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Pantheon International PLC
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FOR IMMEDIATE RELEASE

This announcement is released by Pantheon International Plc and contains information, which prior to its disclosure, was considered inside information for the purposes of Article 7 of Regulation (EU) No. 596/2014 (MAR), encompassing information relating to the Proposed Share Capital Reorganisation and Issue of an Asset Linked Note. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Capita Sinclair Henderson Limited, Company Secretary.

No securities of the Company referred to in this announcement have been or will be registered under the United States Securities Act of 1933 or the state securities laws of the United States and none of them are being, nor may they be, offered or sold in the United States.

PANTHEON INTERNATIONAL PLC

28 September 2017

Proposed Share Capital Consolidation and Issue of Asset Linked Note

Pantheon International Plc ("**PIP**" or the "**Company**"), an investment trust that invests in private equity funds globally, today announces proposals (the "**Proposals**") to effect the consolidation of its ordinary and redeemable share capital into a single class of Ordinary Shares (the "**Consolidation**"). The Proposals include the issue of an unlisted Asset Linked Note (the "**ALN**") to the largest holder of the Company's Redeemable Shares (the "**Investor**") in exchange for part of its shareholding. The Board of PIP believes that the Proposals will lead to important benefits for the Company and all its shareholders, both in terms of improved investment prospects and increased share liquidity.

The key features of the Proposals are as follows:

- The Consolidation will be effected through a reorganisation pursuant to which, subject as provided below, Redeemable Shareholders will have their Redeemable Shares converted into Ordinary Shares on a one-for-one basis
- Prior to the Consolidation, the Investor will surrender such proportion of its holding of Redeemable Shares as has an underlying NAV of £200m in exchange for an ALN with an initial principal amount of £200m
- The ALN will be linked to the performance of a portfolio of more than 300 different fund interests in PIP's oldest private equity funds (substantially comprising 2006 and earlier vintages). Historically, younger funds in PIP's portfolio have outperformed those funds aged 10 years and older
- The Investor will convert the balance of its Redeemable Shares into new Ordinary Shares, and is expected to be among the ten largest Ordinary Shareholders in the Company following implementation of the Proposals
- The Proposals will require the approval of the shareholders in a general meeting by way of a special resolution and the separate approvals of both holders of PIP's Redeemable Shares and holders of PIP's Ordinary Shares by way of an extraordinary resolution at separate class meetings. The Investor will abstain from voting at the class meeting of the holders of Redeemable Shares
- A circular is expected to be published in early October setting out full details of the Proposals and convening the shareholder meetings to vote on the Proposals.

Commenting on the Proposals, **Sir Laurie Magnus, Chairman**, said:

"The Board has been seeking a way to simplify the dual share capital structure of PIP for some time and it is aware that many of the Company's existing and potential shareholders share its belief in the benefits of consolidating the two share classes. It is the Board's view that the proposed solution will benefit both the Company and all its shareholders by simplifying the capital structure, as well as reducing the Company's exposure to its lower performing tail portfolio. In addition, shareholders should benefit from the increased secondary market liquidity of the enlarged Ordinary Share class and from the Company's greater freedom to enhance shareholder returns over the long term through share buybacks."

Background to the Proposals

The Board has been aware for some time that its views regarding the benefits of a consolidation of PIP's share classes are shared by a broad cross-section of its shareholders, who have regularly raised the idea of a consolidation with the Company and its advisers. However, the Investor, which has been a long-term shareholder in PIP, has consistently indicated that it is not in a position to support a simple consolidation of the share capital. Following extensive discussions with the Investor and its advisers, the Board and its advisers have formulated proposals to effect the Consolidation which have the support of the Investor and which would, if approved by Shareholders, result in the conversion of a material proportion of the Investor's Redeemable Shares into Ordinary Shares along with the exchange of the majority of its holding of Redeemable Shares at NAV for the ALN, an instrument offering liquidity over the medium term but linked to the performance of the older vintage funds in PIP's portfolio.

The Investor has indicated that it is supportive of the Proposals, and has entered into a conditional Letter of Intent with the Company in which it undertakes to support the Proposals subject to the satisfaction of certain conditions.

Details of the Proposals

The Proposals comprise the Consolidation and the issue of the ALN.

(a) Consolidation of share capital

A full consolidation of the Company's two share classes will be implemented, in which all Redeemable Shares (other than those surrendered by the Investor) will be converted into Ordinary Shares of 67p each on a one-for-one basis. The Investor will convert the balance of its Redeemable Shares into Ordinary Shares along with all other holders of Redeemable Shares and will consequently continue to have a meaningful equity stake in PIP, becoming one of the top 10 holders of the enlarged Ordinary Share class following implementation of the Proposals.

