PANTHEON INTERNATIONAL PARTICIPATIONS PLC - Annual Financial Report

PR Newswire

London, October 4

PANTHEON INTERNATIONAL PARTICIPATIONS PLC (the "Company" or "PIP")

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

The full Annual Report and Accounts can be accessed via the Company's websiteat www.pipplc.com or by contacting the Company Secretary by telephone on 01392 412122.

PIP will be holding a webcast today at 2.30 pm BST to discuss the release ofthe 2011 Annual Report and Accounts.

The presentation can be viewed on www.meetingzone.com/presenter/?partCEC= 1556367 with Access Pin 1556367#. Please use the dial in details below and

ensure that you give your name, company name and the password PIP when dialling in for the webcast.

0808 109 0700 UK Toll Free +44 (0) 20 3003 2666 Standard International Access FINANCIAL SUMMARYHIGHLIGHTS 30TH JUNE 2011

Discount to adjusted NAV per 35.3% 49.3%

share Redeemable shares Share price

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

The adjusted NAV excludes a derivative asset relating to the Company's standbysubscription agreements with certain institutions under which thoseinstitutions can be called by the Company t

CHAIRMAN'S STATEMENT

I am pleased to report that the adjusted net asset value ("NAV") per shareincreased by 15.2% to 1,104.1p in the year to 30th June 2011. This performancewas driven by substantial valuation gai

Strengthened balance sheet

The Company experienced a substantial increase in cash flow during the year,with the portfolio generating £81m of net cash inflows before any newinvestment commitments, an increase of £

Focus on opportunities in the secondary markets

As a consequence of the strengthened balance sheet, the Company resumed itssecondary investment programme in June 2011, with a £24m commitment to a highquality, global portfolio of 2

Discount does not reflect fundamental value

PIP's share price increased by 46.9% in the year to 30th June 2011, driven bythe strong NAV performance mentioned above, alongside a reduction of thediscount from 49% to 35%. Whilst this ir

Performance

NAV per share performance driven by strong uplift in valuations

The Company has continued to see a significant recovery in valuations. Theadjusted net asset value of the Company increased by £96m to £733m during theyear. This was mainly due to the s

Strong portfolio returns across all stages

Investment gains of £121m (excluding the effect of foreign exchange) representa return of +16% on the Company's opening portfolio value. In a year when stockmarket performance was posi

Impressive growth at the underlying company level

A review of our largest 50 buyout funds and direct investments (representingapproximately 50% of the Company's buyout and direct investments by value)revealed weighted average revenue a

Investment Activity

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

Significant increases in distribution activity

Distributions received in the year were £165m, representing 22% of openingportfolio value - double the distribution rate[1] of 11% in the previous year.This increase in realisation activity, which w

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

Acceleration in call rates and resumption of secondary investments

The Company invested £84m through calls from underlying private equity funds.These calls represent approximately 25% of opening undrawn commitments, up from16% in the previous year. T

Portfolio

Relatively low underlying leverage and diversification should reduce volatility

PIP's portfolio has a 40% exposure to venture and growth, special situationsand generalist funds, all of which tend to utilise low levels or no leverage.60% of the portfolio is invested in buyout fu

Financing and Capital Structure

A new loan facility and simplified capital structure

In June 2011 PIP signed a new multi-currency, revolving credit facilityagreement for $82m and €57m. This new facility will expire in June 2015, andreplaced the old facility of $117m and €86m

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

Undrawn commitments are well covered

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

At 30th June 2011, the Company's available financing was £130.1m, comprisingsettled cash balances of £27.6m and an unutilised bank loan facility of £102.5m. This available financing (whic

Outlook

Since the year end, the Company has continued to see strong levels ofdistributions, with the cash position of the Company increasing from £27.6m at30th June 2011 to £43.7m at 30th Septem

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

Board Change

I would like to take this opportunity to thank Sandy Thomson for his valuablecontribution to the Company as a Director and member of our Audit Committee.Sandy, who has been a Director for

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

Tom BartlamChairman4th October 2011THE MANAGER'S REVIEWMARKET REVIEWSummary

Investment activity increased globally, driven by improvements in earningsvisibility and an increase in the availability of debt. A rise in realisationactivity resulted from an increase in the number

tosell private equity assets.US and European BuyoutsThe past year saw a resurgence in global buyout activity. The aggregate valueof buyout deals on a global basis executed in the first half of

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

[1] Source: Q2 2011 Prequin Quarterly.

US Venture Capital[2]

Over the year the US venture capital market has continued to recover. As growthhas remained subdued, venture capital managers and growth equity managers arecontinuing to target sectors v

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

[3]Source: National Venture Capital Association.

