Pantheon International Participations PLC
Annual Report and Accounts 2012

PIP

25 years

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 30 years' experience, and a team of over 65 investment professionals, Pantheon is well positioned to guide PIP towards its objective of maximising capital growth.

Contents

Year at a Glance

+8.1%

Net asset value per share increase, versus -2.1% for the MSCI World

+1.6%

Ordinary share price increase

+7.0%

Redeemable share price increase

£139m

Distributions generated from PIP's mature portfolio

£27m

New secondary commitments and co-investment, mainly focused on US buyouts

£32m

Shares bought back in the year, generating a 2.5% uplift to NAV per share

£845m

Net asset value at 30th June 2012

5.0x

Ratio of assets and available financing to undrawn commitments, up from 3.9x at June 2011

+5.1%

PIP's NAV per share outperformance per annum versus the MSCI World since inception

Financial Summary

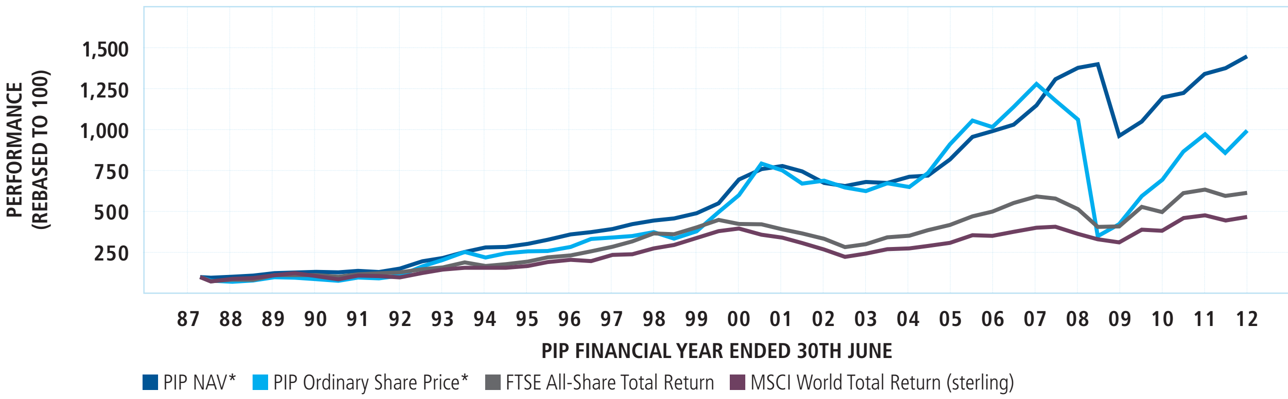
Highlights	30TH JUNE 2012	30TH JUNE 2011	CHANGE
Summary of results			
NAV per share	**1,193.5p**	1,104.1p	8.1%
Net assets	**£845.4m**	£733.1m	15.3%
Ordinary shares			
Share price	**725.5p**	714.0p	1.6%
Discount to NAV per share	**39.2%**	35.3%	
Redeemable shares			
Share price	**760.0p**	710.0p	7.0%
Discount to NAV per share	**36.3%**	35.7%	
Portfolio activity			
Distributions	**£139.2m**	£165.2m	(15.7)%
Investments called	**£53.8m**	£84.1m	(36.0)%
Net portfolio inflows	**£85.4m**	£81.1m	

The NAV and NAV per share for 30th June 2011 above are adjusted to exclude a derivative asset relating to the Company's standby subscription agreements in place at that time with certain institutions under which those institutions were obliged, on being called upon to do so by the Company, to subscribe for new redeemable shares in the Company ("Standby Commitments"). These agreements were required to be included as an asset in the Company's 30th June 2011 accounts to comply with FRS 26. The Board considered that the adjusted NAV per share was the best measure of the Company's economic value to shareholders as it is directly comparable to previously published NAV per share. In August 2011 the Company utilised £100.5m of the Standby Commitments, and cancelled the remaining £49.5m in September 2011. These actions lead to the reversal of the asset in the accounts.

Performance at 30th June 2012	1 YEAR %	3 YEARS % P.A.	5 YEARS % P.A.	10 YEARS % P.A.	SINCE INCEPTION % P.A.
NAV per share	8.1	15.5	5.4	8.2	11.4
Ordinary share price	1.6	34.9	(4.6)	4.1	9.7
FTSE All-Share Total Return	(3.1)	13.8	0.4	6.1	7.5
MSCI World Total Return (sterling)	(2.1)	13.4	2.5	5.5	6.3

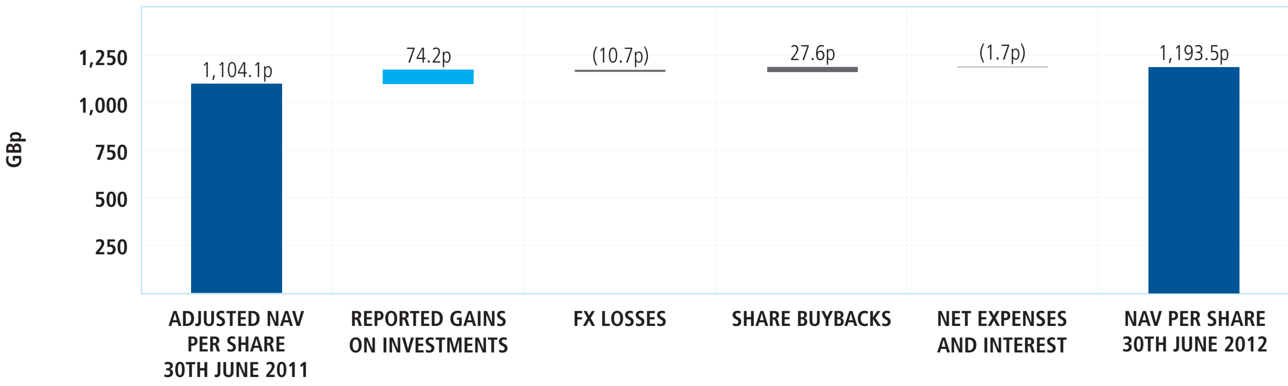
PIP was launched on 18th September 1987. The figures since inception assume reinvestment of dividends, capital repayments and cash flows from the exercise of warrants.

Historical Record



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

NAV per Share Reconciliation



Historical Data

	NAV[1,2] (£M)	NAV PER SHARE[2] (PENCE)	ORDINARY SHARE PRICE (PENCE)	PRIVATE EQUITY PORTFOLIO (£M)	OUTSTANDING COMMITMENTS (£M)
Financial year end (30th June):					
2012	845.4	1,193.5	725.5	800	191
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

[1] Includes participating loan notes in issue between 2000 and 2004.

[2] Where applicable, the above NAV and NAV per share figures have been adjusted to exclude a derivative asset relating to the Company's Standby Commitments.

Capital Structure at 30th June 2012

Ordinary shares	36,121,013
Redeemable shares	34,713,534
Total	70,834,547

Chairman's Statement

I am pleased to report an increase in PIP's NAV per share of 8.1% to 1,193.5p for the financial year to 30th June 2012. This is a good result against a difficult economic backdrop, and we are confident in the prospects for our portfolio. With its global reach and flexible investment approach, PIP is well positioned to achieve the robust long-term capital growth that is our mission, even if volatile markets persist. This year, I would like to highlight:

- Strong cash flows - we received distributions of £139m compared with calls of £54m.
- Amongst our investee companies we continued to see evidence of strong sales and earnings growth, exceeding that of the MSCI World and FTSE All-Share indices.
- The Company's shares outperformed both the FTSE All-Share and the MSCI World Index for the year to 30th June 2012.
- A strong balance sheet, with an unutilised loan facility of £98m and undrawn commitment cover of 5.0 times.
- Market conditions favour secondaries and co-investments, where our Manager has a strong track record and sees attractive return opportunities.
- Our commitment to enhance investment performance through share buybacks, with a 2.5% uplift to NAV this year.
- The introduction of monthly NAV reporting and other initiatives to improve transparency for investors.

Whilst the Board has been disappointed by the discount (39% for ordinary shares and 36% for redeemable shares at 30th June 2012), our actions in buying back shares reflect our belief in the fundamental value of the portfolio. PIP continues to be an attractive vehicle for investors to gain cost-effective, diversified access to many leading private equity managers in the world. This is an important asset class that can play a beneficial role in portfolios. A share in PIP provides immediate ownership in a diversified portfolio developed over many years alongside sophisticated institutional investors and actively managed by Pantheon.

This year PIP celebrates its 25th anniversary as a public company. Throughout our history, consistently strong investment performance has resulted in our NAV per share outperforming both the FTSE All-Share and MSCI World indices over 1, 3, 5 and 10 years and indeed since inception. The outlook remains promising: our existing portfolio has shown signs of good relative earnings growth; our new investment pipeline is demonstrating the benefits of being able to invest as others with shorter-term horizons are retreating; and our favourable cash flow outlook gives us the opportunity to enhance our investment performance through share buybacks.

Performance

Strong Relative Performance

In the face of continuing difficult macroeconomic conditions and public market volatility, the portfolio continued to perform well, generating a gross underlying investment return of 8.8%[1] in the financial year. To put this performance into context, the FTSE All-Share and MSCI World indices both posted negative returns over the same period, at –3.1% and –2.1% respectively.

Returns were strong across all stages of the portfolio, but particularly amongst our buyout assets, which achieved an investment return of 10.0% in the context of strong revenue and earnings growth in the portfolio as well as a number of key realisations in the first half of the financial year including Nycomed, Converteam and Orchid Orthopedics. Underlying performance strength is illustrated in a sample of our largest buyout funds and direct investments, which generated revenue and earnings growth of 16.3% and 15.1%[2] respectively.

[1] Investment return defined as movement in portfolio adjusted for the effect of new investments, calls and distributions / opening portfolio value. This figure excludes gains and losses from foreign exchange movements.

[2] Sample based on the underlying companies within PIP's largest 50 buyout funds and direct investments for the year to 31st December 2011.

[3] Net portfolio cash flows = distributions received less investments called.

Venture and growth's investment return of 6.7% for the year, whilst below that of buyouts, marks satisfactory progress given the challenging exit environment, particularly in the IPO market. We remain confident that there is latent value in our mature venture and growth assets, which should be well placed to benefit from any future improvements in the IPO and M&A markets.

The US assets, which represent 54% of our portfolio, performed in line with overall performance. Perhaps more notable was that despite the ongoing challenges in the Eurozone, our European portfolio had the strongest performance, achieving an investment return of 10% during the period due to a number of realisations at uplifts to holding value as well as good underlying earnings growth. This in part reflects the portfolio's focus on the stronger, Northern economies of Europe, where economic growth and financial markets have been less impacted by the debt crisis in the Eurozone. The Asian portfolio, while contributing positively, underperformed relative to the other regions, following the weakness in Asian public markets. With the majority of its portfolio companies operating in markets outside Europe, such as the USA, which will be less affected by the sovereign debt crisis, the Company is well positioned to continue its record of outperformance.

Share Buybacks Enhanced NAV Per Share

As I wrote in February at the time of our half-yearly financial report, the Board believes share buybacks are a compelling investment alternative while discounts remain wide. In the year to 30th June 2012 PIP bought back and cancelled a total value of £32m of shares, resulting in an uplift to NAV per share of approximately 28p, or 2.5% of PIP's NAV per share at 30th June 2011. The Company will continue to use the investment opportunity of historically wide discount levels to buy back its shares in order to enhance NAV per share performance.

Activity and Balance Sheet

Substantial Cash Flow Generation

The Company continued to generate substantial cash flows, despite the uncertainty affecting financial markets. Overall, net portfolio cash flows[3] were £85m, up from £81m in the previous year.

Total calls from underlying private equity funds fell by £30m to £54m in the year to 30th June 2012, mainly reflecting the lower level of undrawn commitments in our portfolio, along with a small reduction in the rate of investment activity. Investment activity was impeded initially by a decline in debt financing in the second half of 2011, although there was evidence of an improvement in the USA in the first quarter of 2012 as companies turned to the high-yield bond market, which saw a significant increase in issuance.

Distributions received in the year were £139m, down 16% from the previous year. This reduction reflects a drop in the rate of realisation activity, particularly stemming from weakness in the IPO and M&A markets. While economic uncertainty remains high, many potential acquirers are likely to hold back from completing transactions as they maintain a cautious view of the financial markets. Notwithstanding this, the quality and maturity of PIP's portfolio, with a weighted average fund age of 7.2 years, should mean that the Company continues to generate significant levels of cash even if persistent economic concerns suppress activity somewhat.

Balance Sheet

Following the exchange of the bridging loan notes for new redeemable shares in August 2011 and the continued improvement in net cash inflows, the Company's financial position has been further strengthened. The Company's loan facility, which expires in June 2015, remained unutilised at 30th June 2012 and undrawn investment commitments of £191m as at 30th June 2012 were covered by assets and loan facilities by a factor of 5.0 times, up from 3.9 times at the start of the financial year.

Investment Commitments

The Board expects PIP's portfolio to remain self-financing, and with its emphasis on secondaries and through participation in co-investments, the Company will be able to maintain its undrawn commitment cover at a high level. PIP has made new commitments during the year of £27m to four secondaries and one co-investment at the same time as purchasing £32m of its own shares at an average discount of 38%.

Chairman's Statement

(CONTINUED)

Outlook

Existing Portfolio

The Company is well positioned to prosper. The portfolio's proven growth potential and the near-term liquidity outlook for our mature assets underpin the prospects for further value growth and liquidity this year. While your Board remains cautious given the difficult economic and market outlook, well managed private equity funds have demonstrated their ability to outperform broader markets through the application of aligned incentives in executing disciplined shareholder value creation plans. Our underlying sampled earnings growth rates for the year to 31st December 2011 substantially exceeded broader market growth rates (15.1% vs. 2.8% for the MSCI World Index), repeating a pattern of outperformance seen in each year since the onset of the financial crisis.

While investment and realisation activity have not yet quite returned to the healthy levels seen in the first half of 2011, the credit markets continue to function, especially in the USA, and transactions are getting done. If conditions remain stable, realisation levels may increase in the coming year, reflecting the continued health of the North American credit markets as the majority of the Company's mature assets are domiciled in the USA. However, the M&A market is likely to remain bound by the risk aversion of cash-rich corporate buyers while equity investors remain wary of markets that are vulnerable to economic shocks. This will remain the case until clearer resolution of the Euro crisis is in sight.

New Investments and Buybacks

The Company will continue to take advantage of this uncertain climate by investing in secondaries and co-investments where our Manager believes it has identified attractively priced defensively positioned assets that have the potential to grow and outperform in their sector. The extent of the Company's investment activity will be determined by cash flow over the financial year – which has had a strong start with the distributions of Global Blue and Carbolite helping to generate £22m of net distributions in the July and August months alone. We expect the market for private equity investments to continue to be favourable in the coming year. Your Board intends to reserve sufficient financial flexibility to take advantage of these opportunities. The Company will continue to buy back shares when our view is that they represent compelling value.

TOM BARTLAM
Chairman
28th September 2012

The Manager's Review

Market Review

The economic uncertainty and public market volatility in the summer of 2011 led to a slowdown in private equity activity globally as IPO markets were effectively closed, debt availability fell and corporates took a cautious view on M&A activity. The first half of 2012 has seen some improvement in conditions with stability in public markets but economic headwinds continue to subdue activity.

US

Buyouts

The US private equity market has progressed at a cautious pace in 2012. For the first half of 2012, buyout volume in the US declined by 28% compared to the same period in 2011[1]. Consistent with the trend since the beginning of the credit crisis in 2008, the majority of deal activity has been in the mid-market segment. Sectors such as business products and services, IT and healthcare have become increasingly popular as managers seek areas of stability and growth in a deleveraging economy with restricted consumer spending. By contrast, new deal activity in the consumer space has remained flat over the past year at 22% of deals[2]. In this phase of the cycle, private equity managers continue to find value in the market dislocation through opportunistic investments such as take-privates of undervalued public companies, carve-outs in the financial services sector resulting from Dodd–Frank and taking advantage of record level high-yield and leveraged loan markets. It is possible that we will see an increase in activity during the remainder of 2012 as owners seek to sell their businesses ahead of tax increases in 2013.

Exits

US exit activity has moderated slightly in the first half of 2012 as IPO markets have favoured only the most promising companies and concern about the global economic outlook has resulted in diverging M&A valuation expectations. The first half of 2012 saw 70 IPOs compared to 78 for the comparable period in 2011. The technology, energy and financial sectors were the three most active for IPOs over the past year, accounting for 67% of public offerings[3]. Despite the high-profile share price declines in Facebook and Groupon, IPOs of a number of other companies such as LinkedIn and Zillow have performed well. The M&A market was also somewhat slower, with the first half of 2012 value down over 60% compared to the same period in 2011, although still up more than 50% from the latter part of 2011[4]. Over half of exits came from sales to trade buyers but secondary buyouts also provided an important source of liquidity[2].

Venture Capital

In the venture capital segment, market activity also slowed down slightly. Following an 18% increase in investment in 2011 compared to 2010, new investments in the first half of 2012 were 7% lower than the comparable period in 2011[5]. Consumer-facing sectors such as internet, social media and mobile continue to attract capital and headlines, although enterprise-facing businesses also remained a key focus of many leading venture capital firms. Biotech and clean energy investments, on the other hand, have been particularly challenged by regulations and market viability, and there has been a general pullback in some of the more capital intensive investments in these sectors.