In order to equalise the par value of the Ordinary Shares and Redeemable Shares, a bonus issue of new, unlisted deferred shares of 66p each ("**Deferred Shares**") will be made to holders of Redeemable Shares on a one-for-one basis following the redemption of the relevant portion of the Investor's Redeemable Shares. The bonus Deferred Shares and existing Redeemable Shares will be consolidated to form new shares of 67p each, which will be designated as new Ordinary Shares of 67p each ranking *pari passu* with the Ordinary Shares already in issue. Application will be made for the new Ordinary Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market with effect from the business day following the designation.

(b) Issue of the ALN

PIP will redeem such number of the Investor's Redeemable Shares as have an aggregate net asset value of £200m as at PIP's latest published NAV calculation date (the "**Valuation Date**", which is expected to be 30 September 2017.) The Valuation Date NAV will include an accrual for the expected costs of the Proposals. In return, PIP will issue the ALN with an initial principal amount of £200m. The Investor will thus effectively exchange Redeemable Shares with an underlying NAV of £200m on a NAV-for-NAV basis for the ALN at the same initial value, with no impact on the Company's NAV per share (other than the Company's pro rata share of the costs of the Proposals). The ALN will be unlisted and subordinated to PIP's existing revolving loan agreement (and any refinancing.) The ALN will not be transferable, other than to an affiliate of the Investor.

The amount repayable on the ALN will be linked to a subset of PIP's assets (the "**Reference Portfolio**"), substantially comprising PIP's oldest funds (2006 and earlier vintages). It is expected that the ALN will reflect c.75% of the value received by PIP from the Reference Portfolio. PIP will retain full legal and beneficial ownership of the Reference Portfolio and Pantheon will continue to manage for PIP all the assets within the Reference Portfolio.

Under the terms of the ALN, repayments of the ALN will be made to the Investor by reference to net cash flow from the Reference Portfolio. A first distribution is expected to become payable on 30 November 2017 and will be based on the net cash flow generated by the Reference Portfolio over the period from 1 January 2017 to the Valuation Date. Thereafter, distributions will be made by the Company to the Investor on a quarterly basis to coincide with the Company's year-end and audit cycle and will be based on the net cash flow from the Reference Portfolio in the previous quarter. The Company will have the right to defer a distribution, in order to manage cash flow required for future drawdowns, for three months at a cost of LIBOR +3%.

In the eight months to 31 August 2017, the Reference Portfolio generated net cash of £66.9m through a combination of distributions from underlying funds and secondary sales, which was in line with expectations. On this basis, the first payment in respect of the nine month period to the Valuation Date will be £51.7m plus an amount based on the net cash flow generated by the Reference Portfolio in September 2017. Over time, payments under the ALN are expected to decline steadily in line with the shrinkage of the Reference Portfolio as it is progressively realised. However, the timing and size of distributions are unpredictable and the size of individual quarterly payments will vary depending on the actual level of realisations in the preceding quarter.

The ALN is expected to mature on 31 August 2027, at which point the Company will make a final distribution to the Investor of an amount equal to the remaining principal amount of the ALN as at that date (which is expected to be less than 10% of the initial principal amount of the ALN). Following repayment in full of the ALN, PIP will not be obliged to make further payments to the Investor under the ALN by reference to any residual value subsequently received by PIP from the Reference Portfolio. In the event that the total distributions made by the Company to the Investor under the terms of the ALN amount to less than £200m, the difference (reduced, in the event that PIP's NAV per share decreases over the life of the ALN, by an equal percentage decrease) will be paid over by the Company to the Investor in the form of a rebate. The rebate is subject to an absolute cap of £30m, except in the case of PIP being placed in run off, or repayment of the ALN repayment being accelerated through an event of default under the ALN. The rebate will not be paid if PIP's NAV per share underperforms the ALN over the life of the ALN.

(c) Costs

The Proposals are neutral in terms of their impact on current NAV per share, excluding the impact of the costs incurred by PIP in connection with the Proposals, which are expected to amount to less than 4p per share. The Investor will absorb its share of the costs as the price at which some of its shareholding is redeemed will take into account an accrual for those costs. The Investor will continue to bear its proportionate share of the management costs in relation to the Reference Portfolio for the life of the ALN. The assets contained within the Reference Portfolio will continue to be legally and beneficially owned by PIP and will be managed by Pantheon in the interests of PIP as part of the Company's total portfolio.