Asia

The Asian private equity market, which has been less impacted by the financialcrisis, has seen continued strong and consistent levels of investment, drivenby robust business confidence and

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

While overall listing activity is expected to moderate and in some casesdecline, key IPO markets like China and Australia may yet remain more resilientfor the remainder of 2011 and 2012. As v

Secondary Interests in Funds

After the low activity levels in the market for secondary fund interests in2009, which were associated with very weak pricing at the height of thefinancial crisis, deal volume recovered strongly

Meanwhile, the average discount for secondary transactions has narrowed toaround 15% in the first half of 2011. 4 This has further reduced the gapbetween buyer and seller pricing expectations, thereby stimulating the market.With the impetus for higher deal volumes likely to continue, there could beplenty of attractive secondary opportunities in the market over the comingyear. Pantheon will continue to focus on assets that can maintain theirresilience in the face of a weakening economic outlook.

Pantheon is one of the largest secondary fund-of-fund managers in the world,with a dedicated team of 23 investment professionals focusing on secondarytransactions. This enables the Com

4 Source: Cogent Partners

INVESTMENTS CALLED IN THE YEAR TO 30TH JUNE 2011

New investments financed during the year ranged across many sectors andregions, from telecommunications firms to leading restaurant chains, energycompanies to highly specialised manu

Calls

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

USA	38%	Europe	44%	Asia and other	18%	Total	100%

DISTRIBUTIONS IN THE YEAR TO 30TH JUNE 2011

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

[1] This figure looks through feeders and fund-of-funds.

Distributions

PIP received £165m in proceeds from the portfolio in the 12 months to 30th June2011 , equivalent to approximately 22% of opening private equity assets.

USA	63%	Europe	24%	Asia and other	13%	Total	100%

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

On a sample of the largest 50 distributions, the weighted average cost multiplewas 7.2 times. 100% of the distributions in the sample generated multiples inexcess of 1.0 times cost for the un

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

On a sample of the largest 50 distributions, the weighted average uplift was79%. 98% of the sample distributed an amount greater than the previousvaluation, over 70% of the sample generate

Approximately 54% of the largest 50 distributions were derived from tradesales, 26% from IPOs, 17% from sales to other private equity firms and 3% fromcapital reorganisations.

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

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

FINANCE

Cash and Available Bank Facility

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

In June 2011 the Company entered into a new multi-currency revolving creditfacility agreement ("New Loan Facility"), replacing its previous multi-currencyrevolving credit facility agreement tha

Standby Financing and Loan Notes

Between 2005 and 2008 PIP entered into a number of standby agreements (the"Standby Commitments") with certain institutions under which the Company couldrequire the institutions to subs

Post Year End: Exchange of Loan Notes for Shares

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

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

Post Year End: Share Buyback

At the end of August 2011, PIP bought in the market 940,000 redeemable shareswhich are currently being held in treasury. At an average purchase price of683p (38% discount to the 30th June

Commitment Cover

At 30th June 2011, PIP's available financing, excluding the remaining StandbyCommitments terminated in September 2011, stood at £130.1m, comprising £27.6min settled cash balances and

PORTFOLIO OVERVIEW

The diversification of PIP's portfolio, with assets spread across differentinvestment styles and stages including buyout, venture and growth, and specialsituations, helps to reduce volatility of I

Portfolio Analysis by Value as at 30th June 2011

Geography

The majority of PIP's geographical exposure is focused on the USA and Europe,reflecting the fact that these regions have the most developed private equitymarkets. PIP's assets based in Asia

PIP's portfolio is well diversified by fund vintage (referring to the year thefund made its first drawdown). Only 16% of the portfolio relates to large/megabuyouts from fund vintages 2005 to 2007

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

2000 and earlier	19%	2001	6%	2002	2%	2003	3%	2004	6%	2005	14%

Venture and growth, small/mid-size buyouts and large/mega buyouts account for88% of the portfolio value, and have differing leverage characteristics:

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

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

> The large/mega buyout portfolio sampled contains higher levels of debt withnet debt / EBITDA of 4.2 times, although relatively low compared to the debtmultiples of deals executed at the pe

Revenue and EBITDA Growth[1]

> Weighted average revenue and EBITDA growth for the sampled buyout companieswas +11.2% and +21.6% respectively in the year to 31st December 2010. Thiscompares favourably with the

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

Valuation Multiple[1]

> Accounting standards require private equity managers to value their portfolioat fair value. This leads to volatility in valuations reflecting movements inthe broader markets. However, valuation

The sample buyout figures were calculated from over 75% of the value of thecompanies within the largest 50 buyout funds and direct investments as at 31stDecember 2010. This accounts fo

Impact of Distributions Upon Returns

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

> The outperformance of distributing funds is more marked for venture andgrowth funds, where valuations are often based upon cost or the latest round offinancing, relative to buyout funds w

> Venture and growth funds typically invest in disruptive technologies forwhich trade buyers can often be willing to pay a substantial premium. Theseresults are consistent with our sample of the largest 50 distributions. In thissample, the weighted average uplift for venture and growth realisations was151% versus 79% for the sample overall.

