted return per ordinary and redeemable share**	**(6.64)p**	**127.35p**	**120.71p**	(12.46)p	162.26p	149.80 p

* The adjusted return excludes the unrealised loss on the derivative (see Note 13) and is directly comparable to previously published return per share figures.

** The diluted return has been calculated on the basis of the total drawdown of standby commitments of £150m. Using the 30th June 2011 adjusted net asset value per share, the Company would have issued 13,585,480 new redeemable shares and reversed the loss on the derivative asset included in the return on ordinary activities.

9a. Movements on Investments

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Book cost brought forward	**571,599**	579,787
Acquisitions at cost	**130,023**	75,857
Capital distributions – proceeds	**(178,435)**	(91,575)
Capital distributions – realised gains on sales	**48,925**	7,530
BOOK COST AT 30TH JUNE	**572,112**	571,599
Unrealised appreciation of investments		
Unlisted investments	**243,756**	191,705
VALUATION OF INVESTMENTS AT 30TH JUNE	**815,868**	763,304

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9b. Analysis of Investments

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Sterling		
Unlisted investments	**44,741**	37,497
Listed investments	**–**	–
	44,741	37,497
US dollar		
Unlisted investments	**553,359**	562,010
Listed investments	**544**	470
	553,903	562,480
Euro		
Unlisted investments	**200,979**	156,402
Listed investments*	**5,419**	–
	206,398	156,402
Other		
Unlisted investments	**10,826**	6,925
Listed investments	**–**	–
	10,826	6,925
	815,868	763,304
Realised profits on sales	**48,925**	7,530
Amounts previously recognised as unrealised appreciation on those sales	**(306)**	1,630
Increase in unrealised appreciation	**52,357**	121,655
GAINS ON INVESTMENTS	**100,976**	130,815

* The listed investments denominated in euros are wholly comprised of treasury bills.

Further analysis of the investment portfolio is provided in the Manager's Review on pages 8 to 36.

Transaction costs incidental to the acquisition of investments totalled £nil (2010: £nil) and to the disposals of investments totalled £23,000 (2010: £16,000) for the year.

9c. Acquisition of Investments

In June 2011 the Company announced that it had resumed its investment programme with the acquisition of a global secondary portfolio.

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 30th June 2011

	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
Unlisted holdings	809,905	–	–	809,905
Derivative asset	53,543	–	–	53,543
Listed holdings	5,963	5,963	–	–
	869,411	5,963	–	863,448

Level 3 Financial Assets at Fair Value Through Profit or Loss at 30th June 2011

	PRIVATE EQUITY INVESTMENTS AND DERIVATIVE ASSET £'000	TOTAL £'000
Opening balance	762,834	762,834
Derivative asset recognised	63,947	63,947
Opening balance as restated*	826,781	826,781
Purchases at cost	113,761	113,761
Sales proceeds	(167,561)	(167,561)
Total gains or losses included in "Gains on investments" in the income statement		
– on assets sold	48,804	48,804
– foreign exchange gain on disposal	121	121
– on assets held as at 30th June 2011	41,542	41,542
CLOSING BALANCE	863,448	863,448

* The opening balance has been restated following the recognition of a derivative asset (see Note 13).

11. Debtors

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Amounts owed by investment funds	1,086	540
Prepayments and accrued income	1,354	377
	2,440	917

Notes to the Financial Statements

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12. Creditors: Amounts Falling Due Within One Year

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Investment management fees	**1,506**	1,543
Investment performance fee	**5,057**	5,057
Amounts owed to brokers	**5,416**	–
Other creditors and accruals	**424**	316
Other creditors	**12,403**	6,916
Bank loan	**–**	77,724
Loan notes	**100,500**	49,500
	112,903	134,140

In June 2011 the Company entered into a new loan facility agreement with The Royal Bank of Scotland plc and Lloyds TSB Bank plc. Under the agreement, which will expire in June 2015, four-year committed revolving dollar and euro credit facilities of $82m and €57m have been made available. Each individual drawdown bears interest at a variable rate agreed for the period of the drawdown. In addition, the Company has an overdraft facility of £5m with The Royal Bank of Scotland plc. At 30th June 2011 the sterling equivalent amount of £nil (30th June 2010: £77,724,000) was drawn down under the facilities.