Despite the slowdown in new deal and exit activity, private equity firms have focused intensely on creating value in their portfolios through activities such as add-on acquisitions, which accounted for 48% of buyout deals in the first half of 2012[5]. Furthermore, taking advantage of an attractive refinancing environment, portfolio companies have been actively refinancing their debt at lower interest rates. Additionally, while growth has recently moderated in the softening economy, operating leverage and margins have improved as a result of cost-cutting initiatives undertaken during the global financial crisis. These productivity gains should make many companies more profitable and competitive over time.

Europe

In Europe new buyout deal activity has continued to drop over the year, with deal values falling by 23%. Although the small-cap segment of the market (covering deals worth less than €100m) has seen quarter on quarter declines in the value and volume of deals, the mid-market segment (deals worth between €100m to €1bn) saw an increase in the number and value of deals in the second quarter of 2012, a reversal of the declining trend[6]. Credit markets in Europe have been constrained over the past year, negatively impacting bank lending. Debt has nevertheless continued to be available for higher quality private equity sponsors and companies, mainly in northern Europe, as reflected in deal volumes.

The UK has continued to be the most active private equity market, accounting for approximately a third of European activity, followed by France, Germany and Sweden, altogether accounting for 66% of the value of deals done in Europe.

Perhaps reflecting the tighter credit markets, activity levels in the expansion stage segment in Europe actually increased to 204 deals in 2012[6]. This did not extend to the venture market, which saw only 74 deals completed in the first half of 2012, the lowest total since the second half of 2005. In value terms, the decline is starker still, with the total for the six months to June of just €470m representing a fall even from the second half of 2011 and the lowest level since the second half of 2004. Germany dominated the early-stage segment during the year, having been home to close to 35% of the completed transactions[6].

PIP's European portfolio outperformed public markets, driven by uplifts to NAV on realisations and also better than expected earnings and revenue growth.

Asia

Asian market activity also declined during the first half of 2012, a function of both falling economic growth levels in China and South East Asia and weak IPO markets. However, M&A activity was relatively buoyant. Western companies continued to seek out growth in Asia, and from Asia, mainly Chinese companies continued to explore acquisitions in the US and Europe.

Overall private equity investment in Asia declined approximately 18% compared to a year earlier[7]. This drop is explained mostly by lower activity in China, which continues to maintain its position as the largest market for private equity capital in the region, followed by Australia and India. Perhaps this represented a return to normal after a particularly exuberant period of investment in China in the first half of 2011. By contrast, the number of deals in India and Australia fluctuated only modestly, up by 4% in India and down around 8% in Australia[7]. Unsurprisingly, given a 43% decline in IPO volumes, realisations fell in the first half of 2012 compared to the first half of 2011[7].

In contrast to IPO markets, M&A markets have remained relatively stable, allowing for a slight increase in trade sales, continuing the promise of M&A markets as a source of liquidity for private equity investors. The amount of trade sales remained relatively buoyant in the first half of 2012, increasing 9% versus the same period in 2011. Overall, M&A transactions declined 14%[7]. However, these levels show markedly less volatility than the IPO market. While the pace of liquidity has slowed, managers continue to successfully turn to the M&A and secondary private equity markets to book exits or partial realisations.

Secondary Market

The global market for secondary fund interests saw record activity levels in 2011, with a transaction volume of approximately $25 billion. As in 2010, sales volume was primarily driven by two factors: North American public pension plans that were rebalancing portfolios, and Europe-based financial institutions that continued to bear the impact of the financial crisis. While deal volume did not quite match the records set in the prior year, the first half of 2012 still saw $13 billion worth of secondary transactions completed, with public pension plans and financial institutions comprising two-thirds of deal volume in the first six months of 2012[8]. The pricing of transactions was relatively unchanged, with average high first round bids at 80% of NAV, hardly changed over the past year[8].

The market saw a growing number of mostly European insurance companies come to market, driven by the need to sell before Solvency II rules come into effect in January 2014. There were relatively few portfolio sales by US-based financial institutions: this is particularly surprising considering the number of banks and insurance companies that hold private equity assets and the potential for significant impact from regulatory changes, including the Volcker Rule. Many of these institutions are either strategically focused on other concerns or in the midst of preparations for impending regulation: we expect further sales to come in the next 18 months from this group of investors.

Pantheon's long-term value investing approach targets secondary fund investments that demonstrate latent value. The investment team is currently focused on originating portfolios of resilient companies that have weathered the recession with stable free cash flows to finance growth plans and is actively seeking portfolios of companies operating in consolidating markets with high barriers to entry. This long-term value investing approach is the foundation for Pantheon's successful purchase of secondary portfolios of private equity assets. We expect the trend towards an increasing volume of larger secondary transactions to continue for the foreseeable future. The Company will continue to benefit from Pantheon's network within the private equity market to gain advantageous access to transactions targeted. Pantheon's origination strategy and long-term value investing approach provide the springboard for our continued success in secondary investments.

[1] S&P M&A stats. [2] PitchBook. [3] Renaissance Capital. [4] Capital IQ. [5] Venture Source. [6] PE Insight/Unquote. [7] Asian Venture Capital Journal. [8] Cogent Partners.

Company Strategy

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 25 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 a need for liquidity, increasing the opportunity for outperformance. More details on secondary investments can be found on the following 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 enable the Company to maintain its 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.

Co-investments

Whilst the intention is to emphasise secondary investment, the Company will also participate in co-investments alongside established private equity managers. The breadth and depth of Pantheon's General Partner relationships provide a significant advantage for the sourcing and evaluation of co-investments. As with secondary investing, co-investments allow the Company to put money to work at the time it is committed. In addition, as there are lower or no management fees charged on co-investments by the underlying private equity manager, co-investing can represent a cost-efficient way of investing.

It is the Board's current intention that co-investments will not, on average, account for more than 20% of PIP's new commitments.

Primary Commitments

Investing in private equity through a primary commitment strategy (e.g. commitments to new private equity funds), by increasing the proportion of immature assets in its portfolio and by increasing its undrawn commitments relative to its assets, can reduce the Company's financial flexibility. New primary investments have longer payback periods requiring the Company to maintain higher levels of standby financing against undrawn commitments. For these reasons and because the current outlook for secondary investment and co-investment is so favourable, the Board intends to de-emphasise primary commitments for the foreseeable future. Although the Company will consider making primary commitments on a targeted basis for portfolio construction purposes, the Board intends to limit any such commitments.

The investment rationale for any new primary commitments will always be weighed against their effects on the Company's financial flexibility so as to keep the undrawn commitments to a level that can be comfortably expected to be financed from internally generated cash flows.

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 at least 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 adviser 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.

Investments Called in the Year to 30th June 2012

Investments called during the year ranged across many sectors and regions, from pharmaceutical firms to hospital operators, internet companies to highly specialised manufacturers and from energy companies to firms operating in the telecommunications industry.

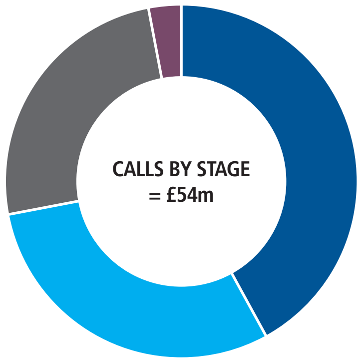
Calls

Calls by Region and Stage

PIP paid £54m of fund calls in the year to 30th June 2012, equivalent to approximately 22% of opening undrawn commitments. This is marginally lower than the rate last year, which was 25%.

The majority of calls were split relatively evenly between US and European funds, with the remainder focused on funds based in Asia and other regions. Small/Mid buyouts accounted for the largest portion of calls, followed by the venture and growth and large/mega buyout stages.

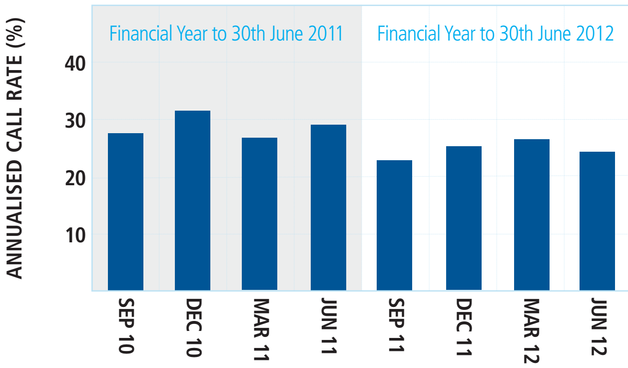
Europe	46%
USA	44%
Asia and other	10%



Small/Mid Buyout	42%
Venture and Growth	30%
Large/Mega Buyout	25%
Special Situations	3%

Quarterly Call Rate[1]

Investment activity decreased in the first half of the financial year as turbulent financial markets reduced visibility and general appetite for investment. However, investments are still being made by PIP's managers, with high quality companies remaining attractive even in these uncertain times.



Largest 50 Calls by Value as at 30th June 2012

The largest 50 calls reflect the overall sector weighting of PIP's portfolio, mainly in industrials, consumer discretionary, healthcare and information technology. The acquisition of companies in the industrials and consumer discretionary sectors generally can provide access to good quality companies with potential for consolidation and growth. The healthcare and information technology sectors tend to provide access to high growth, counter-cyclical companies.

Industrials	24%
Consumer Discretionary	24%
Healthcare	16%
Information Technology	12%
Energy	8%
Telecom Services	6%
Consumer Staples	6%
Financials	4%

[1] *Call rate equals calls in period divided by opening undrawn commitments. All call figures exclude the acquisition cost of new secondary and co-investment transactions.*

Largest 50 Calls During the Year to 30th June 2012

COMPANY [1]	SECTOR	DESCRIPTION	FUND CALLS £M
California Pizza Kitchen/Lawson Software	Cons. Disc. & IT	CPK: casual dining chain. Lawson: resource planning software	1.4
USP Hospitales	Healthcare	Private hospital operator	1.4
Sundance	Cons. Disc.	Women's apparel and home furnishings	1.3
Clece	Industrials	Cleaning services for public organisations	1.3
ASCO Group	Energy	Outsourced logistics services to the energy industry	1.3
Euticals	Healthcare	Pharmaceutical ingredients	1.1
European Medical Center/Avito	Healthcare & IT	EMC: operate hospitals in Russia. Avito: Russian online classifieds company	1.0
Prym	Cons. Disc.	Sewing and textile products	0.8
Pharmaceutical Product Development	Healthcare	Drug development and lifecycle management services	0.8
Coventya/Oase Holding	Industrials & Cons. Disc.	Coventya: chemicals for metal finishing. Oase: pumps and filters	0.8
Eurofiber	Telecoms	Fibre optic network in the Netherlands	0.8
OSSA/Q Diagnóstica	Industrials & Healthcare	OSSA: civil engineering focused on underground works. Q Diagnóstica: diagnostic imaging	0.8
Allsystem	Industrials	Video surveillance	0.7
CPA Global	Industrials	Intellectual property management, software and services	0.6
Blackboard/GLM	Cons. Disc. & Industrials	Blackboard: global educational software. GLM: tradeshow producer	0.6
Undisclosed IT company	IT	IT infrastructure	0.6
Excelligence Learning Corporation	Cons. Disc.	Children's educational products	0.5
Stokomani Group	Cons. Disc.	Discount wholesaler	0.5
EuroDough	Cons. Staples	Refrigerated dough products	0.5
IN tIME	Industrials	Time-critical delivery services	0.5
Insurity	IT	Software and services to the insurance industry	0.5
SLV Elektronik/Avolon Aerospace/Camaïeu	Industrials & Cons. Disc.	SLV: lighting products. Avolon: aircraft leasing. Camaïeu: women's fashion	0.5
99¢/Sotera	Cons. Staples & IT	99¢: extreme value retailing. Sotera: systems and solutions for national security agencies	0.5
Royall & Company	Cons. Disc.	Strategic direct marketing services for traditional colleges and universities	0.5
Hong Kong Broadband Network	Telecoms	Broadband services	0.4
FR Midstream	Energy	Midstream energy investment platform	0.4
MediaMath/Xplornet Communications /InSite Wireless Group	IT	MediaMath: digital media-buying platform. XplorNet: broadband access in rural areas. InSite: antenna systems.	0.4
Primo Group	Cons. Staples	Processed meat	0.4
MediaMath/Mindbody/ InSite Wireless Group	IT	MediaMath: digital media-buying platform. Mindbody: online software for the health industry. InSite: antenna systems.	0.4
HSE24	Cons. Disc.	TV home shopping group	0.3
Energy 21/Kent Hospital Group	Energy & Healthcare	Energy 21: solar power parks. KHG: hospital and medical clinic in Turkey	0.3
EP Minerals	Industrials	Diatomaceous earth filter aids, functional additives and absorbents	0.3
Gruppo Coin	Cons. Disc.	Italian apparel	0.3
Innovative Aftermarket Systems	Financials	Vehicle protection products, services and software	0.3
The A&A Group	Financials	Insurance intermediary	0.3
Novomet	Energy	Equipment for oil production	0.3
Dura-Line	Industrials	Communication and energy infrastructure products and systems	0.3
Caribbean Restaurant Group	Cons. Disc.	Burger King franchise in Puerto Rico	0.3
Guardian Financial Services	Financials	Life insurance and pension products	0.3
LEAF Commercial Capital/Country Fresh	Financials & Cons. Staples	LEAF: small-ticket equipment leases. Country Fresh: organic products	0.3
HCP	Industrials	Packaging materials for the cosmetics, skincare and fragrance industries	0.3
Balconi	Cons. Staples	Bakery products	0.3
Financière ECT/Silver Care	Industrials & Healthcare	Financière ECT: inert waste management and recycling. Silver Care: nursing home	0.3
Bitolea	Industrials	Treatment and recycling of industrial liquid wastes	0.3
TechnoPro	Industrials	Engineering staffing in Japan	0.3
Powervar Holdings	Industrials	Power quality products	0.3
Scotch & Soda	Cons. Disc.	Casual apparel	0.3
Ahlsell	Industrials	Technical products wholesaler	0.3
Grupo TorreSur	Telecoms	Wireless towers in Brazil	0.2
JDR	Telecoms	Sub-sea cables	0.2
TOTAL			27.4
COVERAGE OF TOTAL CALLS			51%

[1] Relates to the main company or companies associated with each call. Calls with no information disclosed have been excluded from the largest 50 list, with the next largest call listed in its place.

Distributions in the Year to 30th June 2012

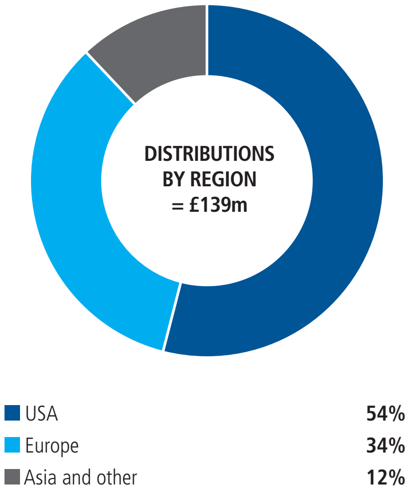
PIP received more than 800[1] distributions in the year, with many at significant uplifts to carrying value. The Company's mature and diversified portfolio should continue to generate significant distributions in the coming quarters.

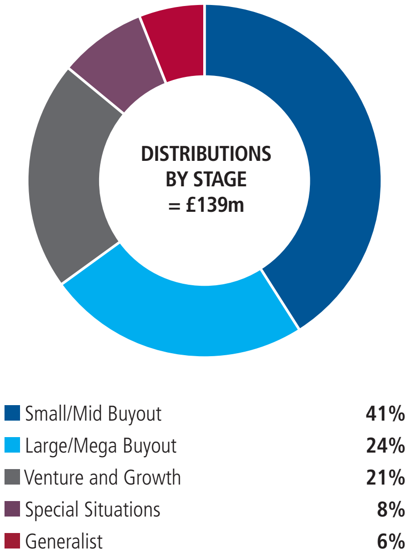
Distributions

Distributions by Region and Stage

PIP received £139m in proceeds from the portfolio in the 12 months to 30th June 2012, equivalent to approximately 17% of opening private equity assets, down from 22% on the previous financial year.

The majority of distributions were from funds based in the USA, although PIP also received a number of significant distributions from its European portfolio such as Nycomed, Converteam and Phadia. Overall distribution activity was stronger in our buyout funds relative to our venture and growth funds.

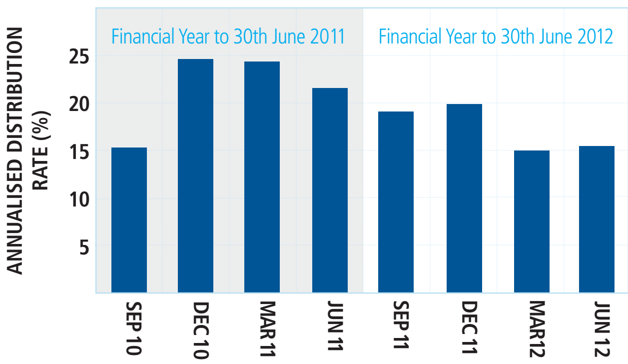




Distribution Rates

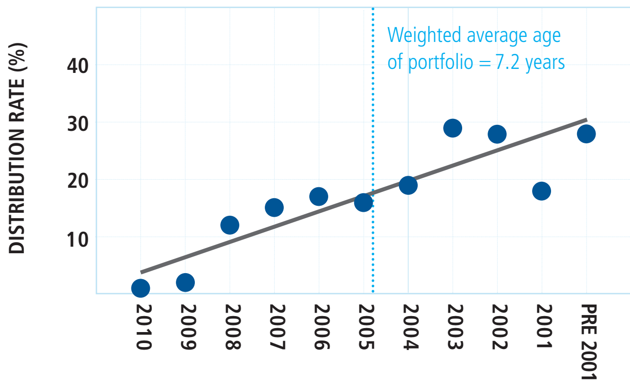
Quarterly Distribution Rate[2]

Distribution rates have fallen during the financial year due to the stock market volatility, which in the latter part of 2011 made potential acquirers more hesitant to pursue deals. Furthermore, many of our managers are waiting for potential improvements to the pricing environment before they look to exit investments. Heightened economic uncertainty led to relatively subdued activity levels, particularly in the IPO market, and to a lesser degree in the M&A market. Despite this, distribution rates from PIP's portfolio have held up relatively well reflecting the portfolio's maturity.