Venture and Growth Distribution Rates

> Over 40% of PIP's venture and growth assets are in funds dated 2001 andearlier. These companies are now mature and many are cash-generative, havingsurvived the bursting of the technolo

UNDERLYING PORTFOLIO COMPANIES

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

Company Sector

PIP's portfolio is well diversified by the sectors in which the underlyingcompanies operate. This sectoral diversification helps to minimise the effectsof cyclical trends within particular industry

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

North America 50% UK 14% Asia and other 11% Germany 6% Scandinavia

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

OUTSTANDING COMMITMENTS

PIP's outstanding commitments to fund investments, 74% of which relate toprimary funds and 26% of which relate to secondary funds, are well diversifiedby stage and geography and will enable the Company to participate in futureinvestments with many of the highest quality fund managers in the privateequity industry.

Portfolio Analysis by Outstanding Commitments as at 30th June 2011

PIP's outstanding commitments to investments decreased to £243m at 30th June2011 compared with £331m at 30th June 2010. The Company paid calls of £84m andacquired £5m of outsta

Geography

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

USA 45% Europe 43% Asia and other 12% Total 100% StagePIP's undrawn commitments are wel

TOP 20 MANAGERS BY VALUE AS AT 30TH JUNE 2011

% OF PIP'S TOTAL PRIVATE NUMBER MANAGER REGION STAGE BIAS EQUITY ASSET VALUE

3 CVC Capital Partners EUROPE BUYOUT 2.4%

4 Nova Capital EUROPE BUYOUT 2.0% Management 5 Vision Capital EUROPE BU

6 Brentwood Associates USA BUYOUT 1.7% 7 Golden Gate Capital USA BUYOUT 1.7%

9 Hutton Collins EUROPE SPECIAL SITUATIONS 1.6% 10 IK Investment EUROPE BUYOUT 1.5% Partners

16 Avista Capital USA BUYOUT 1.3% Partners 17 Bain Capital USA BUYOUT

TOP 20 MANAGERS BY OUTSTANDING COMMITMENTS AS AT 30TH JUNE 2011

% OF OUTSTANDING NUMBER MANAGER REGION STAGE BIAS COMMITMENTS 1 CVC Capital EUROPE BUYOUT

TOP 20 COMPANIES BY VALUE AS AT 30TH JUNE 2011

% OF PIP'S TOTAL PRIVATE NUMBER COMPANY SECTOR EQUITY ASSET VALUE 1 Carbolite INDUSTRIALS 1.1%

* Quoted holding as at 30th June 2011 .

THE MANAGER (PANTHEON)

Pantheon, one of the world's foremost private equity specialists, has acted asManager to PIP since its inception in 1987, evaluating and managing investmentson PIP's behalf in line with the s

Strong Private Equity Track Record

Pantheon is one of the leading private equity fund-of-funds managers in theworld, with global assets under management of $24.3 billion¹, and over 350institutional investors.

Pantheon has a strong and consistent private equity investment track record.For nearly 30 years Pantheon has made investments in over 1,000 private equityfunds, gaining exceptional insight a

Risk Management

Pantheon has substantial experience of investing in private equity throughvarious economic cycles and in different regional markets. The firm's assetallocation, diversification strategies and di

Reputation as a Preferred Investor

Pantheon has been investing in private equity for nearly 30 years and has anenviable reputation in the industry. Pantheon is often considered a preferredinvestor due to its reputation, active app

Team-Based Culture

Pantheon draws upon a deep pool of resources that contributes to a uniqueteam-based culture. With teams operating in London, San Francisco, Hong Kongand New York, Pantheon adopts a c

Pantheon is one of the largest and longest established secondary investors inthe world, with more than 20 years' experience of successful secondaryinvesting and a team of 23 investment pro

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

Pantheon always aims to leverage the knowledge and due diligence information ofits primary fund teams and global offices. Long-standing partnerships withgeneral 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 bygrowth in the number of would-be acquirers of secondary assets, Pantheonbelieves that there is a relative shortage of experienced teams with theability to transact the full range of global secondary purchase types. As aresult, the differentiation between experienced and well-resourced globalspecialists and the rest is becoming increasingly apparent as the marketevolves.