Terms and Debt Repayment Schedule

Terms and conditions of outstanding loan notes were as follows:

	CURRENCY	NOTIONAL INTEREST RATE	YEAR OF MATURITY	FACE VALUE £'000	2011 CARRYING AMOUNT £'000	FACE VALUE £'000	2010 CARRYING AMOUNT £'000
Unsecured subordinated loan notes	**GBP**	**LIBOR*+1.5%**	**2011****	**100,500**	**100,500**	49,500	49,500

* LIBOR is the published British Bankers' Association rate of interest for one month sterling deposits in the London interbank market on the date the interest period commences or the next business day if the interest commencement date is not a business day. Interest is payable quarterly in arrears.

** After the financial year end the Company announced its intention to draw down commitments to subscribe for £100.5m of new redeemable shares in the capital of the Company, which would require an equivalent amount of the loan notes to be repaid under the terms of the loan note subscription agreements. The issue of new redeemable shares and the repayment of the loan notes was completed on 24th August 2011.

13. Derivatives

	30TH JUNE 2011 £'000	30TH JUNE 2010 AS RESTATED £'000
Beginning of year	**63,947**	82,137
Unrealised loss on derivatives	**(10,404)**	(18,190)
END OF YEAR	**53,543**	63,947

Between the years 2005 and 2008 PIP entered into standby commitments under which certain institutions agreed to subscribe up to an aggregate amount of £150.0m for new redeemable shares in the Company when called upon by the Company at a subscription price per share equal to the prevailing net asset value per share at the time of subscription. In order to comply with FRS 26, the standby commitments have to be treated as a derivative as the Company has the option to require the institutions to subscribe for shares at a price (adjusted net asset value per share) which is different to the prevailing share price. The derivative is valued as an asset accordingly (see Note 1(L) for more information on the valuation of the derivatives).

After the year end the Company announced its intention to draw down under the standby commitments and issued £100.5m of new redeemable shares on 24th August 2011 (see Note 14).

The Company terminated the remaining standby commitments of £49.5m with effect from 30th September 2011.

14. Called-up Share Capital

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Allotted, called-up and fully paid:		
37,521,013 (2010: 37,521,013) ordinary shares of £0.67 each	**25,139**	25,139
28,871,255 (2010: 28,871,255) redeemable shares of £0.01 each	**289**	289
	25,428	25,428

After the year end the Company announced its intention to draw down commitments to subscribe for £100.5m of new redeemable shares of £0.01 each. Based on the adjusted net asset value per share of 1,104.12p as at 30th June 2011 (see Note 16) 9,102,279 new redeemable shares were issued and admitted to trading on 24th August 2011.

Subsequently 940,000 redeemable shares were bought back in the market for a total consideration, including commission and stamp duty, of £6,467,000. These shares are being held in treasury.

Redeemable shares rank equally with ordinary shares regarding dividend rights and rights on winding up or return of capital (other than a redemption or purchase of shares). The holders of redeemable shares have the right to receive notice of and attend all general meetings of the Company but not to speak or vote. The holders of ordinary shares are entitled to one vote for each ordinary share held.

The redeemable shares are redeemable at the option of the Company, at the prevailing adjusted net asset value per share, within 60 days following the end of each quarterly net asset value calculation date or within 60 days of any other business day which is determined by the Directors to be a net asset value calculation date.

Notes to the Financial Statements

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15. Reserves

	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	OTHER CAPITAL RESERVE £'000	CAPITAL RESERVE ON INVESTMENTS HELD* £'000	SPECIAL RESERVE £'000	REVENUE RESERVE £'000
Beginning of year	183,184	26	249,366	192,828	99,861	(50,234)
Net gain on realisation of investments	–	–	48,925	–	–	–
Increase in unrealised appreciation	–	–	–	52,357	–	–
Transfer on disposal of investments	–	–	–	(306)	–	–
Loss on derivative	–	–	(10,404)	–	–	–
Exchange differences on loan and currency	–	–	940	–	–	–
Exchange differences on other capital items	–	–	–	(29)	–	–
Legal and professional costs charged to capital	–	–	(37)	–	–	–
Revenue return for the year	–	–	–	–	–	(5,312)
END OF YEAR	**183,184**	**26**	**288,790**	**244,850**	**99,861**	**(55,546)**

* Following the recognition of a derivative, the opening figure of the Other Capital Reserve has been restated to include an unrealised loss in relation to the derivative (see Note 13).