Distribution Rate[2] in the Year to 30th June 2012 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. With a weighted average fund maturity of 7.2 years, PIP has a mature portfolio that should continue to generate significant levels of cash, particularly if we see improvements in financial markets.



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

Distributions Case Studies

NYCOMED

- Pharmaceutical company, held through Nordic Capital and Avista Capital Partners
- Sold to Takeda Pharmaceuticals in September 2011
- The company followed an aggressive growth strategy that propelled the company to being an international player with a broad and strong market presence
- Exit generated a cost multiple of greater than 3.5 times
- Total distributions received of £7.5m

VIZADA

- A global provider of mobile satellite communications
- Apax France were the majority owners
- Hutton Collins provided preferred equity financing to recapitalise the business
- Sold in July 2011 to Astrium, a subsidiary of EADS
- Exit generated an overall cost multiple of 4.2 times to Apax France
- Hutton Collins cost multiple was 1.4 times over a one year investment period
- Total distributions received of £1.7m

Phadia

- In-vitro diagnostics company based in Sweden, held through Cinven
- Sold to Thermo Fisher Scientific in August 2011
- Under Cinven's ownership the business expanded internationally and the revenue growth rate doubled
- Employment increased substantially in the group following sustained investment in sales force and product development
- Exit generated an overall cost multiple of 3.4 times
- Distribution amounted to £1.6m

CONVERTEAM
THE POWER CONVERSION COMPANY

- World leader in power conversion engineering, held through Equistone
- Sold to General Electric In September 2011, after a three year period during which Equistone helped the business to continue to drive orders and sales during a challenging market
- Exit generated an overall cost multiple of 2.0 times
- Distribution amounted to £3.7m

XLHealth

- US sponsor of healthcare plans with a primary focus on recipients with special needs, held through MatlinPatterson
- Sold to UnitedHealthcare in February 2012
- Exit generated a cost multiple in excess of 5 times
- Total distributions received of £2.3m

Jack Wolfskin

- German outdoor apparel and equipment maker, held via Equistone and Quadriga
- Sold to Blackstone in July 2011, after expanding the company throughout Europe and into Asia
- Exit generated a double digit multiple of cost
- Total distributions received of £1.3m

ORCHID

- Supplier of implants and instruments to the orthopaedic and dental markets, held through Churchill Capital Partners
- Sold to Altor Equity Partners in June 2011
- Distribution amounted to £3.6m

MYOB

- Australian provider of business management software, held through Archer Capital
- Sold in August 2011 to Bain Capital, after focus on improving product and services offering
- Exit generated a cost multiple in excess of 3.2 times
- Total distributions received of £2.3m

MINCOM

- Global software and services provider to companies in asset-intensive industries, held through Francisco Partners
- Sold to ABB in May 2011 after building a next generation asset management software platform and extending its positioning in asset intensive industries
- Exit generated a cost multiple of 1.5 times
- Distribution amounted to £1.3m

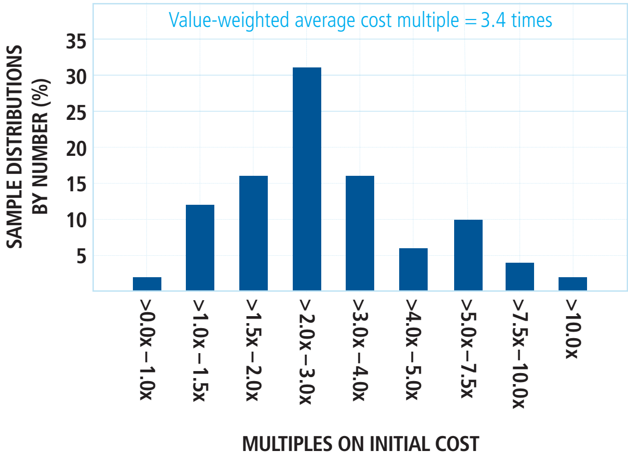
Distributions in the Year to 30th June 2012

(CONTINUED)

Cost Multiples on a Sample of the Largest Distributions in the Year to 30th June 2012[1]

The chart shows the range of multiples on initial cost, where information is available, achieved by the underlying fund manager on the largest 50 distributions. The value-weighted average cost multiple of the sample was 3.4 times, highlighting the continued ability of private equity managers to create significant value over the course of an investment.

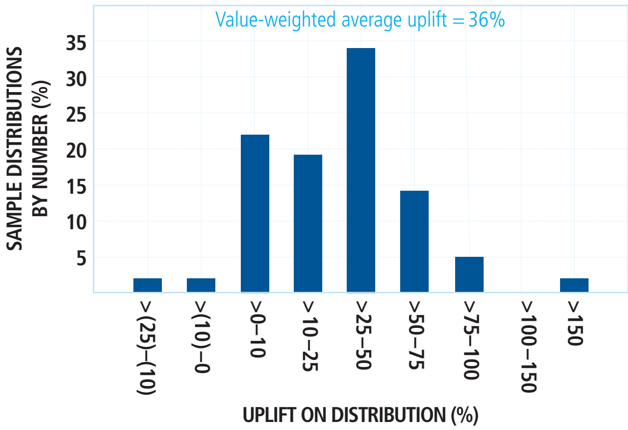
[1] The available data in the sample represented approximately 39% of PIP's total distributions for the year to 30th June 2012. This data is based upon cost multiples (gross or net) available at the time of the distribution.



Uplifts to Previous Valuations on a Sample of the Largest Distributions in the Year to 30th June 2012[2]

The chart shows the range of uplifts to previous valuations, where information is available, achieved by the underlying fund manager on the largest 50 distributions. The value-weighted average uplift of the sample was 36%. This is consistent with our view that realisations 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.

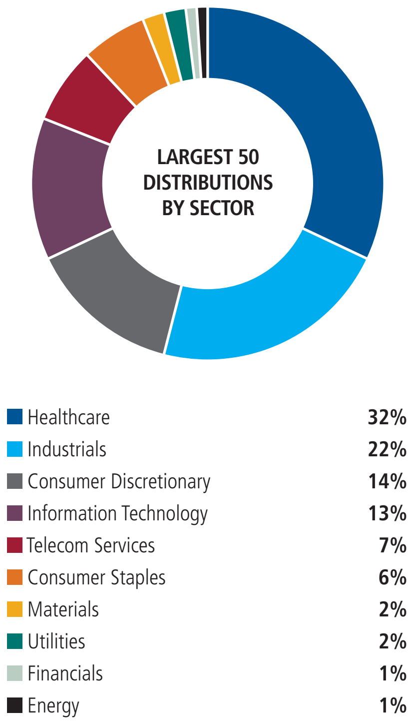
[2] The available data in the sample represented approximately 34% of PIP's total distributions for the year to 30th June 2012.

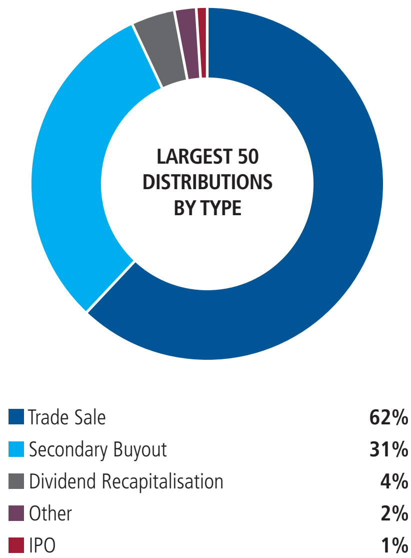


Largest 50 Distributions by Sector and Type

The most prominent sector amongst our largest 50 distributions was healthcare, in which we had a number of large realisations including Nycomed, Orchid Orthopedics and XL Health.

The majority of the largest 50 distributions were derived from trade sales, with a significant portion from secondary sales to other private equity firms. The IPO market, which has been very subdued during the financial year, only accounted for 1% of our largest 50 distributions.





Largest 50 Distributions During the Year to 30th June 2012

COMPANY[1]	SECTOR	DESCRIPTION	FUND DISTRIBUTIONS £M
Nycomed	Healthcare	Branded medicines	7.5
Array Marketing Group/Filson	Cons. Disc.	Array: retail merchandising systems. Filson: outdoor apparel	3.8
Converteam	Industrials	Systems and equipment for the conversion of energy	3.7
Orchid Orthopedic Solutions	Healthcare	Implants and instruments for the orthopaedic and dental markets	3.6
MYOB	IT	Software products and services to SMEs and accounting firms	2.3
XLHealth	Healthcare	Healthcare benefits plans	2.3
Vizada	Telecoms	Mobile satellite communications	1.7
Phadia	Healthcare	In-vitro allergy diagnostics	1.6
Ariat/The Teaching Company	Cons. Disc.	Ariat: equestrian footwear and apparel. TTC: university-level courses	1.5
Siteco/Martek Power	Cons. Disc. & Industrials	Siteco: technical lightning equipment. Martek: power conversion	1.4
Jack Wolfskin	Cons. Disc.	Outdoor fashion and equipment	1.3
Mincom	IT	Software solutions to companies in asset-intensive industries	1.3
Husky International	Industrials	Injection moulding equipment and services to the plastics industry	1.3
Starbev	Cons. Staples	Brewery operator	1.2
Hsu Fu Chi	Cons. Staples	Confectionary and snacks	1.2
Crescent Healthcare/Ansira/Nth Degree	Healthcare & Cons. Disc.	CH: pharmacy and nursing services. Ansira: marketing services. Nth Degree: event marketing	1.1
Adaptix	Telecoms	4G wireless systems	1.1
Sterilin	Industrials	Plasticware for clinical and laboratory use in life sciences	1.1
Drake Beam Morin	Industrials	Career transition and talent development services	1.1
QTC Management	IT	IT-enabled case management services and health care expertise	1.0
Idex	Utilities	Comprehensive energy solutions	1.0
Europris	Cons. Staples	Discounted food and non-food products	1.0
International Mining Machinery	Industrials	Coal mining equipment	1.0
Triple Point	IT	Software to manage commodities and enterprise risk	1.0
BioReliance	Healthcare	Biopharmaceutical testing services	0.9
Innovation Interactive	Cons. Disc.	Digital marketing services	0.9
V. Group	Industrials	Ship management, marine manpower and marine services	0.9
Superior Vision Services	Healthcare	Vision benefit plans	0.8
Vela Systems	IT	Cloud management software	0.8
Norit	Industrials	Clean technologies and components for purification and filtration systems	0.8
Mondo Minerals	Materials	Talc producer	0.8
Chr. Hansen	Industrials	Natural ingredient solutions for the food, pharmaceutical and agricultural industries	0.8
The Point Group	IT	Multichannel electronic payment solutions	0.8
Com Hem	Telecoms	TV services in Sweden	0.8
Bureau van Dijk	Industrials	Information provider	0.8
MindSHIFT Technologies	IT	Managed services for small and mid-sized businesses	0.8
Magotteaux	Industrials	Differentiated solutions for material size reduction	0.7
NEW Asurion	Telecoms	Mobile phone insurance	0.7
Ferrosan	Healthcare	Consumer-based healthcare products	0.7
Provimi	Cons. Staples	Animal nutrition products	0.7
Duff & Phelps	Financials	Financial advice and investment banking	0.7
Falck	Healthcare	Emergency services, healthcare and safety training	0.6
SPT	Energy	Software focusing on dynamic modelling for oil & gas industry	0.6
EUSA Pharma	Healthcare	Late-stage oncology, oncology supportive care and critical care	0.6
SunSource	Industrials	Fluid power products and complementary services	0.6
A legal and compliance company	Industrials	Applications and services for ethics and compliance management programs	0.6
Taminco	Materials	Alkylamines and derivatives	0.6
Photonis	IT	Optronic components	0.6
NEXX Systems	IT	Equipment for semi-conductor manufacturing	0.6
CareCentrix	Healthcare	Home health benefits management services	0.5
TOTAL			63.8
COVERAGE OF TOTAL DISTRIBUTIONS			46%

[1] Relates to the main company or companies associated with each distribution. Distributions with no information disclosed have been excluded from the largest 50 list, with the next largest distribution listed in its place.

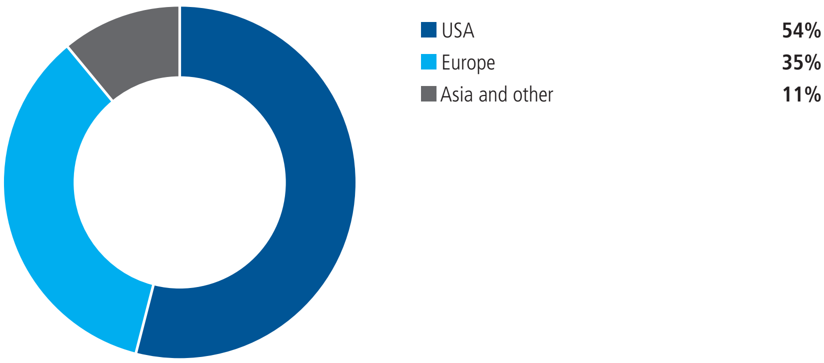
Portfolio Overview

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 2012[1]

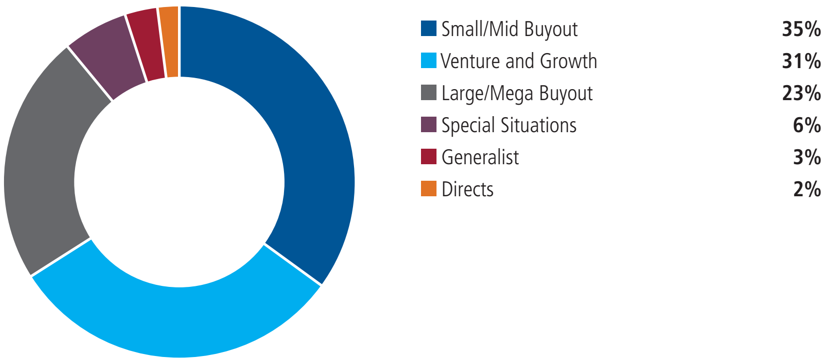
Fund Geography

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.



Fund 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 smaller and mid-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.



[1] Fund geography, stage, maturity and primary/secondary charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. Company Sector and Company Geography charts are based upon underlying company valuations at 31st December 2011 and account for approximately 90% of PIP's overall portfolio value.

Fund Maturity

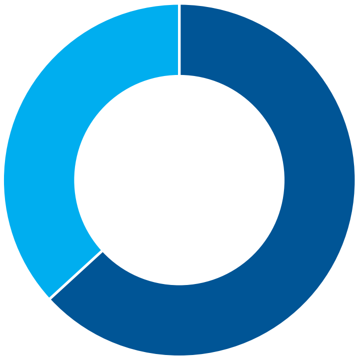
PIP's portfolio is well diversified by fund vintage (referring to the year the fund made its first drawdown). Only 18% of the portfolio relates to large/mega buyouts from fund vintages 2005 to 2007, indicating that the Company has a relatively low exposure to the higher levels of leverage experienced during the peak of the buyout market.

2000 and earlier	15%
2001	5%
2002	1%
2003	3%
2004	5%
2005	14%
2006	22%
2007	25%
2008	9%
2009	1%

Primary/Secondary

65% of the portfolio is derived from primary transactions and 35% from secondary transactions.

Because PIP acquires many of its investments in the secondary market, it is able to acquire relatively mature assets having good visibility of underlying company quality and prospects.



Primary	65%
Secondary	35%

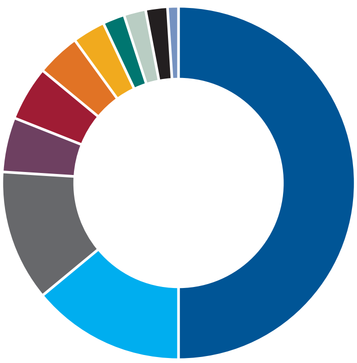
Company Sectors

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 were associated with high levels of market volatility during the global financial crisis, such as energy and financials.

Information Technology	24%
Consumer Discretionary	20%
Industrials	15%
Healthcare	13%
Financials	8%
Energy	6%
Consumer Staples	5%
Materials	4%
Telecom Services	4%
Utilities	1%

Company Geography

Half of PIP's portfolio is with funds focusing on the USA which has, in our view, better growth prospects than many other areas of the developed world. PIP's European exposure, which represents just over a third of the portfolio, is concentrated in funds focusing on the UK and the stronger Northern Europe economies, with Germany and Scandinavia making up significant segments of the portfolio. Just over a tenth of PIP's portfolio is based in Asia and other regions, providing access to faster growing economies such as China and India.