[1] As at 31st March 2011

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

COMPANY STRATEGY

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

Company Strategy

The spread of performance in private equity is much wider than in other assetclasses and the selection of managers has a significant influence on investmentperformance. As a specialist fun

The current portfolio reflects PIP's prolonged access to Pantheon's highlysuccessful primary and secondary investments over the past 23 years. Only fundsthat have passed rigorous due diligence and research are selected forinvestment.

Secondary Programme Emphasis

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

Secondary purchases of existing interests in private equity funds are typicallyacquired between three and six years after a fund's inception, when such fundsare substantially invested. As a res

As the Company continues to build its financial resources through net portfoliorealisations, the shorter duration of secondary investments and lowerassociated undrawn commitments will help to further increase the Company'sfinancial strength.

In accordance with the terms of its management agreement with Pantheon, PIP isentitled under Pantheon's allocation policy to the opportunity to co-invest ina predetermined ratio alongside Pa

Share Buybacks

In certain circumstances, usually where the Company's shares are quoted at asignificant discount to NAV, the Board may view the shares as presenting anattractive investment opportunity rela

CURRENT OUTLOOK FOR SECONDARY INVESTMENTS

What is a Secondary?

A secondary transaction generally consists of purchasing an interest in aprivate equity fund, or portfolio of multiple funds (consisting of investedcapital and remaining capital commitments) fr

Why Invest in Secondaries?

A secondary investment exhibits several features that differentiate it fromother private equity assets, including the potential for timely deployment andearlier return of capital, portfolio transpar

Timely Deployment of Capital

Investing in secondaries can be a particularly helpful strategy for investorsseeking to boost the proportion of their allocation to private equity actuallyat work "in the ground". Whereas a primary

Earlier Return on Investment

Investing later in a fund's life reduces the impact of the "J-curve" normallyassociated with private equity fund investments. The visibility of assets makesit easier to identify outperforming fund

Reduced Investor Risk

Unlike investing in a fund at inception, when it represents a blind pool ofcapital, secondary investing allows detailed analysis of a fund's assets. Usinga rigorous due diligence process, Panthe

withthe fund manager.Discount to Fair Market ValuePantheon undertakes detailed analysis on underlying assets in a portfolio toestablish value. Discounts to assessed fair market value may b

Time and Vintage Diversification

Secondary investment is a tool which enables investors in private equity to addan element of retrospective vintage diversification to their portfolios bybuying into a range of mature funds, typica

Current Outlook

The Manager believes that an oversupply of capital to the private equity marketfrom 2006 to 2008 and regulatory changes will continue to provide a stimulusfor an attractive market opportunity

OBJECTIVE AND INVESTMENT POLICY

The Company's primary investment objective is to maximise capital growth byinvesting 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, bysubscribing for investments in new private equity funds and buying secondaryinterests in existing private equity funds an

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

› the requirement for approval as an investment trust that no holding in acompany will represent more than 15% by value of the Company's investments atthe time of investment;› the aggregate

› the Company will invest no more than 15% of its total assets in otherUK-listed closed-ended investment funds (including UK-listed investmenttrusts).

The Company may invest in funds and other vehicles established and managed oradvised by Pantheon or any Pantheon affiliate. In determining thediversification of its portfolio and applying th

The Company may enter into derivatives transactions for the purposes ofefficient 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, bankdeposits or other similar securities.

The Company may borrow to make investments and typically uses its borrowingfacilities to manage its cash flows flexibly, enabling the Company to makeinvestments as and when suitable op

The Directors in office during the year and at the date of this report are:

Tom Bartlam (Chairman)

Ian Barby (Audit Committee Chairman)

Richard CrowderPeter ReadmanRhoddy SwireSandy Thomson

EXTRACTS FROM THE DIRECTORS' REPORT

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

BUSINESS REVIEW

The Business Review which follows is designed to provide shareholders withinformation about the Company's business and results in the year to 30th June2011 . It should be read in conjunction with the Chairman's Statement andManager's Review.

Business and Strategy

Pantheon International Participations PLC (the "Company" or "PIP"), aclosed-ended investment trust, is the longest established private equityfund-of-funds quoted on the London Stock Exchan

The Company was incorporated and registered in England and Wales on 16 July1987 . It is registered as a public limited company and is an investment companyas defined by Section 833 of the Companies Act 2006. It is a member of TheAssociation of Investment Companies ("AIC").