16. Net Asset Value per Share

The net asset values per share and the net assets attributable at the year end calculated in accordance with the Articles of Association were as follows:

	30TH JUNE 2011	30TH JUNE 2010 AS RESTATED
Net assets attributable in £'000	**786,593**	700,459
Derivative asset contained in standby agreements in £'000	**(53,543)**	(63,947)
Adjusted net assets attributable in £'000*	**733,050**	636,512
Ordinary and redeemable shares	**66,392,268**	66,392,268
Net asset value per share – ordinary and redeemable	**1,184.77p**	1,055.03p
Adjusted net asset value per share – ordinary and redeemable	**1,104.12p**	958.71p
Diluted net assets attributable in £'000**	**883,050**	786,512
Ordinary and redeemable shares following issue of new redeemable shares**	**79,977,748**	82,038,573
Diluted net asset value per share – ordinary and redeemable**	**1,104.12p**	958.71p

* The adjusted net asset value per share excludes a derivative asset (see Note 13) relating to the Company's standby subscription commitments. The utilisation (such as that which took place on 24th August 2011 in respect of £100.5m of the £150m standby facility) or expiry of the standby commitments will lead to a reversal of the asset in the financial statements at such times. The Directors therefore consider that the best measure of the Company's economic value to shareholders is the adjusted net asset value per share which is directly comparable to previously published net asset values per share.

The Company terminated the remaining standby commitments of £49.5m with effect from 30th September 2011.

** The diluted net asset value per share has been calculated on the basis of the total drawdown of standby commitments of £150m. Using the 30th June 2011 adjusted net asset value per share, the Company would have issued 13,585,480 new redeemable shares (see Note 13) and the derivative would no longer be held on the balance sheet.

17. Reconciliation of Net Cash Flow to the Movement in Net Debt

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Increase/(decrease) in cash in year	**20,875**	(15,450)
Non-cash movement		
– foreign exchange gains	**339**	1,960
CHANGE IN NET DEBT	**21,214**	(13,490)
Net debt at beginning of year	**(120,793)**	(148,988)
Loans drawn down	**(3,755)**	–
Loans repaid	**81,479**	41,685
Loan notes	**(51,000)**	–
NET DEBT AT END OF YEAR	**(72,855)**	(120,793)

18. Analysis of Net Debt

	30TH JUNE 2011 £'000	30TH JUNE 2010 £'000
Cash at bank	**27,645**	6,431
Bank loan	**–**	(77,724)
Loan notes	**(100,500)**	(49,500)
	(72,855)	(120,793)

19. Reconciliation of Return on Ordinary Activities Before Financing Costs and Tax to Net Cash Flow from Operating Activities

	30TH JUNE 2011 £'000	30TH JUNE 2010 AS RESTATED £'000
Return on ordinary activities before financing costs and tax	**91,481**	109,669
Gains on investments	**(100,976)**	(130,815)
Loss on derivative	**10,404**	18,190
Currency gains on cash and borrowings	**(911)**	(2,758)
Increase/(decrease) in creditors	**124**	(6,143)
(Increase)/decrease in other debtors	**(139)**	189
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(17)**	(11,668)

Notes to the Financial Statements

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20. Prior Year Adjustments

Following the recognition of the Company's standby commitments as a derivative and inclusion as an asset (see Note 13) the figures for the 2010 financial year have been restated. An additional asset of £63,947,000 for 2010 has been included, changing the net asset value as at 30th June 2010 to £700,459,000 from £636,512,000. The value of the derivative represents the benefit to the Company of being able to issue shares at adjusted net asset value rather than the Company's share price, which in 2011 and 2010 was lower than the adjusted net asset value per share. Due to the value of the derivative being dependent on the adjusted net asset value per share and the price of the redeemable shares as at the year end, an unrealised loss of £18,190,000 (see Note 13) has been included in the capital column of the income statement for the year ended 30th June 2010, representing the reduction in the value of the previously unrecognised asset as the gap between the Company's share price and its net asset value narrows. As a result, the total return on ordinary activities after tax for the year ended 30th June 2010 has been restated to £104,700,000 from £122,890,000. Further disclosures for 2010 that have been restated include the Reconciliation of Movements in Equity and Shareholders' Funds and Notes 7, 8, 10, 13, 15, 16, 19 and 22.

21. Contingencies, Guarantees and Financial Commitments

At 30th June 2011 there were financial commitments outstanding of £242.8m (2010: £331m) in respect of investments in partly paid shares and interests in private equity funds.

22. Analysis of Financial Assets and Liabilities

The primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in funds specialising in unquoted investments, acquiring unquoted portfolios and participating directly in private placements. Investments are not restricted to a single market but are made when the opportunity arises and on an international basis.