North America	50%
UK	14%
Asia and other	12%
Germany	5%
Scandinavia	5%
Benelux	4%
Central and Eastern Europe	3%
France	2%
Italy	2%
Iberia	2%
Other Europe	1%

Portfolio Analysis

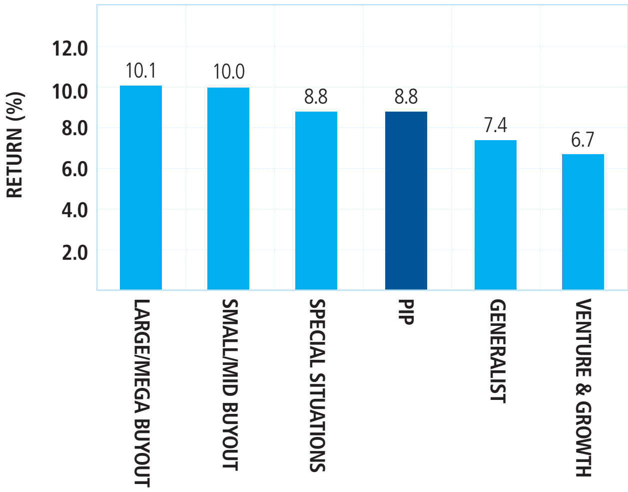
Portfolio Performance by Stage for the Year to 30th June 2012[1]

> The portfolio performed well during the financial year, generating an investment return of 8.8%, in comparison with the FTSE All-Share Total Return and MSCI World Total Return (sterling) indices which returned –3.1% and –2.1% respectively over the same period.

> Returns were strong across all stages, particularly in PIP's buyout portfolio, which benefited from a number of significant realisations and good earnings growth at the company level (see below for more details on sample growth rates).

> The venture and growth funds experienced investment returns of 6.7% for the year. Although below that of buyouts, it marks satisfactory progress given the challenging exit environment, particularly in view of the weak IPO market.

Portfolio Return: Year to June 2012



Debt Multiples[2]

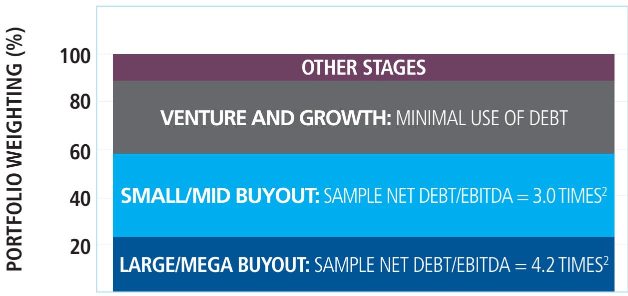
Venture and growth, small/mid-size buyouts and large/mega buyouts account for 89% of the portfolio value, and have differing leverage characteristics:

> The venture and growth portfolio accounts for 31% 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 3.0 times at 31st December 2011.

> The large/mega buyout portfolio sampled contains higher levels of debt with net debt/EBITDA of 4.2 times at 31st December 2011.

PIP Portfolio at 30th June 2012

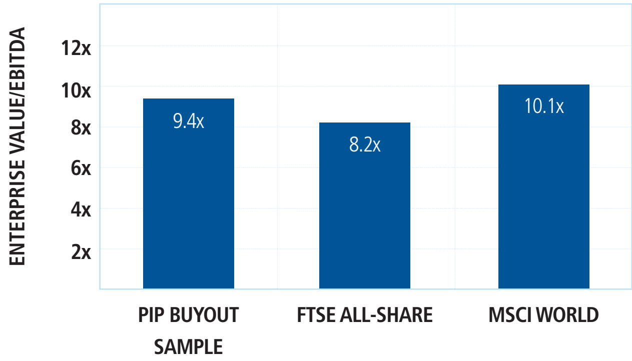


Valuation Multiple[2]

> 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 2011 was 9.4 times.

Valuation Multiple at 31st December 2011



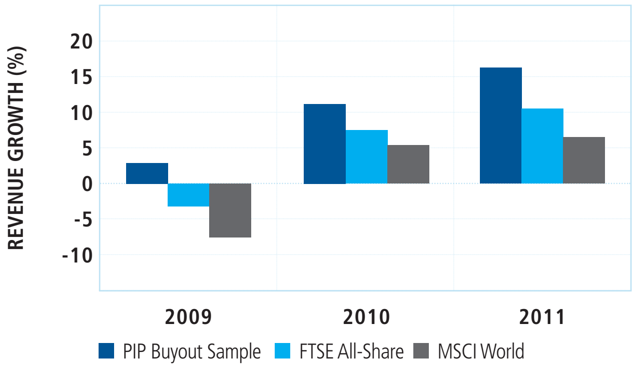
Revenue and EBITDA Growth[2]

> Weighted average revenue and EBITDA growth for the sampled buyout companies was +16.3% and +15.1% respectively in the year to 31st December 2011, suggesting strong top-line performance and efficient cost controls at the companies within our largest buyout funds.

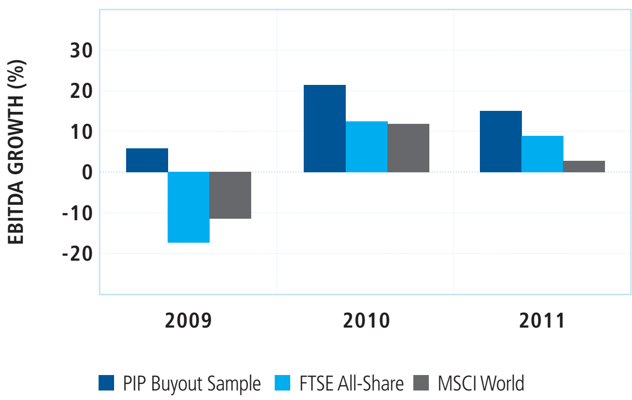
> Including information disclosed in previous Annual Reports, we have now disclosed underlying revenue and EBITDA growth for PIP's largest buyout funds for the years to 31st December 2009, 2010 and 2011. In all three years PIP's sample growth data has exceeded the growth rates of the FTSE All-Share and MSCI World indices.

> We believe that this is the natural consequence of selecting high quality funds focusing on mid market opportunities where the scale of such opportunities provides scope for ample outperformance under the private equity ownership model.

Annual Revenue Growth: PIP vs Indices



Annual EBITDA Growth: PIP vs Indices



[1] Portfolio returns include income, exclude gains and losses from foreign exchange movements, and look through feeders and funds-of-funds.

*[2] **Buyout Sample Methodology***

The sample buyout figures for the year to 31st December 2011 were calculated from the companies, where information was available, within the largest 50 buyout funds and direct investments at 30th June 2011. This sample provides coverage of 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 2011, or where not available the closest annual period disclosed. The net debt and enterprise value figures were based upon 31st December 2011 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 excessive outliers. Sample data for 2010 and 2009 were taken from the Annual Report and Accounts for the years ending 30th June 2011 and 30th June 2010. FTSE All-Share and MSCI World data was taken from Bloomberg.

Portfolio Analysis

(CONTINUED)

Venture and Growth Performance

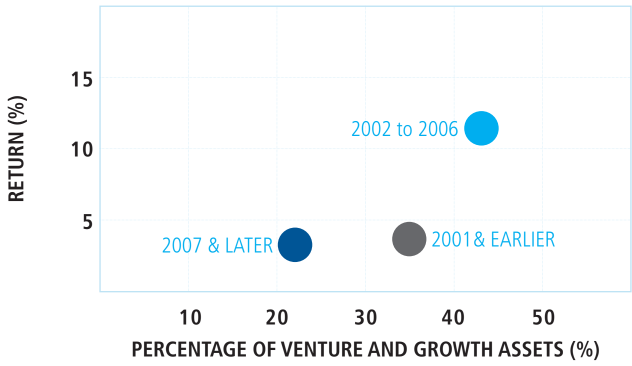
> PIP's venture and growth assets with fund vintages from 2002 to 2006 performed strongly, generating a return of 11.5% in the financial year.

> PIP's older venture and growth assets, with fund vintages of 2001 and earlier, generated a return of 3.7% during a year when exit markets, particularly for IPOs, have been markedly subdued. As with the previous financial year, these assets continue to generate the highest level of realisations within our venture and growth portfolio.

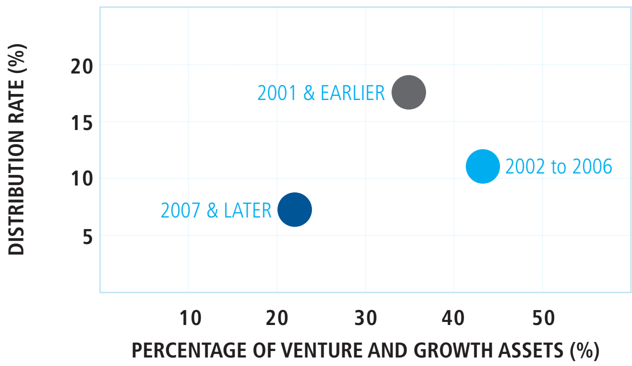
> Many of the funds within PIP's venture and growth portfolio, which has a weighted average age of 8.2 years, contain companies that are now mature and cash-generative, having survived the bursting of the technology bubble and the latest downturn. These assets can have an increased likelihood of returning cash to investors as their managers seek to prepare them for exit.

> It is our view that PIP's mature venture and growth assets can continue to produce a good level of distributions.

Venture & Growth Returns[1]: Year to 30th June 2012



Venture & Growth Distribution Rates[2]: Year to 30th June 2012



[1] Returns exclude gains from foreign exchange movements.

[2] Distribution rate equals distributions in period divided by opening portfolio value.

Finance

Finance

Cash and Available Bank Facility

At 30th June 2012 PIP had cash balances of £51m.

As well as these cash balances, PIP can also finance any cash requirements out of its multi-currency revolving credit facility agreement ("Loan Facility"). The Loan Facility is due to expire in June 2015 and comprises facilities of $82m and €57m which, using exchange rates at 30th June 2012, amount to a sterling equivalent of £98m. At 30th June 2012 the Loan Facility remained fully undrawn.

Exchange of Loan Notes for Shares

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.

On 24th August 2011, PIP drew down £100.5m under the Standby Commitments, resulting in the issue of 9.1m 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 simplified the Company's capital structure by removing the Loan Notes from the balance sheet.

Share Buybacks

PIP bought back 6%[1] of its shares during the financial year, taking advantage of the investment opportunity offered by its shares continuing to trade at historically high discounts. In total 1.4m ordinary shares and 3.3m redeemable shares were bought back at a weighted discount of 38% and 39% respectively, resulting in a total uplift to NAV per share of approximately 28p, or 2.5% of opening NAV per share.

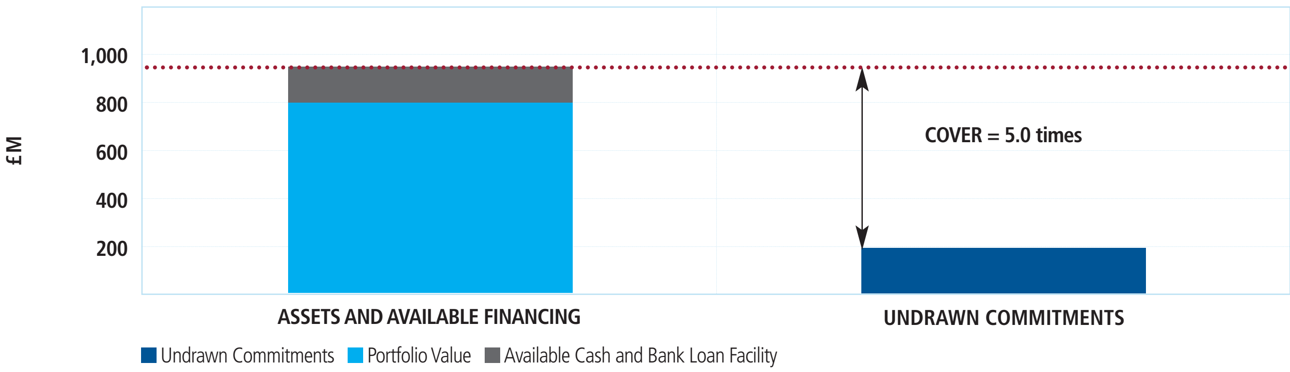
Since the year end, the Company has bought back a further 0.3m redeemable shares at an average discount of 39%. Whilst PIP's shares trade at such historically high discounts, the Board will continue to consider further share buybacks for investment purposes.

Undrawn Commitment Cover

At 30th June 2012, the Company had £150m of available financing, comprised of its cash balances and Loan Facility. The sum of PIP's available financing and private equity portfolio provide a coverage of 5.0 times relative to undrawn commitments, up from 3.9 times at 30th June 2011.

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 drawing 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. 33% of the Company's undrawn commitments are in fund vintages that are greater than six years old.

Undrawn Commitment Cover as at 30th June 2012



[1] 6% is the number of shares bought back in the year divided by the number of shares outstanding prior to any share buybacks.

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 (NAV + outstanding commitments).

USA

Small/Mid Buyout

Golden Gate Capital	1.8%
Brentwood Associates	1.3%
Genstar Capital Partners	1.2%
Avista Capital	0.9%
Sterling Investment Partners	0.7%
ABRY Partners	0.5%
Churchill Capital Partners	0.5%
Lake Capital Partners	0.5%
CHS Capital	0.5%
Leonard Green & Partners	0.4%
Sun Capital Partners	0.4%
American Securities Capital Partners	0.4%
Pfingsten Partners	0.4%
Morgan Stanley	0.3%
Wellspring Capital Partners	0.3%

Large/Mega Buyout

Carlyle Group	2.3%
Blackstone Capital Partners	1.4%
Providence Equity Partners	1.3%
Bain Capital	1.3%
Apollo Management	1.1%
Francisco Partners	0.9%
Vestar Capital Partners	0.5%
First Reserve	0.4%
Ares Management	0.4%

Early Stage Venture

GrandBanks Capital	1.0%
JK&B	0.9%
Canaan Partners	0.7%
ARCH Venture Partners	0.5%
InterWest Partners	0.5%
Battery Ventures	0.4%
Alta Partners	0.3%
Doll Capital Management	0.3%

Growth Capital

ABS Capital Partners	1.4%
Technology Crossover Ventures	0.8%
Weston Presidio Capital	0.8%
Summit Partners	0.7%
Granite Ventures	0.4%
Scale Venture Partners	0.4%

Balanced/Diversified Venture

Oak Investment Partners	1.2%
Polaris Venture Partners	1.0%
New Enterprise Associates	0.9%
RedShift Ventures	0.7%
Essex Woodlands Health Ventures	0.6%
Baker Capital Partners	0.5%
Catalyst Investors	0.5%
New Leaf Ventures	0.4%
Lightspeed Venture Partners	0.3%
Spectrum Equity Partners	0.3%

Special Situations

Riverstone Holdings	1.2%
Oaktree Capital Management	0.9%
Yorktown Partners	0.6%
MatlinPatterson	0.5%

Directs

Applied Medical Resources	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. The manager exposures shown on pages 24 and 25 represent 78% of the Company's total exposure.

A detailed list of portfolio holdings is available on PIP's website at www.pipplc.com

EUROPE

Benelux Manager

Bencis Capital Partners	0.5%

Central & Eastern European Managers

Mid-Europa Partners	0.9%

French Managers

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

German Manager

Arcadia	0.4%

Israeli Managers

Gemini Israel Funds	0.6%
Cedar Ventures	0.1%
Jerusalem Venture Partners	0.1%

Italian Managers

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

Northern European Managers

Altor Equity Partners	0.8%
Nordic Capital	0.8%
Herkules Capital	0.5%
Northzone Partners	0.3%

Russian Manager

Baring Vostok Capital Partners	1.5%

Spanish Manager

Mercapital Private Equity	0.9%

Pan-European Managers

Equistone	2.4%
Apax Partners	2.0%
CVC Capital Partners	1.8%
Hutton Collins	1.8%
Doughty Hanson & Co	1.4%
IK Investment Partners	1.2%
Permira	1.1%
Cinven Partners	0.8%
BC Partners	0.7%
Index Ventures	0.6%
HgCapital	0.6%
Advent International Group	0.6%
Summit Partners	0.6%
Montagu Private Equity	0.5%
Cipio Partners	0.5%
Accel Partners	0.5%
Wellington Partners	0.5%

UK Managers

Vision Capital	1.8%
Nova Capital Management	1.7%
Alchemy Partners	0.8%
Amadeus Capital Partners	0.3%

ASIA AND OTHER

Country Specialist Buyout

Unison Capital Partners (Japan)	0.7%
Archer Capital (Australia)	0.5%
Hony Capital (China)	0.2%

Country Specialist Growth

CDH Capital (China)	0.4%
AsiaVest Partners (China)	0.2%
Qiming Venture Partners (China)	0.1%

Pan-Asian

Texas Pacific Group	1.5%
Pacven Walden Ventures	0.7%
CVC Capital Partners	0.7%
Kohlberg Kravis Roberts and Co.	0.7%
Unitas Capital	0.5%
Baring Private Equity Partners	0.5%
Clearwater Capital Partners	0.4%
Affinity Equity Partners	0.4%
Warburg Pincus 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.

Outstanding Commitments

PIP's outstanding commitments to fund investments, 65% of which relate to primary funds and 35% 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.