The Company has received written approval from HM Revenue & Customs ("HMRC") as anauthorised investment trust under Section 1158/59 of the Corporation Tax Act2010 for the year ended

Principal Risks and Uncertainties Facing the Company

The Company invests principally in private equity funds. However, the Company'sstrategy is to adopt a global fund-of-funds investment programme, maximisingreturns through selection of the

Funding of investment commitments

In the normal course of its business, the Company typically has outstandingcommitments to private equity funds which are substantial relative to theCompany's assets. The Company's ability t

Risks relating to investment opportunities

There is no guarantee that the Company will find sufficient suitable investmentopportunities, or that the private equity funds in which it invests will findsuitable investment opportunities, to achi

Financial risk of private equity

The Company invests in private equity funds and unquoted companies which areless readily marketable than quoted securities and may take a long time torealise. In addition, such investment

Long-term nature of private equity investments

Private equity investments are long-term in nature and may take some yearsbefore reaching a level of maturity at which they can be realised. Accordingly,it is possible that the Company may no

Due to the Company's investment policy, a large proportion of the Company'sportfolio comprises indirect participations in unquoted investments and directholdings in unquoted investments. Su

Valuation uncertainty

In valuing its investments in private equity funds and unquoted companies andin publishing its net asset value, the Company relies to a significant extenton the accuracy of financial and other i

Gearing

The Company has four-year committed revolving dollar and euro credit facilitieswith The Royal Bank of Scotland plc and Lloyds TSB Bank plc. As at 30th June2011 these facilities were undrav

Foreign currency risk

The Company makes investments in US dollars, euros and other currencies as wellas sterling. Accordingly, the Company is exposed to currency exchange ratefluctuations.

Competition

The Company competes for investments with other investors. It is possible thatcompetition for appropriate investment opportunities may increase, thusreducing the number of opportunities available and adversely affecting theterms upon which such investments can be made.

Unregulated nature of underlying investments

The private equity funds and underlying unquoted investments that form thebasis of the majority of the Company's portfolio are not subject to regulationby the Financial Services Authority or ar

ofthe United Kingdom.Defaults on commitments

If, in consequence of any failure to meet a demand for payment of anyoutstanding unpaid capital commitment of the Company to any private equity fundin which the Company has invested, the Company is treated as a defaultinginvestor by that fund, the Company may suffer a resultant dilution in itsinterest 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 practicecould affect the value of the investments held by and the performance of theCompany. In addition, the income and g

The Manager and other third party advisers

Like most investment trust companies, the Company has no employees and theDirectors are all non-executive. The Company is dependent upon the services ofPantheon Ventures (UK) LLP ("Pantheon") as Manager and may be adverselyaffected if the services of Pantheon cease to be available to the Company.

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

Further information on risks

Further information on the principal risks the Company faces in its portfoliomanagement activities and the policies for managing these risks and the policyand practice with regard to financial i

tothe financial statements.Review of 2010/2011Net asset valueThe Company's adjusted total net assets attributable to shareholders increasedduring the year to £733.1m (2010: £636.5m). Th

Results and dividends

The results for the year are as set out in the Income Statement below. Thisshows that the Company's net revenue deficit on ordinary activities beforetaxation for the year was £3.4m (2010: deficit of £9.1m) and adjusted capitalreturns were £101.9m (2010: return of £133.1m) (excluding the loss on thederivative at fair value through profit or loss).

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

Key performance indicators

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

1. The net asset value performance

PIP's adjusted net asset value per share increased by 15.2% to 1,104.12p in theyear to 30th June 2011. The net asset value returns over 1 year, 3 years, 5 years and 10 years and since inceptior

2. The level of discount

PIP's ordinary share price during the year increased by 46.9% to 714p (2010: 486p) and the discount narrowed to 35.3% at the year end (2010: discount of49.3%) based on the adjusted net asset value.

3. The total expense ratio

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

Future Developments

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

Share Capital

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

Subsequent to the year end, on 24th August 2011 the Company drew down £100,500,082.88 under commitments to subscribe for new redeemable shares of £0.01 each in the capital of the Co

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

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

4TH OCTOBER 2011 IN ISSUE EACH SHARE TREASURY BY EACH CLASS ORDINARY SHARES OF 37,521,013 1 - 100

£0.67 EACH

REDEEMABLE SHARES 37,973,534 - 940,000 -

OF £0.01 EACH TOTAL VOTING 37,521,013 RIGHTS

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

Amendment of the Company's Articles of Association and the giving ofauthorities to issue or buy back the Company's shares require an appropriateresolution to be passed by shareholders. Prc

Social, Environmental, Community and Employee Issues

The Company has no employees and the Board consists entirely of non-executiveDirectors. As an investment trust, the Company has no direct impact on thecommunity or the environment. The

Going Concern

The Company's business activities, together with the factors likely to affectits future development, performance and position, including its financialposition, are set out in the Chairman's Statement and Manager's Review.