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example sales and purchases awaiting settlement and debtors for accrued income.

The principal risks the Company faces in its portfolio management activities are:

- liquidity/marketability risk;
- interest rate risk;
- market price risk; and
- foreign currency risk.

The Company has little exposure to credit risk. The Manager monitors the financial risks affecting the Company on a daily basis and the Directors receive financial information monthly, which is used to identify and monitor risk.

In accordance with FRS 29 an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

Liquidity Risk

Due to the nature of the Company's investment policy, the largest proportion of the portfolio is invested in unquoted securities, many of which are less readily marketable than, for example, "blue-chip" UK equities. The Directors believe that the Company, as a closed-end fund with no fixed wind-up date, is ideally suited to making long-term investments in instruments with limited marketability. The investments in unquoted securities are monitored by the Board on a monthly basis.

There are limited opportunities for the Company to acquire secondary unquoted portfolios due to the cyclical nature of their occurrence. As a result, at times of low investment opportunity, some funds may be invested in gilts and other fixed interest government bonds. It is the nature of investment in private equity that a commitment (see Note 21 for outstanding commitments as at 30th June 2011) to invest will be made and that calls for payments will then be received from the unlisted investee entity. These payments are usually on an ad-hoc basis and may be called at any instance over a number of years. The Company's ability to meet these commitments is dependent upon it receiving cash distributions from its private equity investments, and to the extent these are insufficient, on the availability of financing facilities. In order to cover any shortfalls, the Company has entered into revolving dollar and euro credit facilities with The Royal Bank of Scotland plc. In June 2011 a new agreement was signed due to expire June 2015, which replaced the facility due to expire in May 2012. Under the new agreement the size of the facility has been reduced to \$82m and €57m (down from \$117.4m and €85.9m respectively). At 30th June 2011 the amount drawn down was the sterling equivalent of £nil (30th June 2010: 77,724,000) (see Note 12 for further information).

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 30% of adjusted gross asset value. All amounts payable under the unsecured subordinated loan notes will be excluded from the calculation of the Company's total gross borrowings for the purposes of determining whether the financial covenant has been met.

Total available financing as at 30th June 2011 excluding Standby Commitments terminated in September 2011, stood at £130.1m, comprising £27.6m in cash balances and £102.5m (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.9 times (2010: 2.8 times).

Interest Rate Risk

The Company may use gearing to achieve its investment objectives and manage cash flows and uses a multi-currency revolving credit facility and unsecured subordinated loan notes for this purpose.

Interest on the revolving credit facility is payable at variable rates determined subject to drawdown. Variable rates are defined as LIBOR or EURIBOR + 2.75%, dependent on the currency drawn. The interest rate is then fixed for the duration that the loan is drawn down. At 30th June 2011 there was the sterling equivalent of £nil funds drawn down on the loan facilities (30th June 2010: £77,724,000).

Interest on the unsecured subordinated loan notes is payable quarterly in arrears at LIBOR + 1.5%. LIBOR is the published British Bankers' Association rate of interest for 1 month sterling deposits in the London interbank market on the date the interest period commences or the next business day if the interest commencement date is not a business day. At 30th June 2011 there were £100.5m funds drawn down on the loan notes (30th June 2010: £49.5m). Fair value is not considered to be materially different from par value. See the Financial Liabilities section on page 79 for details of changes to the loan notes after the year end.

The Company's bank accounts do not earn interest. Should any balance go overdrawn then interest will become payable at variable rates.

Interest on the £150m standby subscription agreements is payable semi-annually in arrears at a fixed rate of 0.5% on the proportion not drawn through unsecured subordinated loan notes. As at 30th June 2011 interest was incurred on £49.5m (2010: £100.5m).

The Company terminated the remaining Standby Commitments of £49.5m with effect from 30th September 2011.

Non-interest rate exposure

The remainder of the Company's portfolio and current assets are not subject to interest rate risks.