Benefits of the Proposals

The Board believes that the Proposals will deliver significant advantages to PIP and its shareholders. The future performance of the Company will be aligned more closely to younger fund vintages, and PIP will benefit from the increased secondary market liquidity and flexibility in capital management that flow from having a single class of issued share capital.

By simplifying the Company's capital structure, the Board believes that the Consolidation will improve secondary market liquidity in the ongoing enlarged single share class and better reflect the scale of the Company's operations, increasing the likelihood of the Company's inclusion in the FTSE 250 Index and boosting its market profile. The Board will also have greater flexibility to conduct share buybacks for the benefit of shareholders as a whole.

In seeking to optimise PIP's investment performance, Pantheon takes an active approach to portfolio management and has undertaken a number of transactions in the secondary market on PIP's behalf, both as buyer and seller. Part of the rationale for this activity is to rejuvenate the portfolio mix, based on the long-established tendency for older funds (the "**tail portfolio**") to generate lower investment returns than more recent vintages. For example, in the last 5 financial years (to 31 May 2017), the aggregate percentage NAV growth of the younger funds in PIP's portfolio outperformed the aggregate percentage NAV growth of those funds aged 10 years and older by at least 2.9% in each year. PIP has an extensive tail portfolio, comprising over 300 funds from 2006 and earlier where the investment periods are largely expired. Any disposal of a tail portfolio of this size and breadth in the secondary market would not be straightforward and could be expected to have a negative initial impact on the Company's NAV per share, as the discounts for tail portfolios are typically wider than for younger funds.

The issue of the ALN is equivalent to an effective reduction of the weighted average fund age of PIP's pro forma portfolio as at 31 May 2017 from 6.7 years to c.5.8 years and will de-emphasise the tail portfolio without a material negative initial impact on the Company's NAV per share. While PIP will remain the legal and beneficial owner of the underlying fund assets comprised in the Reference Portfolio and the Investor would not acquire an interest in the assets, an amount equal to c.75% of the net cash flow received by PIP from the Reference Portfolio (less an adjustment for costs associated with the Reference Portfolio) will be paid out to the Investor through the payment structure of the ALN. As a consequence, to the extent that the Reference Portfolio generates lower future returns than the rest of PIP's portfolio, as has been the historic trend, the post-consolidation NAV per share performance of the Ordinary Shares should in all likely circumstances be enhanced. While the Reference Portfolio is expected to generate higher near-term cash flow than PIP's portfolio as a whole (as draw-downs are typically at very low levels for funds of this age), the Company's pro forma cash flow profile net of payments made under the ALN is still expected to be strong and sufficient to fund new investments including share buyback opportunities as they arise.

Shareholder Circular and Meetings

The Consolidation and the issuance of the ALN are inter-conditional and subject to regulatory and bank approvals, the approval of shareholders in a general meeting by way of a special resolution and separate approvals by holders of the Redeemable Shares and the Ordinary Shares by way of an extraordinary resolution in separate class meetings, in each case requiring 75% approval of those present and voting. The Investor has agreed to abstain from voting at the class meeting of the holders of Redeemable Shares.

Subject to required regulatory and bank approvals being obtained, a circular including notices of the general meeting and the separate class meetings of holders of Redeemable Shares and of Ordinary Shares to be convened for the purpose of seeking approval of the Proposal is expected to be posted in early October. The meetings are expected to be held around the end of October. Full details of the Proposals and the proposed timetable will be set out in the circular.

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PIP
PIP is a London quoted investment trust, managed by Pantheon Ventures (UK) LLP ("Pantheon"), a leading global private equity fund investor, investing in both primary funds and secondary transactions, and from time to time capitalising further on its fund investment activities 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 Pantheon, investing on substantially the same terms. With investments in private equity funds, covering multiple private equity strategies ranging from investments in late stage buyouts to early stage venture, PIP enables individuals as well as institutions to gain access to a substantial portfolio of unquoted companies in the USA, the UK, Continental Europe and Asia, within funds managed by experienced private equity managers.

Pantheon
Pantheon is a leading global private equity fund investor that invests on behalf of over 400 institutional investors. Established over 35 years ago, Pantheon has developed a strong reputation and track record in primary, secondary and co-investments and across all stages and geographies. Pantheon has £29.2 billion in AUM** (as at 31 March 2017) 223 employees, including 71 investment professionals, located across offices in London, San Francisco, New York, Hong Kong, Seoul and Bogotá.

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