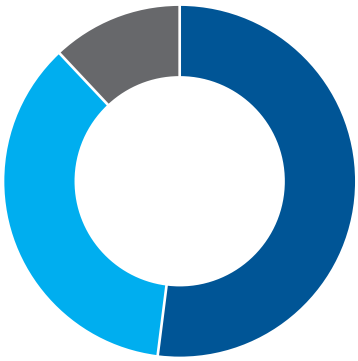
Portfolio Analysis by Outstanding Commitments as at 30th June 2012

PIP's outstanding commitments to investments decreased to £191m at 30th June 2012 compared with £243m at 30th June 2011. The Company paid calls of £54m and acquired £8m of outstanding commitments via four secondary transactions.

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

Geography

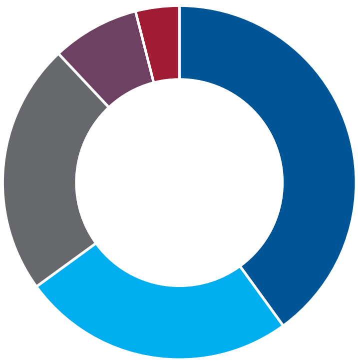
The USA and Europe have the largest outstanding commitments, reflecting the fact that they have the most developed private equity markets. Commitments to Asia and other regions provide access to faster-growing economies.



USA	52%
Europe	36%
Asia and other	12%

Stage

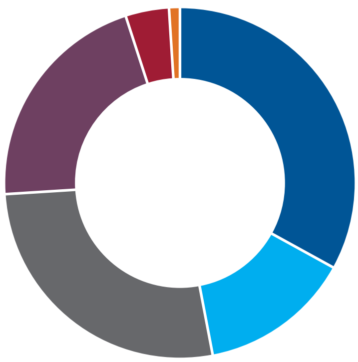
PIP's undrawn commitments are well diversified across all major stages of private equity. The majority of the buyout exposure is with smaller and mid-cap funds. Venture and growth forms a significant portion of the Company's undrawn commitments.



Small/Mid Buyout	40%
Venture and Growth	25%
Large/Mega Buyout	23%
Special Situations	8%
Generalist	4%

Maturity

33% 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.



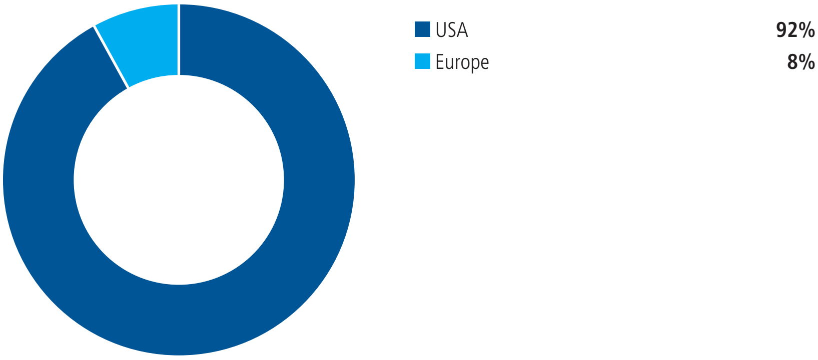
2005 and earlier	33%
2006	14%
2007	27%
2008	21%
2009	4%
2010	1%
2011	0%

Pantheon Vehicles

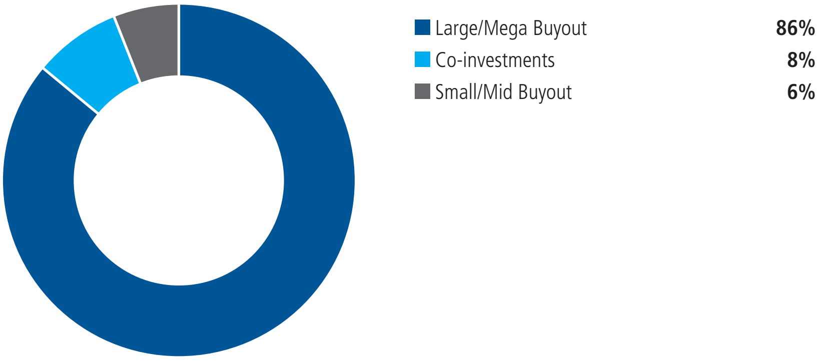
Pantheon is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, the firm's managed fund-of-funds vehicles. In addition, Pantheon has agreed that PIP will never be disadvantaged in terms of fees compared with the position it would have been in had it made investments directly into the underlying funds rather than indirectly through such fund-of-funds vehicles. At 30th June 2012, 8% of PIP's portfolio value and 13% of PIP's outstanding commitments were comprised of fund-of-funds directly managed by Pantheon.

New Commitments

New Commitments by Region



New Commitments by Stage



- PIP made £27m of new commitments during the financial year.
- 92% of the new commitments were made to four secondary transactions, with the majority of these relating to large/mega buyout funds based in the USA. On an aggregate basis these transactions were approximately 70% funded.
- 8% of the new commitments were invested in a new co-investment into a US-based oil and gas company.
- No new primary commitments were made during the financial year.
- Within PIP's current portfolio, European assets are less mature than US-based assets, and are therefore distributing at a slower rate which may, if left unchecked, lead to the European portfolio growing disproportionately in size. We expect that PIP's new investments in the coming financial year will be more focused outside Europe.
- Furthermore, the majority of new secondary commitments will likely be focused on buyout assets, reflecting the mix of funds raised at the peak of the fundraising cycle between 2005 and 2008. Buyout funds also tend to have shorter payback periods relative to venture and growth assets, which can be a beneficial characteristic for cash flow purposes.

The Largest 20 Managers by Value and Outstanding Commitments

Largest 20 Managers by Value as at 30th June 2012

NUMBER	MANAGER	REGION	STAGE BIAS	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Equistone	EUROPE	Buyout	2.6%
2	CVC Capital Partners	GLOBAL	Buyout	2.2%
3	Apax Partners	EUROPE	Buyout	2.2%
4	Nova Capital Management	EUROPE	Buyout	2.1%
5	Carlyle Group	GLOBAL	Generalist	2.0%
6	Golden Gate Capital	USA	Buyout	1.9%
7	Vision Capital	EUROPE	Buyout	1.8%
8	Blackstone Capital Partners	USA	Buyout	1.7%
9	Baring Vostok Capital Partners	EUROPE	Buyout	1.6%
10	Doughty Hanson & Co	EUROPE	Buyout	1.6%
11	Bain Capital	USA	Buyout	1.5%
12	Brentwood Associates	USA	Buyout	1.5%
13	IK Investment Partners	EUROPE	Buyout	1.5%
14	Providence Equity Partners	USA	Buyout	1.4%
15	Hutton Collins	EUROPE	Special Situations	1.3%
16	Oak Investment Partners	USA	Venture and Growth	1.3%
17	Riverstone Holdings	USA	Special Situations	1.3%
18	Genstar Capital Partners	USA	Buyout	1.3%
19	Texas Pacific Group	GLOBAL	Buyout	1.3%
20	Apollo Management	USA	Buyout	1.3%

Largest 20 Managers by Outstanding Commitments as at 30th June 2012

NUMBER	MANAGER	REGION	STAGE BIAS	% OF OUTSTANDING COMMITMENTS
1	Carlyle Group	GLOBAL	Generalist	4.3%
2	Hutton Collins	EUROPE	Special Situations	3.8%
3	CVC Capital Partners	GLOBAL	Buyout	3.4%
4	Texas Pacific Group	GLOBAL	Buyout	2.8%
5	GrandBanks Capital	USA	Venture and Growth	2.7%
6	ABS Capital Partners	USA	Venture and Growth	2.5%
7	Clessidra Capital Partners	EUROPE	Buyout	2.5%
8	Summit Partners	GLOBAL	Venture and Growth	2.3%
9	Unison	ASIA AND OTHER	Buyout	2.1%
10	Mid-Europa Partners	EUROPE	Buyout	1.6%
11	Equistone	EUROPE	Buyout	1.6%
12	Vision Capital	EUROPE	Buyout	1.5%
13	Private Equity Partners	EUROPE	Buyout	1.5%
14	Gemini Israel Funds	EUROPE	Venture and Growth	1.4%
15	Unitas Capital	ASIA AND OTHER	Buyout	1.2%
16	Herkules Capital	EUROPE	Buyout	1.1%
17	Baring Vostok Capital Partners	EUROPE	Buyout	1.1%
18	Golden Gate Capital	USA	Buyout	1.0%
19	Canaan Partners	USA	Venture and Growth	1.0%
20	Castle Harlan Partners	GLOBAL	Buyout	1.0%

The Largest 20 Companies by Value

Largest 20 Companies by Value as at 30th June 2012

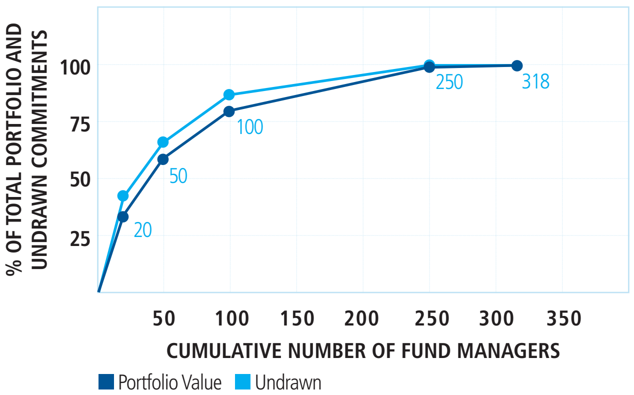
NUMBER	COMPANY	COUNTRY	SECTOR	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Carbolite†	UK	Industrials	1.4%
2	Attendo	SWEDEN	Healthcare	1.1%
3	Bibby Scientific	UK	Information Technology	1.0%
4	Global Blue†	UK	Financials	0.8%
5	VBrick Systems	USA	Information Technology	0.7%
6	Splunk*†	USA	Information Technology	0.6%
7	BrightHouse	UK	Consumer Discretionary	0.5%
8	Groupon*	USA	Information Technology	0.5%
9	TDC*	DENMARK	Telecommunication Services	0.5%
10	Evonik	GERMANY	Materials	0.4%
11	Siltron	SOUTH KOREA	Information Technology	0.4%
12	The Teaching Company	USA	Consumer Discretionary	0.4%
13	Yandex*	RUSSIA	Information Technology	0.4%
14	Fairway Market	USA	Consumer Staples	0.4%
15	InterXion*	NETHERLANDS	Information Technology	0.3%
16	Alarm.com†	USA	Industrials	0.3%
17	2e2	UK	Information Technology	0.3%
18	CPL Industries	UK	Energy	0.3%
19	Spotify	SWEDEN	Information Technology	0.3%
20	JDR	USA	Energy	0.3%

** Quoted holding as at 30th June 2012.*

† Known liquidity event after 30th June 2012.

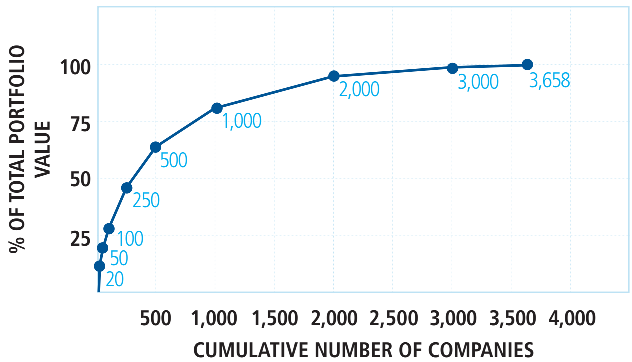
Portfolio Concentration as at 30th June 2012

Portfolio Concentration by Manager



The blue figures represent the number of funds for each point.

Portfolio Concentration by Company



The blue figures represent the number of companies for each point.

The largest 20 managers by value and outstanding commitments are based upon underlying fund valuations. The largest 20 companies table is based upon underlying company valuations at 31st December 2011, adjusted for known calls, distributions and new investment commitments.

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 $7 billion to secondaries over more than 20 years.

Strong Private Equity Track Record

Pantheon is one of the leading private equity fund investors in the world, with global assets under management of $23.9 billion[1], and over 400 institutional investors.

Pantheon has a strong and consistent private equity investment track record. For 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 markets.

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 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 collegiate 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 69 investment professionals, supported by 116 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 17 senior investment professionals who focus on secondary transactions[2]. 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 $7 billion in the secondary market globally across more than 290 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 it has an advantage in having wide experience and coverage. 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 – *25 investment professionals* **B:** New York – *4 investment professionals*
C: London – *32 investment professionals* **D:** Hong Kong – *8 investment professionals*

At a Glance

> $23.9 billion[1] assets under management, on behalf of over 400 institutional investors

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

> International team comprising 185 staff, including 69 investment professionals[2]

> At the forefront of the fast-growing secondary market, having committed $7 billion to secondary investments globally, across more than 290 transactions

[1] *As at 31st March 2012.*

[2] *All staff figures as at 1st August 2012.*

Responsible Investment

Pantheon's policy in terms of responsible investment is to seek to ensure that the environmental, social and governance 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 responsible investing and was one of the first private equity fund investors to sign up to the Principles for Responsible Investing ("PRI") back in 2009. Pantheon believes that adoption of PRI initiatives will ultimately work to the benefit of investors.

Pantheon has an active engagement programme which covers the six PRI principles, as demonstrated in the chart below, and was ranked in the top quartile for all six of these principles in the PRI's 2011 Annual Survey.

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

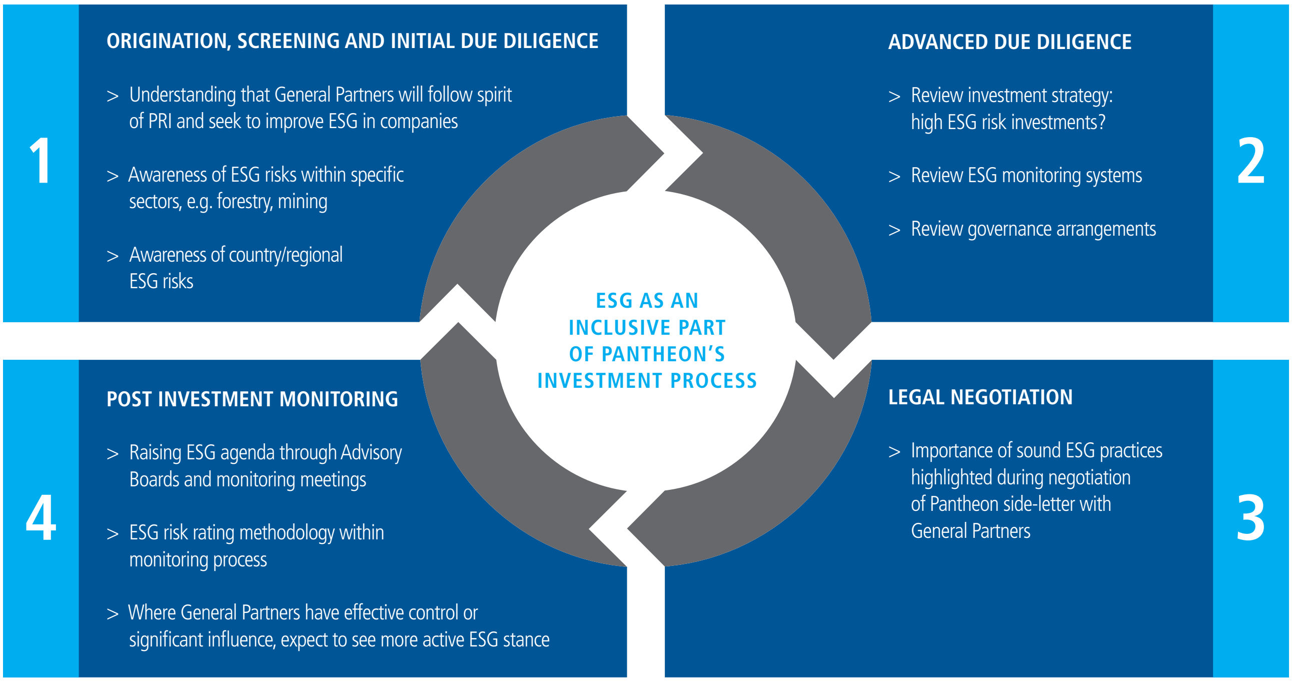
5

REPORTING

> Encourage General Partners to report on ESG issues

6

Pantheon believes that consideration of environmental, social and governance ("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 Pantheon integrates RI considerations and ESG risk management at all stages of its investment process.



Biographies of Key Senior Personnel

Andrew Lebus Partner

Joined 1994, 27 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, 16 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, 16 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, 15 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, 23 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, 17 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, 30 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, 15 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.

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 applying to the Company in relation to its accounting period ended on 30th June 2012 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.