At each Board meeting, the Directors review the Company's latest managementaccounts and other financial information. Its commitments to private equityinvestments are reviewed, together v

The full Annual Report contains the following statements regardingresponsibility for the Annual Report and financial statements (references inthe following statements are to pages in the Annual Report).

STATEMENT OF DIRECTORS' RESPONSIBILITIESIN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for eachfinancial year. Under that law the Directors have elected to prepare financialstatements in accordance with United I

• 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, subjectto any material departure disclosed and explained in the financial statements;and

• prepare the financial statements on the going concern basis unless it isinappropriate to presume that the Company will continue in business.

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

• the financial statements, prepared in accordance with UK AccountingStandards, give a true and fair view of the assets, liabilities, financialposition and return of the Company; and

• this Annual Report includes a fair review of the development and performanceof the business and the position of the Company together with a description ofthe principal risks and uncertainti

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

On behalf of the Board

Tom BartlamChairman4th October 2011

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company'sstatutory accounts for the years ended 30th June 2011 and 2010 but is derivedfrom those accounts. Statutory accou

Currency gains on 19 - 911 911 - 2,758 2,758 cash and borrowings

Investment income 2 9,986 - 9,986 4,128 - 4,128 Investment 3 (8,836) - (8,836) (8,715) - (8,715) management fe

** Includes currency movements on investments.

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

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

No operations were acquired or discontinued during the year.

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

The Notes form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

CAPITAL CAPITAL OTHER RESERVE ON SHARE SHARE REDEMPTION CAPITAL INVESTMENTS SPECIAL REVENUE CAPITAL PREM

RESERVE RESERVE TOTAL

£'000 £'000 £'000 £'000 £'000 £'000 £'000 £'000 Movement for the year ended 30th

The Notes form part of these financial statements.

The amounts for 2010 have been restated to reflect the inclusion of aderivative asset relating to the Company's standby commitments (see Notes 13and 20).BALANCE SHEETas at 30th JUNE 2

Investments designated at 9a/b 815,868 763,304 fair value through profit or

loss Current assets Debtors 11 2,440 917

Derivatives contained in 13 53,543 63,947 standby agreements at fair

value through profit and loss Cash at bank 18 27,645 6,431

Capital redemption reserve 15 26 26

Other capital reserve 15 288,790 249,366 Capital reserve on 15 244,850 192,828 investments held

NET ASSET VALUE PER SHARE - 16 1,184.77p 1,055.03p ORDINARY AND REDEEMABLE

ADJUSTED NET ASSET VALUE PER 16 1,104.12p 958.71p SHARE - ORDINARY AND

REDEEMABLE

DILUTED NET ASSET VALUE PER 16 1,104.12p 958.71p SHARE - ORDINARY AND

REDEEMABLE

The Notes form part of these financial statements.

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

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

TOM BartlamChairmanCompany No: 2147984CASH FLOW STATEMENTYEAR ENDED 30TH JUNE 2010 2011 2010 NOTE £'000 £'000

Loan commitment and arrangement fees (1,752) (341) paid

Redeemable share commitment fees paid (312) (640) Interest on loan notes paid (1,831) (1,105) N

The Notes 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 appliedconsistently throughout the year, is set out below.

(A) Basis of Preparation

The financial statements have been prepared on the historical cost basis ofaccounting, except for the measurement at fair value of investments andfinancial instruments, and in accordance v

(B) Statement of Recommended Practice

The financial statements have been prepared in accordance with the Statement ofRecommended Practice (as amended in January 2009) for the financial statementsof investment trust comp

(C) Segmental Reporting

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

(D) Valuation of Investments

All investments held by the Company are classified as "fair value throughprofit or loss". As the Company's business is investing in financial assetswith a view to profiting from their total return i

(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 netasset value of those funds ascertained from periodic valuations provided by themanagers of the funds. Such valuatic

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

(iii) The Company may acquire secondary interests at either a premium or adiscount to the fund manager's valuation. Within the Company's portfolio, thosefund holdings purchased at a premiu

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

(E) Income

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

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

Other interest receivable is included on an accruals basis.