Financial assets for 2011 and 2010 consisted of investments, cash and debtors (excluding prepayments). As at 30th June 2011, the interest rate risk and maturity profile of the Company's financial assets was as follows:

30TH JUNE 2011	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000	FIXED INTEREST AVERAGE INTEREST RATE %
Fair value interest rate risk financial assets					
Sterling	–	–	–	–	–
US dollar	–	–	–	–	–
Euro	–	–	–	–	–
Other	–	–	–	–	–
	–	–	–	–	–
Fair value no interest rate risk financial assets					
Sterling	100,062	46,519	53,543	–	–
US dollar	569,063	569,063	–	–	–
Euro	218,092	212,673	5,419	–	–
Other	10,923	10,923	–	–	–
	898,140	839,178	58,962	–	–

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The interest rate risk and maturity profile of the Company's financial assets as at 30th June 2010 was as follows:

30TH JUNE 2010 AS RESTATED	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000	FIXED INTEREST AVERAGE INTEREST RATE %
Fair value interest rate risk financial assets					
Sterling	–	–	–	–	–
US dollar	–	–	–	–	–
Euro	–	–	–	–	–
Other	–	–	–	–	–
	–	–	–	–	–
Fair value no interest rate risk financial assets					
Sterling	101,539	37,592	63,947	–	–
US dollar	567,353	567,353	–	–	–
Euro	157,900	157,900	–	–	–
Other	7,430	7,430	–	–	–
	834,222	770,275	63,947	–	–

As at 30th June 2011, the maturity profile of the Company's financial liabilities was as follows:

30TH JUNE 2011	**TOTAL £'000**	**NO MATURITY DATE £'000**	**MATURES WITHIN 1 YEAR £'000**	**MATURES AFTER 1 YEAR £'000**
Loan	**–**	**–**	**–**	**–**
Loan notes	**100,500**	**–**	**100,500**	**–**
	100,500	**–**	**100,500**	**–**

As at 30th June 2010, the maturity profile of the Company's financial liabilities was as follows:

30TH JUNE 2010	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000
Loan	77,724	–	77,724	–
Loan notes	49,500	–	49,500	–
	127,224	–	127,224	–

Financial Liabilities

At 30th June 2011, the Company had drawn the sterling equivalent of £nil (2010: £77,724,000) of its new four-year committed revolving dollar and euro credit facilities, expiring June 2015, of $82m and €57m respectively with The Royal Bank of Scotland plc and Lloyds TSB Bank plc. Interest is incurred at a variable rate as agreed at the time of drawdown and is payable at the maturity date of each advance. At the year end, interest of £nil (2010: £24,000) was accruing.

At 30th June 2011 the Company had unsecured subordinated loan notes worth £100.5m (2010: £49.5m) in issue. Interest is incurred at a variable rate and payable quarterly in arrears as described in Note 12. At the year end, interest of £nil (2010: £nil) was accruing.

After the financial year end the Company announced its intention to draw down commitments to subscribe for £100.5m of new redeemable shares in the capital of the Company, which would require an equivalent amount of the loan notes to be repaid under the terms of the loan note subscription agreements. The issue of new redeemable shares and the repayment of the loan notes were completed on 24th August 2011.

With the exception of the loan notes, revolving credit facility and bank overdraft, there was no interest risk associated with other short-term creditors at 30th June 2011 or 30th June 2010. At 30th June 2011 and, with the exception of the loan notes, at 30th June 2010, all other financial liabilities were due within one year. The revolving credit facility is included in creditors falling due within one year.

Market Price Risk

The method of valuation of the fixed asset investments is described in Note 1(D) on page 64. The nature of the Company's fixed asset investments, with a high proportion of the portfolio invested in unquoted securities, means that the investments are valued by the Directors after due consideration of the most recent available information from the underlying investments.

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to minimise the effects of cyclical trends within particular industry segments.

The method of valuation of the derivative included in the Standby Commitments is described in Note 13 on page 73.

If the investment portfolio fell by 20% from the 30th June 2011 valuation, with all other variables held constant, there would have been a reduction of £189,473,000 (2010 as restated based on a fall of 20%: 179,811,000) in the return before taxation. An increase of 20% would have increased the return before taxation by £179,556,000 (2010 as restated based on a 20% increase: £169,308,000).

In relation to the derivative, if the share price of the Company's redeemable shares fell by 20% from the 30th June 2011 closing price, with all other variables held constant, there would have been an increase of £19,291,000 (2010 based on a 20% fall: £17,211,000) in the return before taxation. Similarly, an increase of 20% would have had an equal and opposite effect.

Foreign Currency Risk

Since it is the Company's policy to invest in a diverse portfolio of investments based in a number of countries, the Company is exposed to the risk of movement in a number of foreign exchange rates. A geographical analysis of the portfolio and hence its exposure to currency risk is given on page 16. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial year as there was no significant increase in the perceived risk of exchange rate movement.