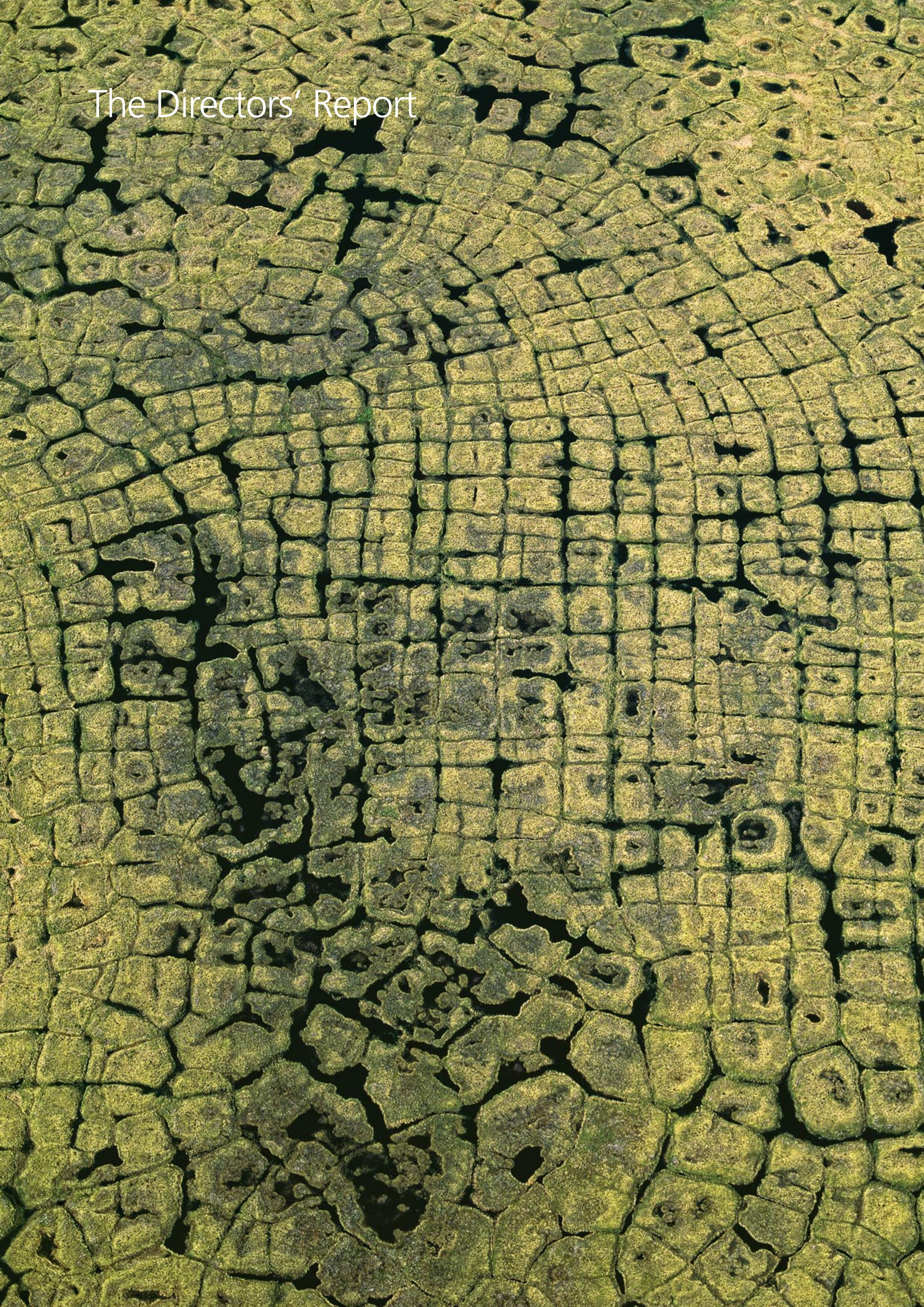
The Company may enter into derivatives transactions for the purposes of efficient portfolio management and hedging (for example, hedging interest rate, currency or market exposures).

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

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 Henderson Fledgling Trust PLC and a non-executive director of Numis Corporation 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 formerly a director of 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 PCC 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.

In his early career he worked with Ivory & Sime in Edinburgh and W.I. Carr in the Far East. He was a director of J. Henry Schroder Wagg and then a director of Smith New Court Plc. He is a member of the Securities & Investment Institute and he resides in Guernsey.

Sir Laurie Magnus (a), (b) & (c)

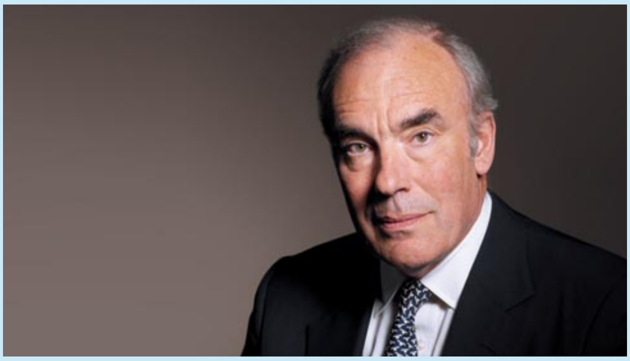
Born September 1955. Appointed to the Board on 22nd November 2011

Sir Laurie Magnus is a senior adviser at Evercore Partners, the US-listed corporate finance advisory business. He has over 30 years of investment banking experience, primarily in corporate finance, initially at Samuel Montagu & Co Limited (subsequently HSBC Investment Bank) and then successively at Phoenix Securities, Donaldson Lufkin & Jenrette, Credit Suisse First Boston and Lexicon Partners (latterly as chairman before it merged with Evercore in 2011). He is currently chairman of the JP Morgan Income & Capital Trust plc and non-executive director of the Cayenne Trust plc and Fidelity Japanese Values plc. He is also Deputy Chairman of The National Trust and an elected member of its Council.

Susannah Nicklin (a), (b) & (c)

Born February 1969. Appointed to the Board on 22nd November 2011

Ms Nicklin is an investment and financial services professional with 20 years experience, including corporate finance, mergers & acquisitions, equity research, wealth management and asset management sales. She served as Executive Director at Goldman Sachs in the US, Australia and UK in the Investment Banking and Global Investment Research divisions before joining Alliance Bernstein in 2008, where she managed private client portfolios and led family office and quasi-institutional business development until earlier this year. She is now the first Fellow on the Bridges Ventures Fellowship Programme and is also a Research Associate at Henley Business School. She is a CFA charter holder and member of STEP.



Peter Readman Senior Independent Director (b) & (c)

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

Peter Readman is chairman of Abercromby Property International, the Cambridge University Investment Board and the Chamber Orchestra of Europe. He is also an economic adviser to a number of international companies 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 was until 12 October 2011 a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP and is a director of a number of Pantheon funds. He is also a director of Lewmar Marine plc and a former director of The China Navigation Company Limited.

KEY:

(a) Member of the Audit Committee

(b) Member of the Management Engagement Committee

(c) Independent of the Manager

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 2012.

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 2012. 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 Sections 1158/59 of the Corporation Tax Act 2010 for the year ended 30th June 2011. 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 apply to the Company with effect from 1 July 2012. An application for approval as an investment trust under the new regime must be made not later than 90 days after 30th June 2013. If the application is accepted, the Company will be treated as an investment trust company for the accounting period ending on 30th June 2013 and for each subsequent accounting period (subject to any subsequent serious breaches of the regulations). The other significant changes are to remove the maximum holding in any one company of 15% by value of total investment and replace this with a risk diversification approach, to remove the requirement for the Company's income to be derived wholly or mainly from shares or securities (thereby broadening the range of possible investments) and to remove the restriction on the distribution of capital profits as dividend. The 15% maximum holding limitation is replicated as an investment restriction in the Company's investment policy and there are no current plans to amend this.

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 and may be drawn down at any time. 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 ("NAV"), 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 NAV 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, which expire in June 2015. As at 30th June 2012 these facilities were undrawn (2011: undrawn). At 30th June 2011 the Company had borrowings of £100.5m in the form of unsecured subordinated loan notes. These loan notes were exchanged for new redeemable shares on 24th August 2011.

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 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.

The Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act ("FATCA") is United States anti-avoidance legislation. Foreign Financial Institutions ("FFIs"), a term that may include UK investment trust companies, need to have registered with the IRS by 30th June 2013. Consultation is continuing and the impact on UK investment trust companies remains uncertain.

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 21 to the financial statements.

The Directors' Report

(CONTINUED)

Review of 2011/2012

Net asset value

The Company's total net assets attributable to shareholders increased during the year to £845.4m (2011: £733.1m excluding the derivative asset). The NAV per share and redemption value per redeemable share was 1,193.50p at 30th June 2012 (2011: 1,104.12p).

The net assets and NAV per share at 30th June 2011 have been adjusted to exclude the derivative asset relating to the Company's standby subscription agreements in place at that time with certain institutions under which those institutions were obliged, on being called upon to do so by the Company, to subscribe for new redeemable shares in the Company ("Standby Commitments"). The Board considered that the best measure of the Company's economic value to shareholders was the adjusted net asset value per share (see Notes 13 and 16 to the financial statements for details of the adjustment).

The utilisation that took place on 24th August 2011 in respect of £100.5m of the £150m Standby Commitments and the termination of the remaining £49.5m Standby Commitments on 30th September 2011 led to a reversal of the derivative asset in the financial statements.

Results and dividends

The results for the year are as set out in the Income Statement on page 61. This shows that the Company's net revenue profit on ordinary activities before taxation for the year was £0.3m (2011: deficit of £3.4m) and adjusted capital returns were £44.9m (2011: £101.9m), excluding the loss on the derivative asset 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 2012 (2011: nil).

Key performance indicators

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

1. **The NAV performance**
   PIP's NAV per share increased by 8.1% from the prior year adjusted NAV per share to 1,193.50p in the year to 30th June 2012. The NAV returns over 1 year, 3 years, 5 years and 10 years and since inception are set out on page 2. The 8.1% increase in PIP's NAV per share compares with falls in the MSCI World Total Return (sterling) Index of 2.1% and the FTSE All-Share Total Return Index of 3.1% respectively.

2. **The level of discount**
   PIP's ordinary share price increased by 1.6% to 725.50p at 30th June 2012 (2011: 714.00p) and the discount to NAV increased to 39.2% at the year end (2011: discount of 35.3%).

   PIP's redeemable share price increased by 7.0% to 760.00p at 30th June 2012 (2011: 710.00p) and the discount to NAV increased to 36.3% at the year end (2011: discount of 35.7%).

3. **The ongoing charges**

	2012	2011
Ongoing charges	**1.20%**	1.45%
Performance fees	**0.00%**	0.00%
Finance costs	**0.22%**	0.50%
Total ongoing charges plus performance fees and finance costs	**1.42%**	1.95%

Future Developments

A review of the year to 30th June 2012 and the outlook for the coming year can be found in the Chairman's Statement and the Manager's Review.

Share Capital

On 24th August 2011 the Company drew down £100,500,082.88 under commitments given to the Company to subscribe for new redeemable shares 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 NAV per share as at 30th June 2011.

During the year, 940,000 redeemable shares (with an aggregate nominal value of £9,400 and representing 3.3% of redeemable share capital as at 30th June 2011) were bought back for treasury and subsequently cancelled. A further 1,400,000 ordinary shares (with an aggregate nominal value of £938,000) and 2,320,000 redeemable shares (with an aggregate nominal value of £23,200) were purchased by the Company for cancellation. These purchases represented 3.7% of ordinary share capital and 11.3% of redeemable share capital in issue on 30th June 2011. The total consideration for these purchases was £31.9m.

As at 30th June 2012, the Company had 36,121,013 ordinary shares of £0.67 each and 34,713,534 redeemable shares of £0.01 each in issue. No shares were held in treasury at the year end.

Since the year end, 255,000 redeemable shares (with an aggregate nominal value of £2,550 and representing 0.7% of the redeemable share capital in issue on 30th June 2012) have been purchased in the market for cancellation for a total consideration of £1.9m.

Share Capital and Voting Rights At 28th September 2012	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	36,121,013	1	–	100
REDEEMABLE SHARES OF £0.01 EACH	34,458,534	–	–	–
TOTAL VOTING RIGHTS	36,121,013			

As at the date of this report, the Company had shares in issue as shown in the table above, all of which are admitted to the official list maintained by the Financial Services Authority and admitted to trading on the London Stock Exchange.

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 32 and 33. 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").

The Pantheon group 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 the Pantheon group 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.

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. For the calculation period ended 30th June 2012 the applicable performance fee hurdle is a NAV per share of 1,627.98p. The performance fee is calculated using the adjusted net asset value, which excluded the derivative asset in previous periods.

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.

The Directors' Report

(CONTINUED)

No performance fee is payable in respect of the year ended 30th June 2012.

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 and the Company's investment objective and policy.

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 well 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 12 months' written notice.

Related party transactions and Directors' interests in contracts and agreements are disclosed in Note 22 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 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 for an investment trust and to enable the Company to comply with the AIC Code of Corporate Governance (the "AIC Code"). The Board's compliance with the AIC Code is set out in the Statement on Corporate Governance on pages 49 to 56, and this Statement forms part of the Directors' Report.

Directors

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

Mr Thomson resigned as a Director on 22nd November 2011. Sir Laurie Magnus and Ms Nicklin were appointed as Directors on 22nd November 2011.

Details of the Directors retiring and standing for re-appointment at the AGM are set out on page 51.

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 2012 and the date of this Report.

Mr Swire was a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP, the Company's Manager until 12th October 2011, and is therefore deemed to have had an interest in the Management Agreement during the year.

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

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

Directors' Interests

		2012	2011*
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	–	–
L.H. MAGNUS	Ordinary shares	5,000	–
	Redeemable shares	–	–
S.E. NICKLIN	Ordinary shares	–	–
	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

** Or date of appointment, if later.*

Interests in Voting Rights

As at 30th June 2012 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	10.00
JOHN LEWIS PARTNERSHIP PENSIONS TRUST LIMITED	2,175,000	6.02
ASSET VALUE INVESTORS	1,880,326	5.21
Includes the holding of British Empire Securities and General Trust plc	1,189,287	3.29
LEGAL & GENERAL GROUP PLC	1,479,551	4.10
EAST RIDING OF YORKSHIRE COUNCIL	1,430,191	3.96
BAE SYSTEMS PENSION FUND TRUSTEES LIMITED	1,315,809	3.64
WEST MIDLANDS PENSION FUND	1,148,375	3.18

No changes to these interests were notified between 30th June 2012 and the date of this report.

The Directors' Report

(CONTINUED)

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 2012, suppliers' invoices totalling £118,000 were due (2011: suppliers' invoices totalling £136,000 were due).

Annual General Meeting

The Company's next Annual General Meeting ("AGM") will be held at 10.30 am on 21st November 2012. The notice convening the meeting (the "Notice of AGM") accompanies this Report and is set out on pages 80 to 84.

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 2012, the receipt and approval of the Directors' Remuneration Report, the re-appointment of Directors, the re-appointment of the Auditor, Grant Thornton UK LLP, the authorisation of the Directors to determine the remuneration of the Auditor, the granting of authorities in relation to the allotment of shares, the disapplication of pre-emption rights and 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, ordinary shareholders are being asked to approve an increase in the maximum aggregate annual remuneration payable to Directors.

Resolutions 1 to 11 and resolution 15 to be proposed at the AGM will be proposed as ordinary resolutions and resolutions 12 to 14 as special resolutions.

The Directors' Remuneration Report is set out on pages 57 and 58. 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 page 51.

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

The authorities given to the Directors at the AGM held on 22nd November 2011 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 11 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 11, if passed, will permit the Company to allot up to £114,861.78 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 £8,067,026.23 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 £8,181,888.01 which the Directors will be authorised to allot by the passing of Resolution 11 represents 33.3% of the issued ordinary share capital of the Company and includes redeemable share capital representing 33.3% of the issued redeemable share capital of the Company, both as at the date of this Report. As at such date, the Company is not holding any ordinary shares or redeemable shares as treasury shares.

Resolution 12 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 11 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. 9,102,279 redeemable shares were issued on 24th August 2011, as set out on page 42.

Resolution 12, 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 11 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 £34,458.53 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 £2,420,107.87 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 12 (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 11 and 12 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 classes of share, amounting to 5,564,439 ordinary shares and 5,390,184 redeemable shares. 1,000,000 ordinary shares and 1,500,000 redeemable shares have been bought back under this authority. Details of all shares bought back during the year are set out on page 42.

Resolution 13 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 issue as at the date upon which the resolution is passed, representing 5,165,334 redeemable shares at the date of this report, and up to 14.99% of the ordinary shares in issue as at the date upon which the resolution is passed, representing 5,414,539 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 present an attractive investment opportunity relative to new investment commitments. In such circumstances, the Directors may cause the Company to undertake 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. In addition, the Directors intend that the Company should retain the ability to utilise, each year, any excess cash, up to 1% of the total net assets attributable to its redeemable shares and ordinary shares, for the purpose of buying in such shares. Otherwise, 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 13, 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.

Notice Period for General Meetings

Resolution 14 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.

The Directors' Report

(CONTINUED)

Directors' Remuneration

Resolution 15 set out in the Notice of AGM, an ordinary resolution, will, if passed, authorise an increase in the maximum aggregate annual remuneration that can be paid to Directors from £200,000 per annum to £300,000 per annum.

The Board has not increased the level of Directors' fees for a number of years, and they are currently set at £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). Since 2003 the NAV per share of the Company has grown from 546.8p to 1,193.5p and net assets have increased from £220.9m to £845.4m. The Directors are also required to comply with ever-increasing amounts of regulation and governance, which all entails additional time being spent on the Company's affairs. The Board has also had the fees independently reviewed by Trust Associates Limited, and has been advised that they are substantially below market average for the type, complexity and size of company. Taking these factors into account and also the length of time since the last review, the Board is proposing an increase of £10,000 per annum for each Director for the current financial year which is, in respect of the Chairman, the Chairman of the Audit Committee and the Senior Independent Director, a lower increase than that recommended by the independent advisers, and in respect of the other non-executive Directors is in line with their recommendation. The Company's Articles of Association allow for a maximum aggregate Directors' remuneration of £200,000 per annum, subject to increase by ordinary resolution of the Company. Accordingly, shareholders' authority to increase the aggregate remuneration that can be paid is being sought. The new limit of £300,000 will permit this increase in fees to be made, and will also give the Company some headroom for increases in future years if these should be deemed appropriate.

