



Embargoed until 7.00am on Wednesday 23 July 2014

Intermediate Capital Group plc (ICG)
Interim Management Statement for the period to 22 July 2014

Highlights

- **Strong fundraising start to the year with a first close of the US Debt Fund, final close on Senior Debt Partners and three new mandates into the ICG Longbow Senior Debt strategy. Momentum continues into the second quarter**
- **New third party money raised in the quarter to 30 June 2014 totalled €1.0bn, offset by €0.7bn of realisations in older funds**
- **AUM increased by 2% to €13.3bn as at 30 June 2014**
- **Investment pace for direct investment funds sustained in competitive market and solid pipeline of investment opportunities**
- **Focus on improving return on equity continues with £100m share buyback underway**

Grow assets under management

We have had a strong fundraising start to the year with €1.0bn of new third party money raised in the quarter to 30 June 2014. The strong level of realisations has continued crystallising further value for our fund investors and balance sheet. Assets under management have increased 2% since the end of March 2014 to €13.3bn at 30 June 2014. The third party AUM bridge is as follows:

	Mezzanine and equity Funds €m	Real estate Funds €m	Credit Funds €m	Total Third Party AUM €m	Total Third Party Fee Earning AUM €m
At 1 April 2014	3,678	1,274	5,717	10,669	8,812
Additions	193	307	455	955	
Realisations	(308)	(31)	(323)	(662)	
FX and other	(13)	58	-	45	
At 30 June 2014	3,550	1,608	5,849	11,007	8,874

We are delighted that our US Private Debt Fund has had a first close of \$450m in the period, including \$200m from ICG. A further close is expected shortly and fees will be charged on an invested capital basis. Elsewhere we had a final close on our €1.7bn Senior Debt Partners strategy, raising a further €455m in the period, and our ICG Longbow Senior Debt Fund raised a further €307m across three mandates, taking the Fund size to €500m.

Fundraising momentum continues across our product range. Last week we priced our second US CLO (Collateralised Loan Obligation) of \$417m, including \$21m from ICG. We also expect the next few weeks to see a first close on our third Asia Pacific mezzanine fund, the pricing of our next European CLO and the formal launch of our Japanese mezzanine fund alongside our partner Nomura.

Invest selectively

The investment market remains highly competitive so it is therefore encouraging that we were able to sustain the investment pace across our direct investment funds during the quarter. The total amount of capital deployed on behalf of our direct investment funds, being those funds where we originate deals, was €579m, a 66% increase on the comparative period. In addition, our Investment Company invested a total of £97.8m compared to £58.2m in the prior year.

During the quarter we closed one deal and signed a further three deals, subject to conditions, in Europe, which will take ICG Europe Fund V to 81% invested. Our ICG Longbow Real Estate Fund III is 60% invested and 42% of Senior Debt Partners' €1.7bn strategy is invested, contributing to our fee earning AUM. We continue to see a solid pipeline of investment opportunities to maintain the investment rate across these funds which will enable us to launch successor funds towards the end of the financial year.

We made no investments in Asia Pacific or the US during the quarter.

Manage portfolios to maximise value

The performance of our mezzanine portfolio, including those weaker companies, remains stable and our credit funds continue to perform either in line with or ahead of our expectations.

The first quarter of the financial year saw a strong level of realisations. In the quarter to 30 June 2014 our Investment Company received of £143.5m of principal repayments and crystallised £37.9m of rolled up interest, compared to a total of £433m in the prior period. There was £1.7m of realised cash capital gains in the period.

Balance Sheet

The balance sheet is well funded with available cash and unutilised bank lines of £707m at 30 June 2014.

Further to our announcement on 20 May 2014 our share buyback programme of up to £100m is underway and by 30 June we had purchased 3.2m shares at a total cost of £13.0m. It is a priority of the Board to improve our return on equity by growing the business and re-gearing the balance sheet to a range of 0.8 - 1.2 times, over the course of the next two years.

Commenting on the Interim Management Statement, Christophe Evain, CEO, said:

"ICG has started the new financial year with strong momentum. Demand from investors remains solid, we have encouraging levels of new third party AUM, our funds are investing on target and we are still seeing a good pipeline of opportunities. Market conditions remain favourable to specialist asset managers, although there is no doubt that the investment environment is increasingly competitive. We continue to invest in new strategies, like our Alternative Credit team, whilst remaining focused on improving the efficiency of our balance sheet and delivering attractive shareholder returns."

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About ICG

ICG is a specialist asset manager, we build investment opportunities through designing innovative solutions to provide investors with alternative sources of higher yield. For businesses we provide flexible capital to suit their ambitions, using local insights, perspectives and sector specialisms. All of which has given us one of the longest track records in our industry, building and sustaining success over 25 years through multiple credit cycles. We have €13bn AUM (as at 30 June 2014) and 13 offices around the world. We are regulated in the UK by the Financial Conduct Authority (FCA), and we are listed on the London Stock Exchange (FTSE 250) as ICP. For more information please visit www.icgplc.com