The investment approach and the Manager's consideration of the associated risk are discussed in further detail in the Manager's Review on pages 8 to 36. The Company settles its transactions from its bank accounts at an agreed rate of exchange at the date on which the bargain was made. As at 30th June 2011, realised exchange losses of £38,000 (2010: £205,000 gains) and unrealised gains relating to currency of £339,000 (2010: £1,459,000 gains) have been taken to the capital reserve.

If the sterling/dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 30th June 2011, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £2,382,000 (2010: decreasing by £7,925,000). If there had been an increase in the sterling/dollar and sterling/euro exchange rate of 10% it would have the effect of decreasing equity shareholders' funds by £1,949,000 (2010: increasing by £6,484,000). The calculations are based on the financial assets and liabilities and the exchange rate of 1.60545 sterling/dollar and 1.1073 sterling/euro as at 30th June 2011.

Notes to the Financial Statements

(CONTINUED)

An analysis of the Company's exposure to foreign currency excluding private equity investments is given below:

	30TH JUNE 2011 ASSETS £'000	**30TH JUNE 2011 LIABILITIES £'000**	30TH JUNE 2010 ASSETS £'000	30TH JUNE 2010 LIABILITIES £'000
US dollar	**15,163**	**–**	4,982	41,127
Euro	**11,694**	**5,416**	1,416	36,597
Swedish krona	**–**	**–**	505	–
Norwegian krona	**98**	**–**	–	–
	26,955	**5,416**	6,903	77,724

Fair Value of Financial Assets and Financial Liabilities

The financial assets of the Company are held at fair value. Financial liabilities are held at amortised cost, which is not materially different from fair value.

Managing Capital

The Company's equity comprises ordinary shares and redeemable shares as described in Note 14. Capital is managed so as to maximise the return to shareholders while maintaining a capital base that allows the Company to operate effectively in the marketplace and sustain future development of the business.

As at 30th June 2011 the Company had bank debt facilities and commitments by institutional investors ("Standby Commitments") to subscribe for redeemable shares against part of which subordinated loan notes had been issued to increase the Company's liquidity. Details of borrowings at the year end can be found earlier in this Note and on page 41 of the Directors' Report and details of the Standby Commitments can be seen on page 15. On 24th August 2011 the Company drew down commitments to subscribe for £100.5m new redeemable shares and repaid the outstanding subordinated loan notes (see Notes 13 and 14). Subsequently, the remaining Standby Commitments of £49.5m were terminated with effect from 30th September 2011.

The Company's assets and borrowing levels are reviewed regularly by the Board of Directors with reference to the loan covenants.

The Company's capital requirement is reviewed regularly by the Board of Directors.

23. Related Party Transactions

The Manager, Pantheon Ventures (UK) LLP, is regarded as a related party of the Company. Mr R.M. Swire, a Director of the Company, is a director of Pantheon Ventures Limited, a parent undertaking of the Manager.

The amounts paid to the Manager are disclosed in Note 3.

The Company is entitled to invest in funds managed by Pantheon. The Manager is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, these funds.

Notice of Annual General Meeting

TO BE HELD ON 22ND NOVEMBER 2011

This Document is Important and Requires Your Immediate Attention

If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your ordinary shares of £0.67 each or redeemable shares of £0.01 each in the capital of Pantheon International Participations PLC (the "Company") and, as a result, no longer hold any shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

An explanation of the business proposed to be transacted at the Annual General Meeting convened by this notice is set out in the Directors' Report on pages 46 to 49 of this document.

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Pantheon, Norfolk House, 31 St. James's Square, London SW1Y 4JR on 22nd November 2011 at 12 noon to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 to 12 as special resolutions.

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Reports of the Directors and Auditors and the Financial Statements for the year ended 30th June 2011.