(F) Taxation

Corporation tax payable is based on the taxable profit for the year. The chargefor taxation takes into account taxation deferred or accelerated because oftiming differences between the treatm

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

(G) Expenses

All expenses are accounted for on an accruals basis. Expenses, includinginvestment management fees, are charged through the revenue account except asfollows:

• expenses which are incidental to the acquisition or disposal of an investmentare 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 thepresentation currency. Transactior

byfair 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 costbasis; cash received is first applied to reducing the historical cost of aninvestment; any gain will be recognised as realised only when the cost has beenreduced 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 ofeach 12 calendar month period ending on 30th June in each year. The fee payablein respect of each such period i:

(L) Derivatives

The derivative is comprised of standby commitments allowing the Company to callupon certain institutions to subscribe for new redeemable shares (see Note 13).It is accounted for as a finar

3. Investment Management Fees

30TH JUNE 30TH JUNE 2011 2010 REVENUE CAPITAL TOTAL REVENUE CAPITAL TOTAL £'000 £'000 £'0C

The investment management fee is payable monthly in arrears at the rate set outin the Directors' Report in the full Annual Report and Accounts 2011. At 30thJune 2011 £1,506,000 (2010: £1,54

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

5. Directors' Remuneration

Directors' emoluments comprise wholly Directors' fees. A breakdown is providedin the Directors' Remuneration Report.

6. Interest Payable and Similar Charges

30TH JUNE 30TH JUNE 2011 2010 £'000 £'000 Bank loan and overdraft

7. Tax on Ordinary Activities

30TH JUNE 2011 30TH JUNE 2010 AS RESTATED REVENUE CAPITAL TOTAL REVENUE CAPITAL TOTAL £'000

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

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

Factors That May Affect Future Tax Charges

The Company is an investment trust and therefore is not subject to tax oncapital gains. Deferred tax is not provided on capital gains and losses arisingon the revaluation or disposal of investm

following issue of new redeemable shares** Return per ordinary (8.00)p 137

* The adjusted return excludes the unrealised loss on the derivative (see Note13) and is directly comparable to previously published return per sharefigures.

** The diluted return has been calculated on the basis of the total drawdown ofStandby Commitments of £150m. Using the 30th June 2011 adjusted net asset valueper share, the Company wo

Capital distributions - realised gains 48,925 7,530 on sales

BOOK COST AT 30TH JUNE 572,112 571,599 Unrealised appreciation of investments

VALUATION OF INVESTMENTS AT 30TH JUNE 815,868 763,304

9b. Analysis of Investments

30TH JUNE 30TH JUNE 2011 2010 £'000 £'000

Amounts previously recognised as unrealised (306) 1,630 appreciation on those sales

Increase in unrealised appreciation 52,357 121,655 GAINS ON INVESTMENTS 100,976 130,815

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

Further analysis of the investment portfolio is provided in the Manager'sReview.

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

9c. Acquisition of Investments

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

10. Fair Value Hierarchy

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

TOTAL LEVEL 1 LEVEL 2 LEVEL 3 £'000 £'000 £'000 £'000 Unlisted holdings 809,905 - - 809,905

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

11. Debtors 30TH JUNE 2011 30TH JUNE 2010 £'000 £'000 Amounts owed by investment funds 1,086 54

12. Creditors: Amounts Falling Due Within One Year

30TH JUNE 2011 30TH JUNE 2010 £'000 £'000 Investment management fees 1,506 1,543

Terms and Debt Repayment Schedule

Terms and conditions of outstanding loan notes were as follows:

2011 2010 NOTIONAL CARRYING CARRYING NOTIONAL AMOUNT AMOUNT INTEREST YEAR OF FACE VALUE

* LIBOR is the published British Bankers' Association rate of interest for onemonth sterling deposits in the London interbank market on the date the interestperiod commences or the next busi

Unrealised loss on derivatives (10,404) (18,190)

END OF YEAR 53,543 63,947

Between the years 2005 and 2008 PIP entered into standby commitments underwhich certain institutions agreed to subscribe up to an aggregate amount of

£150m for new redeemable shares in the Company when called upon by the Companyat a subscription price per share equal to the prevailing net asset value pershare at the time of subscriptio

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

14. Called-up Share Capital 30TH JUNE 2011 30TH JUNE 2010 £'000 £'000 Allotted, called-up and fully

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

Redeemable shares rank equally with ordinary shares regarding dividend rightsand rights on winding up or return of capital (other than a redemption orpurchase of shares). The holders of rede

16. Net Asset Value per Share

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

30TH JUNE 2010 30TH JUNE 2011 AS RESTATED Net assets attributable in £'000 786,593

Ordinary and redeemable shares 66,392,268 66,392,268

Net asset value per share - ordinary 1,184.77p 1,055.03p and redeemable

Adjusted net asset value per share - 1,104.12p 958.71p ordinary and redeemable Diluted net assets attributable in £883,

Ordinary and redeemable shares 79,977,748 82,038,573 following issue of new redeemable

shares** Diluted net asset value per share - 1,104.12p 958.71p ordinary and redeemable **