Recommendation

Full details of all the above resolutions are provided in the Notice of Meeting on pages 80 to 84.

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.

Auditor

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 Auditor

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 Auditor is 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 Auditor is aware of that information.

On behalf of the Board
TOM BARTLAM
Chairman
28th September 2012

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 48.

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.

The Financial Reporting Council (the "FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Code, has endorsed 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 the UK Code, to the extent that they are relevant to the Company's business, throughout the year ended 30th June 2012.

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 seven 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 has a contract of service with the Company. Brief biographical details of the Directors, including details of their other directorships and significant commitments, can be found on pages 38 and 39.

A formal process exists for the selection of new Directors to the Company and 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.

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 2012. Directors' attendance at Board and Committee meetings during the year was as follows:

Statement on Corporate Governance

(CONTINUED)

	SCHEDULED BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	NUMBER ENTITLED TO ATTEND	**NUMBER ATTENDED**	NUMBER ENTITLED TO ATTEND	**NUMBER ATTENDED**	NUMBER ENTITLED TO ATTEND	**NUMBER ATTENDED**	NUMBER ENTITLED TO ATTEND	**NUMBER ATTENDED**
T.H. BARTLAM	8	**8**	3	**3**	1	**1**	2	**2**
I.C.S. BARBY	8	**8**	3	**3**	1	**1**	2	**2**
R.J. CROWDER	8	**8**	N/A	**N/A**	N/A	**N/A**	2	**2**
L.H. MAGNUS*	5	**5**	1	**1**	–	**–**	–	**–**
S.E. NICKLIN*	5	**5**	1	**1**	–	**–**	–	**–**
A. THOMPSON**	3	**2**	2	**2**	1	**1**	2	**1**
R.M. SWIRE	8	**8**	N/A	**N/A**	N/A	**N/A**	2	**2**
J.P.A. READMAN	8	**8**	N/A	**N/A**	1	**1**	2	**2**

* *Appointed as a Director on 22 November 2011.*

** *Resigned as a Director on 22 November 2011.*

In order to review the effectiveness of the Board as a whole, its Committees and individual Directors, including the independence of each Director, 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 2012; 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 non-executive Chairman of Polar Capital Holdings PLC and Henderson Fledgling Trust PLC and a non-executive director of Numis Corporation 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 was until 12th October 2011 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 and Bartlam, Sir Laurie Magnus and Ms Nicklin are all considered to be independent in both character and judgement.

Accordingly, five of the seven 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

Directors are subject to re-appointment 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. Under the Articles of Association, new Directors appointed by the Board are required to retire at the first AGM following their appointment. Accordingly, Sir Laurie Magnus and Ms Nicklin will both retire at the AGM and, being eligible, offer themselves for re-appointment.

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-election. Mr Bartlam shall accordingly retire by rotation at the AGM and, being eligible, offers himself for re-appointment.

The Board's policy with regard to tenure of office is that any Director having served for nine years since his/her 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 will each seek re-appointment at the forthcoming AGM.

Resolutions to re-appoint Sir Laurie Magnus and Ms Nicklin and to re-appoint Messrs Bartlam, Crowder, Readman and Swire are contained within the Notice of AGM on page 80. 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-appointment of each of these Directors 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. 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.

Statement on Corporate Governance

(CONTINUED)

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 investment 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 and loan 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.

A register of potential 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

At 30th June 2011 the Audit Committee comprised Messrs Barby, Bartlam and Thomson, all independent non-executive Directors of the Company. Mr Thomson subsequently resigned as a Director on 22nd November 2011. On their appointment to the Board on 22nd November 2011, Sir Laurie Magnus and Ms Nicklin were also appointed as members of the Audit Committee.

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 considered 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 2012. 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.

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 Auditor and to approve their remuneration and terms of engagement; to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process; and to provide a forum through which the Company's Auditor reports to the Board. The Audit Committee also has responsibility for reviewing the Manager's whistleblowing 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 Auditor, 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 Auditor 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 Auditor unless there is a conflict of interest or someone else is considered to have more relevant experience. Non-audit services amounting to £32,000 were provided during the year ended 30th June 2012 (2011: £27,000), 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 Auditor, 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 Auditor to the Company.

The Chairman of the Audit Committee will be present at the AGM to answer 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.

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.

Statement on Corporate Governance

(CONTINUED)

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 twice during the year ended 30th June 2012, to consider and make recommendations to the Board concerning the re-appointment of those Directors seeking re-appointment at the 2011 AGM and the appointment of new Directors to the Board.

As indicated in last year's report, the Committee had recommended that the Board consider making a new appointment as it was over five years since the appointment of the last Director. Led by the Chairman and the independent Directors, the Committee considered the desired background and expertise of any new Director to complement the skills already on the Board and an independent recruitment agency was appointed to assist in the identification of suitable candidates. The Directors met with a number of prospective candidates before appointing Sir Laurie Magnus and Ms Nicklin in November 2011.

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 pages 57 and 58. Proposals to increase Directors' remuneration are set out on page 48.

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 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.
- 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.

Statement on Corporate Governance

(CONTINUED)

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 advisers 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 shareholders. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office shown on page 85, who will arrange for the relevant Board member to contact them.

Directors' Remuneration Report

YEAR ENDED 30TH JUNE 2012

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 Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on page 60.

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 2013 and for subsequent financial years.

Directors' fees for the year ended 30th June 2012 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). As set out on page 48, the Directors are proposing an increase in fees of £10,000 per annum per Director for the 2013 financial year. This increase is subject to approval of shareholders to an increase in the maximum aggregate annual remuneration that can be paid to Directors.

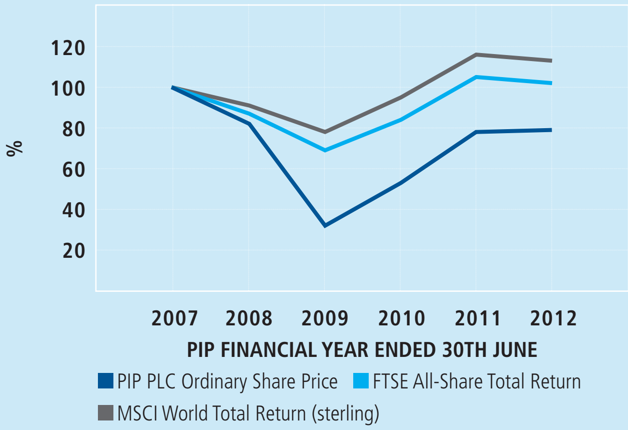
Directors' Service Contracts

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 re-appointment 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-appointment. 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 2007



Directors' Remuneration Report

(CONTINUED)

Directors' Emoluments for the Year (Audited)

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

	2012	2011
T.H. BARTLAM	**£40,000**	£40,000
I.C.S. BARBY	**£25,000**	£25,000
R.J. CROWDER	**£20,000**	£20,000
L.H. MAGNUS*	**£12,000**	–
S.E. NICKLIN*	**£12,000**	–
J.P.A. READMAN	**£20,000**	£20,000
R.M. SWIRE	**£20,000**	£20,000
A. THOMSON**	**£8,000**	£20,000

** Appointed as a Director on 22 November 2011.*

*** Resigned as a Director on 22 November 2011.*

Approval

The Directors' Remuneration Report was approved by the Board on 28th September 2012 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 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.

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.

On behalf of the Board
TOM BARTLAM
Chairman
28th September 2012

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 2012 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 59, 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 2012 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 page 44 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
28th September 2012

Income Statement

YEAR ENDED 30TH JUNE 2012

	NOTE	REVENUE £'000	CAPITAL £'000	2012 TOTAL* £'000	REVENUE £'000	CAPITAL £'000	2011 TOTAL* £'000
Gains on investments at fair value through profit or loss**	9b	–	46,146	46,146	–	100,976	100,976
Loss on derivatives contained in standby agreements at fair value through profit or loss***		–	(14,938)	(14,938)	–	(10,404)	(10,404)
Currency (losses)/gains on cash and borrowings	19	–	(1,104)	(1,104)	–	911	911
Investment income	2	12,065	–	12,065	9,986	–	9,986
Investment management fees	3	(8,867)	–	(8,867)	(8,836)	–	(8,836)
Other expenses	4	(1,062)	(160)	(1,222)	(1,115)	(37)	(1,152)
RETURN ON ORDINARY ACTIVITIES BEFORE FINANCING COSTS AND TAX		2,136	29,944	32,080	35	91,446	91,481
Interest payable and similar charges/finance costs	6	(1,831)	–	(1,831)	(3,427)	–	(3,427)
RETURN ON ORDINARY ACTIVITIES BEFORE TAX		305	29,944	30,249	(3,392)	91,446	88,054
Tax on ordinary activities	7	(1,363)	–	(1,363)	(1,920)	–	(1,920)
RETURN ON ORDINARY ACTIVITIES AFTER TAX FOR THE FINANCIAL YEAR		(1,058)	29,944	28,886	(5,312)	91,446	86,134
RETURN PER ORDINARY AND REDEEMABLE SHARE	8	(1.48)p	41.77p	40.29p	(8.00)p	137.73p	129.73p
ADJUSTED RETURN PER ORDINARY AND REDEEMABLE SHARE	8	(1.48)p	62.62p	61.14p	(8.00)p	153.41p	145.41p
DILUTED RETURN PER ORDINARY AND REDEEMABLE SHARE	8	N/A	N/A	N/A	(6.64)p	114.34p	107.70p

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

** Includes currency gains on investments.

*** The loss on the derivative was an accounting entry only and has no effect on the net cash balances of the Company.

All revenue and capital items in the above statement relate to 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 65 to 79 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 2012								
OPENING EQUITY SHAREHOLDERS' FUNDS	**25,428**	**183,184**	**26**	**288,790**	**244,850**	**99,861**	**(55,546)**	**786,593**
Return for the year	**–**	**–**	**–**	**15,539**	**14,405**	**–**	**(1,058)**	**28,886**
Derecognition of derivative asset	**–**	**–**	**–**	**(38,605)**	**–**	**–**	**–**	**(38,605)**
Issue of new redeemable shares	**91**	**100,409**	**–**	**–**	**–**	**–**	**–**	**100,500**
Expenses relating to the issue of new redeemable shares	**–**	**(38)**	**–**	**–**	**–**	**–**	**–**	**(38)**
Ordinary shares bought back for cancellation	**(938)**	**–**	**938**	**–**	**–**	**(9,685)**	**–**	**(9,685)**
Redeemable shares bought back for cancellation	**(23)**	**–**	**23**	**–**	**–**	**(15,770)**	**–**	**(15,770)**
Redeemable shares bought back and held in treasury*	**–**	**–**	**–**	**–**	**–**	**(6,467)**	**–**	**(6,467)**
Redeemable shares cancelled from treasury	**(9)**	**–**	**9**	**–**	**–**	**–**	**–**	**–**
CLOSING EQUITY SHAREHOLDERS' FUNDS	**24,549**	**283,555**	**996**	**265,724**	**259,255**	**67,939**	**(56,604)**	**845,414**
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

* Shares bought back and held in treasury were subsequently cancelled on 28th October 2011.

The Notes on pages 65 to 79 form part of these financial statements.

Balance Sheet

AS AT 30TH JUNE 2012

	NOTE	2012 £'000	2011 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9a/b	**799,853**	815,868
Current assets			
Debtors	11	**1,512**	2,440
Derivatives contained in standby agreements at fair value through profit or loss	13	**–**	53,543
Cash at bank	18	**51,143**	27,645
		52,655	83,628
Creditors: Amounts falling due within one year			
Other creditors	12	**7,094**	12,403
Loan notes	12	**–**	100,500
		7,094	112,903
NET CURRENT ASSETS/(LIABILITIES)		**45,561**	(29,275)
NET ASSETS		**845,414**	786,593
Capital and reserves			
Called-up share capital	14	**24,549**	25,428
Share premium	15	**283,555**	183,184
Capital redemption reserve	15	**996**	26
Other capital reserve	15	**265,724**	288,790
Capital reserve on investments held	15	**259,255**	244,850
Special reserve	15	**67,939**	99,861
Revenue reserve	15	**(56,604)**	(55,546)
TOTAL EQUITY SHAREHOLDERS' FUNDS		**845,414**	786,593
NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**1,193.50p**	1,184.77p
ADJUSTED NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**1,193.50p**	1,104.12p
DILUTED NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**N/A**	1,104.12p

The Notes on pages 65 to 79 form part of these financial statements.

The financial statements were approved by the Board on 28th September 2012 and were signed on its behalf by

TOM BARTLAM
Chairman

Company No. 2147984

Cash Flow Statement

YEAR ENDED 30TH JUNE 2012

	NOTE	2012 £'000	2011 £'000
Cash flow from operating activities			
Investment income received		**12,052**	9,848
Deposit and other interest received		**13**	2
Investment management fees paid		**(8,869)**	(8,873)
Secretarial fees paid		**(172)**	(186)
Other cash payments		**(951)**	(808)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19	**2,073**	(17)
Servicing of finance			
Revolving credit facility and overdraft interest paid		**–**	(501)
Loan commitment and arrangement fees paid		**(1,160)**	(1,752)
Redeemable share commitment fees paid		**(63)**	(312)
Interest on loan notes paid		**(322)**	(1,831)
NET CASH OUTFLOW FROM SERVICING OF FINANCE		**(1,545)**	(4,396)
Tax			
Net tax paid		**(1,363)**	(1,920)
NET CASH OUTFLOW FROM TAX		**(1,363)**	(1,920)
Capital expenditure and financial investment			
Purchases of investments		**(77,126)**	(113,761)
Purchases of government securities		**(15,901)**	(10,874)
Disposals of investments		**134,632**	167,053
Disposals of government securities		**15,743**	10,874
NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**57,348**	53,292
NET CASH INFLOW BEFORE FINANCING		**56,513**	46,959
Financing			
Drawdown of loan		**–**	3,755
Repayment of loan		**–**	(80,839)
Issue of loan notes		**–**	51,000
Expenses relating to issue of new redeemable shares		**(38)**	–
Ordinary shares purchased for cancellation		**(9,685)**	–
Redeemable shares purchased for cancellation		**(15,770)**	–
Redeemable shares purchased to be held in treasury		**(6,467)**	–
NET CASH OUTFLOW FROM FINANCING		**(31,960)**	(26,084)
INCREASE IN CASH	17	**24,553**	20,875

The Notes on pages 65 to 79 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 derivative 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.

(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 revalued to their stated net asset values at the next reporting date. 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 2012 there was no aggregate difference to be recognised in profit or loss at the start or end of the period.

Notes to the Financial Statements

(CONTINUED)

(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. For the calculation period ended 30th June 2012 the applicable performance fee hurdle is a NAV per share of 1,627.98p.

(L) Derivatives

The derivative at 30th June 2011 comprised standby commitments allowing the Company to call upon certain institutions to subscribe for new redeemable shares (see Note 13). It was accounted for as a financial asset at fair value through profit or loss and any gains or losses are analysed within the Income Statement as a capital return.

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

2. Income

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Income from investments		
Unfranked investment income	**12,047**	9,984
	12,047	9,984
Other income		
Interest on VAT refund on secretarial and accountancy services	**13**	–
Exchange difference on income	**5**	2
	18	2
TOTAL INCOME	**12,065**	9,986
Total income comprises:		
Dividends	**12,041**	9,982
Interest	**19**	2
Exchange difference on income	**5**	2
	12,065	9,986
Analysis of income from investments		
Unlisted	**12,041**	9,982
Listed	**6**	2
	12,047	9,984

3. Investment Management Fees

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2012 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2011 TOTAL £'000
Investment management fees	**8,867**	**–**	**8,867**	8,836	–	8,836
	8,867	**–**	**8,867**	8,836	–	8,836

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 2012 £1,504,000 (2011: £1,506,000) 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 2012. 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.

Notes to the Financial Statements

(CONTINUED)

4. Other Expenses

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2012 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2011 TOTAL £'000
Secretarial and accountancy services	**194**	**–**	**194**	185	–	185
VAT refund on secretarial and accountancy services	**(68)**	**–**	**(68)**	–	–	–
Fees payable to the Company's auditor for the audit of the annual financial statements	**31**	**–**	**31**	38	–	38
Fees payable to the Company's auditor for other services:						
– all other services	**32**	**–**	**32**	27	–	27
Directors' remuneration (see Note 5)	**157**	**–**	**157**	145	–	145
Irrecoverable VAT	**27**	**–**	**27**	74	–	74
Legal and professional fees	**409**	**160**	**569**	328	37	365
Printing	**40**	**–**	**40**	65	–	65
Other	**240**	**–**	**240**	253	–	253
	1,062	**160**	**1,222**	1,115	37	1,152

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

5. Directors' Remuneration

Directors' emoluments comprise wholly Directors' fees. A breakdown is provided in the Directors' Remuneration Report on pages 57 and 58.

6. Interest Payable and Similar Charges

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Bank loan and overdraft interest	**1**	477
Loan commitment and arrangement fees	**1,445**	807
Redeemable share commitment fee	**63**	312
Loan notes interest	**322**	1,831
	1,831	3,427

In June 2011 the Company entered into a new loan agreement with The Royal Bank of Scotland plc and Lloyds TSB Bank plc. Under the agreement, which will expire 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 and a commitment fee of 1.10% per annum is payable in respect of the amounts available for drawdown in each facility. In addition, the Company has an overdraft facility of £5m with The Royal Bank of Scotland plc. At 30th June 2012 the sterling equivalent amount of £nil (30th June 2011: £nil) was drawn down under the facilities.