2. To receive and approve the Directors' Remuneration Report for the year ended 30th June 2011.

3. To re-appoint Mr R.J. Crowder as a Director.

4. To re-appoint Mr J.P.A. Readman as a Director.

5. To re-appoint Mr R.M. Swire as a Director.

6. To re-appoint Grant Thornton UK LLP as Auditors to the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company.

7. To authorise the Directors to determine the remuneration of the Auditors.

8. That:
   the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount equal to the sum of £8,506,271.34, and comprising not more than £126,578.44 in nominal amount of redeemable shares of £0.01 each in the capital of the Company ("Redeemable Shares") and not more than £8,379,692.90 in nominal amount of ordinary shares of £0.67 each in the capital of the Company ("Ordinary Shares") provided that this authority shall (unless previously renewed, revoked or varied by the Company in general meeting) expire at the conclusion of the period commencing with the date on which this Resolution is passed and expiring at the conclusion of the next annual general meeting of the Company or the date occurring 15 months from the date on which this Resolution is passed, whichever is the earlier (the "Period of Authority"), save that the Company may before the expiry of such authority make an offer or agreement which would or might require shares in the Company to be allotted and/or rights to subscribe for, or to convert any security into, shares in the Company to be granted after the expiry of the said period and the Directors may allot such shares and/or grant such rights in pursuance of any such offer or agreement as if the authority conferred by this Resolution had not expired, and so that the authority hereby given shall be in substitution for all subsisting authorities under Section 551 of the Act.

Notice of Annual General Meeting

(CONTINUED)

Special Resolutions

9. That:

subject to the passing of Resolution 8 above, the Directors of the Company be and are hereby empowered, until the conclusion of the Period of Authority, pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred upon them under Resolution 8 above as if Section 561 of the Act did not apply to any such allotment and pursuant to Section 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) held by the Company as treasury shares (within the meaning of Section 724(5) of the Act) for cash as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue, open offer or any other offer in favour of holders of ordinary shares (within the meaning of Section 560 of the Act) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by or deemed to be held by them on the record date of such allotment, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any territory or the requirements of any regulatory authority or any stock exchange;

(b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount equal to the sum of £2,551,881.40, and comprising not more than £37,973.53 in nominal amount of Redeemable Shares and not more than £2,513,907.87 in nominal amount of Ordinary Shares, and, in respect of any such allotment, on terms that the shares constituting the equity securities allotted or for or into which the equity securities allotted give a right to subscribe or convert (as the case may be) shall be subscribed for or issued or sold (as the case may be) at a price per share not less than the net asset value per share calculated pursuant to the Articles of Association of the Company as at the Calculation Date (as defined in the Articles of Association of the Company) immediately preceding the issue (or sale) of such shares;

save that the Company may, before the expiry of the Period of Authority, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10. That:

the Company be and is hereby generally and, subject as hereinafter provided, unconditionally authorised in accordance with Section 701 of the Act, in substitution for all subsisting authorities under Section 701 of the Act, to make market purchases (within the meaning of Section 693 of the Act) of Ordinary Shares and Redeemable Shares and provided that:

(a) the maximum number of Redeemable Shares hereby authorised to be purchased is such number (rounded down to the nearest whole number) as is equal to 14.99% of the number of Redeemable Shares in issue (excluding any Redeemable Shares held by the Company as treasury shares (within the meaning of Section 724(5) of the Act)) as at the date this Resolution is passed;

(b) the minimum price which may be paid for a Redeemable Share is £0.01;

(c) the maximum price (exclusive of expenses) which may be paid for a Redeemable Share shall be the higher of (i) 5% above the average of the middle market quotations for the Redeemable Shares as derived from the London Stock Exchange's Daily Official List for the five business days before the purchase is made, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange;

(d) the maximum number of Ordinary Shares hereby authorised to be purchased is such number (rounded down to the nearest whole number) as is equal to 14.99% of the number of Ordinary Shares in issue (excluding any Ordinary Shares held by the Company as treasury shares (within the meaning of Section 724(5) of the Act)) as at the date this Resolution is passed;

(e) the minimum price which may be paid for an Ordinary Share is £0.67;

(f) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 5% above the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange's Daily Official List for the five business days before the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(g) unless renewed, varied or revoked, the authorities hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or the date occurring 18 months from the date on which this Resolution is passed, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Redeemable Shares and/or Ordinary Shares which will or may be completed or executed wholly or partly after such expiry and may make a purchase of Redeemable Shares and/or Ordinary Shares in pursuance of any such contract.

11: That:
a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Special Business

Special Resolution

12: That:
subject to and conditional upon the extraordinary resolution set out in the notice dated 4th October 2011 convening a separate class meeting of the holders of the redeemable shares of £0.01 each in the Company being passed at such class meeting, or at any adjournment thereof, the articles of association of the Company be and are hereby amended by deleting the present article 4(2)(b)(iii) and replacing it with the following new article 4(2)(b)(iii): "sub-divide its existing issued ordinary share capital or reduce or cancel or repay or purchase any of its issued share capital (or any uncalled liability therefor) otherwise than by a redemption of Redeemable Shares or the cancellation of Treasury Shares or by the repayment, or purchase for consideration, at a price per share not exceeding the Net Asset Value per Share as at the Calculation Date immediately preceding such repayment or purchase and during the period commencing on such Calculation Date and ending on the day immediately preceding the following Calculation Date, of Ordinary Shares or Redeemable Shares;".