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

** The diluted net asset value per share has been calculated on the basis ofthe total drawdown of standby commitments of £150m. Using the 30th June 2011adjusted net asset value per shar

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

30TH JUNE 2011 30TH JUNE 2010 £'000 £'000 Increase / (decrease) 20,875 (15,450) in cash in year

NET DEBT AT END OF (72,855) (120,793) YEAR

18. Analysis of Net Debt

AT 30TH JUNE AT 30TH JUNE 2011 2010 £'000 £'000 Cash at bank 27,645 6,431

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

30TH JUNE 2011 30TH JUNE 2010 AS RESTATED £'000 £'000 Return on ordinary 91,481 109,669 activities before

21. Contingencies, Guarantees and Financial Commitments

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

22. Analysis of Financial Assets and Liabilities

The primary investment objective of the Company is to seek to maximiselong-term capital growth for its shareholders by investing in fundsspecialising in unquoted investments, acquiring unquoted portfolios andparticipating directly in private placements. Investments are not restricted toa single market but are made when the opportunity arises and on aninternational basis.

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

The principal risks the Company faces in its portfolio management activitiesare:

• liquidity/marketability risk;

• interest rate risk;• market price risk; and• foreign currency risk.

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

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 ofthe portfolio is invested in unquoted securities, many of which are lessreadily marketable than, for example, "blue

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

Total available financing as at 30th June 2011 excluding Standby Commitmentsterminated in September 2011 , stood at £130.1m, comprising £27.6m in cashbalances, £102.5m (sterling equivalent) in undrawn bank facilities. Theavailable financing along with the private equity portfolio exceeded theoutstanding commitments by 3.9 times (2010: 2.8 times).

Interest Rate Risk

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

Interest on the revolving credit facility is payable at variable ratesdetermined subject to drawdown. Variable rates are defined as LIBOR or EURIBOR+ 2.75%, dependent on the currency drawn. T

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

Interest on the £150m standby subscription agreements is payable semi-annuallyin arrears at a fixed rate of 0.5% on the proportion not drawn throughunsecured subordinated loan notes. As at

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

Non-interest rate exposure

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

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

FIXED INTEREST NO MATURES MATURES AVERAGE MATURITY WITHIN AFTER INTEREST TO

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

FIXED INTEREST NO MATURES MATURES AVERAGE MATURITY WITHIN AFTER INTEREST

At 30th June 2011, the Company had drawn the sterling equivalent of £nil (2010: £77,724,000) of its new four-year committed revolving dollar and euro creditfacilities, expiring June 2015, of $8

Market Price Risk

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

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

The method of valuation of the derivative included in the Standby Commitmentsis described in Note 13.

If the investment portfolio fell by 20% from the 30th June 2011 valuation, withall other variables held constant, there would have been a reduction of £189,473,000 (2010 as restated based on a

£169,308,000).

In relation to the derivative, if the share price of the Company's redeemableshares fell by 20% from the 30th June 2011 closing price, with all othervariables held constant, there would have bee

Foreign Currency Risk

Since it is the Company's policy to invest in a diverse portfolio ofinvestments based in a number of countries, the Company is exposed to the riskof movement in a number of foreign exchange

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

30TH JUNE	30TH JUNE	30TH JUNE	30TH JUNE
2011	2011	2010	2010
ASSETS	LIABILITIES	ASSETS	LIABILITIES
£'000	£'000	£'000	£'00

Fair Value of Financial Assets and Financial Liabilities

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

Managing Capital

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

As at 30th June 2011 the Company had bank debt facilities and commitments byinstitutional investors ("Standby Commitments") to subscribe for redeemableshares against part of which subs

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

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

23. Related Party Transactions

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

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

The Company is entitled to invest in funds managed by Pantheon. The Manager isnot entitled to management and commitment fees in respect of PIP's holdings in,and outstanding commitmer

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on 22nd November 2011 at 12noon at the offices of Pantheon, Norfolk House, 31 St James's Square, LondonSW1Y 4JR.

CLASS MEETING OF REDEEMABLE SHAREHOLDERS

A separate meeting of the holders of redeemable shares relating to a proposedamendment to the articles of association will be held on 22nd November 2011 at12.30 pm (or as soon thereafter

NATIONAL STORAGE MECHANISM

A copy of the Annual Report and Financial Statements and the Notice of ClassMeeting of Redeemable Shareholders will be submitted shortly to the NationalStorage Mechanism ("NSM") and w

ENDS

Neither the contents of the Company's website nor the contents of any websiteaccessible from hyperlinks on this announcement (or any other website) isincorporated into, or forms part of, this announcement.