7. Tax on Ordinary Activities

	REVENUE	CAPITAL	30TH JUNE 2012 TOTAL	REVENUE	CAPITAL	30TH JUNE 2011 TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Withholding tax deducted from distributions	**1,363**	**–**	**1,363**	1,920	–	1,920

Current tax

The current tax for the year differs from the standard rate of corporation tax in the UK (24%). The differences are explained below:

	REVENUE £'000	CAPITAL £'000	2012 TOTAL £'000	REVENUE £'000	CAPITAL £'000	2011 TOTAL £'000
Net return on ordinary activities before tax	**305**	**(8,661)**	**(8,356)**	(3,392)	91,446	88,054
Theoretical tax at UK corporation tax rate of 25.5% (2011: 27.5%)*	**78**	**(2,209)**	**(2,131)**	(933)	25,148	24,215
Non-taxable investment, derivative and currency losses/(gains)	**–**	**2,168**	**2,168**	–	(25,159)	(25,159)
Effect of expenses in excess of taxable income	**–**	**41**	**41**	–	11	11
Utilised management expenses	**(78)**	**–**	**(78)**	–	–	–
Unused management expenses	**–**	**–**	**–**	933	–	933
Withholding tax deducted from distributions	**(1,363)**	**–**	**(1,363)**	(1,920)	–	(1,920)
TOTAL CURRENT TAX	**(1,363)**	**–**	**(1,363)**	(1,920)	–	(1,920)

* The corporation tax rate applied is based on the average tax rates for the financial years ended 30th June 2012 and 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 2012 excess management expenses are estimated to be in excess of £104m (2011: £106m).

8. Return per Share

	REVENUE	CAPITAL	30TH JUNE 2012 TOTAL	REVENUE	CAPITAL	30TH JUNE 2011 TOTAL
Return on ordinary activities after tax for the financial year in £'000	**(1,058)**	**29,944**	**28,886**	(5,312)	91,446	86,134
Loss on derivatives contained in standby agreements in £'000	**–**	**14,938**	**14,938**	–	10,404	10,404
Adjusted return on ordinary activities after tax for the financial year in £'000*	**(1,058)**	**44,882**	**43,824**	(5,312)	101,850	96,538
Weighted average ordinary and redeemable shares			**71,680,727**			66,392,268
Diluted weighted average ordinary and redeemable shares**			**N/A**			79,977,748
Return per ordinary and redeemable share	**(1.48)p**	**41.77p**	**40.29p**	(8.00)p	137.73p	129.73p
Adjusted return per ordinary and redeemable share*	**(1.48)p**	**62.62p**	**61.14p**	(8.00)p	153.41p	145.41p
Diluted return per ordinary and redeemable share**	**N/A**	**N/A**	**N/A**	(6.64)p	114.34p	107.70p

* The adjusted return excludes the loss on the derivative (see Note 13) of £14,938,000 (2011: £10,404,000).

** The diluted return for the prior period 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.

Notes to the Financial Statements

(CONTINUED)

9a. Movements on Investments

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Book cost brought forward	**572,112**	571,599
Acquisitions at cost	**87,649**	130,023
Capital distributions – proceeds	**(149,810)**	(178,435)
Capital distributions – realised gains on sales	**31,770**	48,925
BOOK COST AT 30TH JUNE	**541,721**	572,112
Unrealised appreciation of investments		
Unlisted investments	**258,043**	243,265
Listed investments	**89**	491
VALUATION OF INVESTMENTS AT 30TH JUNE	**799,853**	815,868

9b. Analysis of Investments

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Sterling		
Unlisted investments	**44,237**	44,741
Listed investments	**–**	–
	44,237	44,741
US dollar		
Unlisted investments	**560,142**	553,359
Listed investments	**531**	544
	560,673	553,903
Euro		
Unlisted investments	**184,037**	200,979
Listed investments	**–**	5,419
	184,037	206,398
Other		
Unlisted investments	**10,906**	10,826
Listed investments	**–**	–
	10,906	10,826
	799,853	815,868
Realised profits on sales	**31,770**	48,925
Amounts previously recognised as unrealised appreciation on those sales	**545**	(306)
Increase in unrealised appreciation	**13,831**	52,357
GAINS ON INVESTMENTS	**46,146**	100,976

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 (2011: £nil) and to the disposals of investments totalled £3,000 (2011: £23,000) for the year.

10. Fair Value Hierarchy

Financial Assets at Fair Value through Profit or Loss at 30th June 2012

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Unlisted holdings	**–**	**–**	**799,322**	**799,322**
Derivative asset	**–**	**–**	**–**	**–**
Listed holdings	**531**	**–**	**–**	**531**
	531	**–**	**799,322**	**799,853**

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

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

Level 3 Financial Assets at Fair Value through Profit or Loss at 30th June 2012

	PRIVATE EQUITY INVESTMENTS AND DERIVATIVE ASSET £'000	TOTAL £'000
Opening balance	**863,448**	**863,448**
Purchases at cost	**77,164**	**77,164**
Transfer of book cost to level 1*	**(1,100)**	**(1,100)**
Sales proceeds	**(132,457)**	**(132,457)**
Total gains or losses included in "Gains on investments" in the Income Statement		
– on assets sold	**31,032**	**31,032**
– on assets held as at 30th June 2012	**14,778**	**14,778**
Realised loss on derivatives	**(14,938)**	**(14,938)**
Derivative asset derecognised (see Note 13)	**(38,605)**	**(38,605)**
CLOSING BALANCE	**799,322**	**799,322**

* The transfer of book cost to level 1 is due to stock distributions received from private equity investments.

Notes to the Financial Statements

(CONTINUED)

11. Debtors

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Amounts owed by investment funds	**472**	1,086
Prepayments and accrued income	**1,040**	1,354
	1,512	2,440

12. Creditors: Amounts Falling Due within One Year

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Investment management fees	**1,504**	1,506
Investment performance fee	**5,057**	5,057
Amounts owed to brokers	**38**	5,416
Other creditors and accruals	**495**	424
Other creditors	**7,094**	12,403
Loan notes	**–**	100,500
	7,094	112,903

Terms and Debt Repayment Schedule

At the year end the carrying amount of outstanding loan notes was £nil (2011: £100.5m).

On 22nd July 2011 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 the 9,102,279 new redeemable shares and the repayment of the loan notes was completed on 24th August 2011 and with effect from 30th September 2011 the remaining standby commitments of £49.5m were terminated.

13. Derivatives

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Beginning of year	**53,543**	63,947
Unrealised loss on derivatives	**–**	(10,404)
Realised loss on derivatives	**(14,938)**	–
Derecognition of derivatives	**(38,605)**	–
END OF YEAR	**–**	53,543

Between the years 2005 and 2008 PIP entered into standby commitments under which certain institutions agreed to subscribe up to an aggregate amount of £150m for new redeemable shares in the Company when called upon by the Company at a subscription price equal to the prevailing net asset value per share at the time of subscription. In order to comply with FRS 26 the standby commitments were treated as a derivative and valued as an asset accordingly (see Note 1(L) for more information on the valuation of derivatives).

On 24th August 2011 the Company drew down £100.5m of the standby commitments and issued 9,102,279 new redeemable shares based on a net asset value per share of 1,104.12p.

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

14. Called-up Share Capital

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Allotted, called-up and fully paid:		
36,121,013 (2011: 37,521,013) ordinary shares of 67p each	**24,202**	25,139
34,713,534 (2011: 28,871,255) redeemable shares of 1p each	**347**	289
	24,549	25,428

On 22nd July 2011 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.

During the year 940,000 redeemable shares were bought back to be held in treasury for a total consideration, including commission and stamp duty, of £6,467,000. These shares were subsequently cancelled on 28th October 2011.

In addition, during the year 2,320,000 redeemable shares and 1,400,000 ordinary shares were bought back in the market for cancellation. The total consideration paid, including commission and stamp duty, was £15,770,000 and £9,685,000 respectively.

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 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

(CONTINUED)

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	288,790	244,850	99,861	(55,546)
Net gain on realisation of investments	–	–	31,770	–	–	–
Increase in unrealised appreciation	–	–	–	13,831	–	–
Transfer on disposal of investments	–	–	–	545	–	–
Loss on derivative	–	–	(14,938)	–	–	–
Derecognition of derivative asset	–	–	(38,605)	–	–	–
Exchange differences on currency	–	–	(1,055)	–	–	–
Exchange differences on other capital items	–	–	(78)	29	–	–
Legal and professional costs charged to capital	–	–	(160)	–	–	–
Share cancellations	–	970	–	–	–	–
Share buybacks	–	–	–	–	(31,922)	–
Share issues	100,371	–	–	–	–	–
Revenue return for the year	–	–	–	–	–	(1,058)
END OF YEAR	283,555	996	265,724	259,255	67,939	(56,604)

16. Net Asset Value per Share

	30TH JUNE 2012	30TH JUNE 2011
Net assets attributable in £'000	845,414	786,593
Derivative asset contained in standby agreements in £'000	–	(53,543)
Adjusted net assets attributable in £'000*	845,414	733,050
Ordinary and redeemable shares	70,834,547	66,392,268
Net asset value per share – ordinary and redeemable	1,193.50p	1,184.77p
Adjusted net asset value per share – ordinary and redeemable*	1,193.50p	1,104.12p
Diluted net assets attributable in £'000**	N/A	883,050
Ordinary and redeemable shares following issue of new redeemable shares**	N/A	79,977,748
Diluted net asset value per share – ordinary and redeemable**	N/A	1,104.12p

* The adjusted net asset value per share at 30th June 2011 excludes the derivative asset (see Note 13) relating to the Company's standby subscription commitments. The utilisation that took place on 24th August 2011 in respect of £100.5m of the £150m standby facility and the termination of the remaining £49.5m of standby commitments on 30th September 2011 led to a reversal of the asset in the financial statements. The Directors considered that the best measure of the Company's economic value to shareholders was the adjusted net asset value per share, which is directly comparable to previously published net asset values per share.

** 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 have been held on the balance sheet.

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

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Increase in cash in year	**24,553**	20,875
Non-cash movement		
– foreign exchange (losses)/gains	**(1,055)**	339
– loan notes repaid by issue of redeemable shares	**100,500**	–
CHANGE IN NET FUNDS	**123,998**	21,214
Net debt at beginning of year	**(72,855)**	(120,793)
Loans drawn down	**–**	(3,755)
Loans repaid	**–**	81,479
Loan notes	**–**	(51,000)
NET FUNDS AT END OF YEAR	**51,143**	(72,855)

18. Analysis of Net Funds

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Cash at bank	**51,143**	27,645
Loan notes	**–**	(100,500)
	51,143	(72,855)

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

	30TH JUNE 2012 £'000	30TH JUNE 2011 £'000
Return on ordinary activities before financing costs and tax	**(6,525)**	91,481
Gains on investments	**(46,146)**	(100,976)
Loss on derivative	**53,543**	10,404
Currency losses/(gains) on cash and borrowings	**1,104**	(911)
Increase in creditors	**96**	124
Decrease/(increase) in debtors	**1**	(139)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**2,073**	(17)

Notes to the Financial Statements

(CONTINUED)

20. Contingencies, Guarantees and Financial Commitments

At 30th June 2012 there were financial commitments outstanding of £190.9m (2011: £242.8m) in respect of investments in partly paid shares and interests in private equity funds.

21. 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 regularly receive financial information, 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 regular 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 20 for outstanding commitments as at 30th June 2012) 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 a multi-currency revolving credit facility with The Royal Bank of Scotland plc and Lloyds TSB Bank plc, due to expire in June 2015, and comprising facilities of $82m and €57m of which at 30th June 2012 the sterling equivalent of £nil (30th June 2011: £nil) was drawn down (see Note 6 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 2012 stood at £149.5m (2011: £130.1m), comprising £51.1m (2011: £27.6m) in cash balances and £98.4m (2011: £102.5m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 5.0 times (2011: 3.9 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 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 2012 there was the sterling equivalent of £nil funds drawn down on the loan facilities (30th June 2011: £nil). A commitment fee of 1.10% per annum is payable in respect of the amounts available for drawdown in each facility.

Non-interest rate exposure

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

Financial assets for 2012 and 2011 consisted of investments, cash and debtors (excluding prepayments). As at 30th June 2012, the interest rate risk and maturity profile of the Company's financial assets was as follows:

30TH JUNE 2012	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	50,595	50,595	–	–	–
US dollar	602,149	602,149	–	–	–
Euro	187,818	187,818	–	–	–
Other	10,906	10,906	–	–	–
	851,468	851,468	–	–	–

The interest rate risk and maturity profile of the Company's financial assets as at 30th June 2011 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	–	–

Notes to the Financial Statements

(CONTINUED)

As at 30th June 2012, the maturity profile of the Company's financial liabilities was as follows:

30TH JUNE 2012	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000
Loan notes	–	–	–	–
	–	–	–	–

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 notes	100,500	–	100,500	–
	100,500	–	100,500	–

Financial Liabilities

At 30th June 2012 the Company had drawn the sterling equivalent of £nil (2011: £nil) of its 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 (2011: £nil) was accruing.

At 30th June 2012 the Company had £nil (2011: £100.5m) unsecured subordinated loan notes in issue.

With the exception of the loan notes at 30th June 2011 there was no interest risk associated with other short-term creditors. At 30th June 2012 and at 30th June 2011, all financial liabilities were due within one year.

Market Price Risk

The method of valuation of the fixed asset investments is described in Note 1(D) on page 65. 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 for the derivative in the prior year included in the standby commitments is described in Note 13 and Note 1(L).

If the investment portfolio fell by 20% from the 30th June 2012 valuation, with all other variables held constant, there would have been a reduction of £161,570,000 (2011 based on a fall of 20%: £164,805,000) in the return before taxation. An increase of 20% would have increased the return before taxation by £158,371,000 (2011 based on a 20% increase: £161,542,000).

In relation to the derivative, if the share price of the Company's redeemable shares fell by 20% from the 30th June 2012 closing price, with all other variables held constant, there would have been an increase of £nil (2011 based on a 20% fall: £19,291,000) 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 pages 18 and 19. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial year.

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 2012, realised exchange losses of £78,000 (2011: £38,000) and realised losses relating to currency of £1,055,000 (2011: unrealised gains of £339,000) have been taken to the capital reserve.

The Company's exposure to foreign currency excluding private equity investments is shown below. In relation to this exposure, if the sterling/dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 30th June 2012, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £5,029,000 (2011: decreasing by £2,382,000). 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 £4,114,000 (2011: £1,949,000). The calculations are based on the financial assets and liabilities and the exchange rate of 1.56845 (2011: 1.60545) sterling/dollar and 1.23595 (2011: 1.1073) sterling/euro as at 30th June 2012.

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

	30TH JUNE 2012 ASSETS £'000	**30TH JUNE 2012 LIABILITIES £'000**	30TH JUNE 2011 ASSETS £'000	30TH JUNE 2011 LIABILITIES £'000
US dollar	**41,476**	**–**	15,163	–
Euro	**3,782**	**–**	11,694	5,416
Norwegian krona	**–**	**–**	98	–
	45,258	**–**	26,955	5,416

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 2012 the Company had bank debt facilities to increase the Company's liquidity. Details of available 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 23. 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.

22. 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, was until 12th October 2011 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 21ST NOVEMBER 2012

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 48 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 21st November 2012 at 10.30am to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 11 and resolution 15 will be proposed as ordinary resolutions and numbers 12 to 14 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 2012.

2. To receive and approve the Directors' Remuneration Report for the year ended 30th June 2012.

3. To re-appoint Sir Laurie Magnus as a Director.

4. To re-appoint Ms S.E. Nicklin as a Director.

5. To re-appoint Mr T.H. Bartlam as a Director.

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

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

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

9. To re-appoint Grant Thornton UK LLP as Auditor 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.

10. To authorise the Directors to determine the remuneration of the Auditor.

11. 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 £8,181,888.01, and comprising not more than £114,861.78 in nominal amount of redeemable shares of £0.01 each in the capital of the Company ("Redeemable Shares") and not more than £8,067,026.23 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.

Special Resolutions

12. That:

subject to the passing of Resolution 11 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 11 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 £2,454,566.40, and comprising not more than £34,458.53 in nominal amount of Redeemable Shares and not more than £2,420,107.87 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.

13. 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

Notice of Annual General Meeting

(CONTINUED)

(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.

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

Special Business

Ordinary Resolution

15: That:
the maximum aggregate annual remuneration payable to Directors under article 79(1) of the articles of association of the Company be and is hereby increased from £200,000 to £300,000.

Dated 28th September 2012
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.*

3. Only those shareholders registered on the Register of Members of the Company as at 6.00 pm on 19th November 2012 (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 and any adjournment of it 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: (a) to do so would: (i) interfere unduly with the preparation for the meeting, or (ii) involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) 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.

Notice of Annual General Meeting

(CONTINUED)

9. *As at 27th September 2012 (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* 36,121,013 *ordinary shares of £0.67 each carrying one vote each. As at such date, the Company's issued non-voting share capital amounted to* 34,458,534 *redeemable shares of £0.01 each.*

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 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 10.15am until the conclusion of the meeting.*

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Notes

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PIP IS A FOUNDING MEMBER OF

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PANTHEON