Dated 4th October 2011
Registered office: Beaufort House, 51 New North Road, Exeter EX4 4EP
By order of the Board
CAPITA SINCLAIR HENDERSON LIMITED
Secretary

Notes

1. *A holder of ordinary shares entitled to attend this meeting may attend the meeting in person or may appoint one or more persons as his/her proxy to attend, speak and/or vote on his/her behalf. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. A form of proxy for holders of ordinary shares is provided with this notice. The appointment of a proxy will not prevent a holder of ordinary shares from attending the meeting and voting in person if he/she so wishes. A holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and on a poll every holder of ordinary shares present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder.*

   To appoint more than one proxy, a separate form of proxy in relation to each appointment should be completed (ordinary shareholders may photocopy the form of proxy), stating clearly on each form of proxy how many ordinary shares the proxy is appointed in relation to. A failure to specify the number of ordinary shares each proxy appointment relates to or specifying an aggregate number of ordinary shares in excess of those held by the shareholder will result in the proxy appointment being invalid. Ordinary shareholders are requested to indicate on the form of proxy 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.

2. *A holder of redeemable shares entitled to attend this meeting may attend the meeting in person or may appoint one or more persons as his/her proxy to attend (but not vote) on his/her behalf. A proxy need not be a member of the Company. A form of proxy for holders of redeemable shares is provided with this notice. The appointment of a proxy will not prevent a holder of redeemable shares from attending the meeting in person if he/she so wishes. Holders of redeemable shares are not entitled to speak or vote at the meeting.*

Notice of Annual General Meeting

(CONTINUED)

3. *Only those shareholders registered on the Register of Members of the Company as at 6.00 pm on 18th November 2011 (or in the event that the meeting is adjourned, only those shareholders registered on the Register of Members of the Company as at 6.00 pm on the day which is two days prior to the adjourned meeting (weekends excluded)) shall be entitled to attend in person or by proxy and, in the case of holders of ordinary shares, vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after the specified time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting or, if adjourned, at the adjourned meeting.*

4. *To be valid, a form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged, in the case of proxies appointed by holders of ordinary shares, at the office of the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU and, in the case of proxies appointed by holders of redeemable shares, at the office of the Company Secretary, Capita Sinclair Henderson Limited, Beaufort House, 51 New North Road, Exeter EX4 4EP, in each case not later than 48 hours before the time of the meeting, or any adjournment thereof. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.*

5. *CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following 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 or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID RA10 by the latest time for receipt of proxy appointments specified in Note 4 above.

   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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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.

   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.

6. *Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.*

7. *In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if to do so would: (i) interfere unduly with the preparation for the meeting, or (ii) involve the disclosure of confidential information; the answer has already been given on a website in the form of an answer to a question; or it is undesirable in the interests of the company or the good order of the meeting that the question be answered.*

8. *A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General 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. The statements of the rights of members in relation to the appointment of proxies in Notes 1 to 4 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.*

9. *As at 3rd October 2011 (being the last business day prior to the publication of this notice) the Company's issued voting share capital and total voting rights amounted to 37,521,013 ordinary shares of £0.67 each carrying one vote each. As at such date, the Company's issued non-voting share capital amounted to 37,973,534 redeemable shares of £0.01 each, of which 940,000 are held in treasury.*

10. *A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, 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 as each other, the power is treated as exercised in that way; and if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.*

11. *Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.*

12. *The Annual Report incorporating this notice of Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.pipplc.com.*

13. *Copies of the letters of appointment of the Chairman and the non-executive Directors of the Company and copies of the current articles of association of the Company and the articles of association as proposed to be amended at the Annual General Meeting will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the offices of Pantheon, Norfolk House, 31 St. James's Square, London SW1Y 4JR from 11.45 am until the conclusion of the meeting.*

14. *Copies of the current articles of association of the Company and the articles of association as proposed to be amended at the Annual General Meeting will be available for inspection at the offices of the Company's solicitors, Covington & Burling LLP, 265 Strand, London WC2R 1BH during normal business hours any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting.*

Contacts

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Notes

Notes

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