

Q3 Trading Statement

For the period to 31 December 2017

Embargoed until 7:00am on 1 February 2018



Highlights

- Inflows in the third quarter were €0.6bn and in line with expectations following the record levels of inflows in the first half of the financial year. Year to date inflows amount to €6.3bn
- Total AUM 1% higher at €27.4bn and third party fee earning AUM 7% higher at €19.9bn
- Strong fund deployment for our larger strategies maintained; Fund portfolios continue to perform well
- Strategic momentum supports the fundraising target being increased from an average of €4.0bn to €6.0bn per annum on a three year rolling basis, and the fund management company operating margin target being increased from above 40% to above 43%

Commenting, Benoit Durteste, CEO, said:

“I am delighted that the ongoing success of building specialist asset management strategies and the strength of our client relationships allow us to increase our fundraising target and fund management company operating margin target. Our 28 year track record has enabled us to capitalise on the long term investor trend towards alternative asset classes and establish ourselves as a leading specialist asset manager to institutional clients.

“ICG’s third quarter trading is in line with our expectations. Total assets under management grew further in the third quarter to €27.4bn. Capital deployment for our larger strategies remains ahead of plan giving us good visibility of strong fundraising momentum through the next 12 months.”

Strategic update

It remains our strategy and operational focus to grow our specialist asset management franchise. We will do this by growing our existing strategies whilst at the same time continuing to innovate and pioneer new strategies that increase diversification by asset class and geography.

With 95% of our AUM in closed end funds, our inflows are strongly dependent on the funds that are currently being marketed in any particular year resulting in fluctuating inflows year on year. This characteristic is more than offset by the benefit of ‘locked in’ investor commitments and related fee streams. The growth of our specialist asset management franchise has resulted in an increase in the number and size of strategies since our original fundraising target of €4bn per annum was set. We have therefore decided to increase our target to an average of €6.0bn per annum over a rolling three year period. In any one year inflows may exceed, or be lower than, our target depending on the size of strategies being marketed in that year. For FY19 we have a strong fundraising pipeline that includes Europe Fund VII and North American Private Debt Fund II.

The development of new strategies underpins the future growth potential of the Group. Significant investment in new teams is often required before a strategy can raise its first fund and begin generating fees. As these strategies raise successor funds with their existing teams, operating leverage increases. Since we set our fund management company operating margin target of above 40%, a number of existing strategies have raised larger funds and are now contributing to fund management company profits. We have therefore decided to increase our target to above 43%, to reflect the maturing of existing strategies whilst maintaining the capacity to invest in new strategies that will underpin the continued long term growth of the Group.

Our balance sheet capital is an enabler and accelerator of growth and now invests solely to support the growth of our specialist asset management franchise. As we invest alongside third party clients in our strategies our interest and the aggregate return on investment is aligned with that of our fund investors. Therefore the net returns of our

fund investments are the relevant indicator of performance which reflects the total performance of the investments in the funds. This is how our fund investors assess their investment and from the financial year beginning 1 April 2018 will be how we report our Investment Company income, thereby removing asset specific impairments as a key performance indicator.

Aside from the updated targets above, our guidance remains as set out on 14 November 2017.

Trading update

Total assets under management have increased 1% over the three months to 31 December 2017 to €27.4bn with, as expected and previously indicated, the level of fundraising in the second half of the financial year likely to be more aligned to our previous long term fundraising target of €4bn, after a record €5.7bn of inflows in the first half of the financial year. Third party AUM by strategic asset class at 31 December 2017 was as follows:

	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 30 September 2017	13,839	6,558	3,393	1,530	25,320
Additions	50	522	-	-	572
Realisations	(420)	(10)	-	(43)	(473)
FX and other	(60)	117	(66)	(17)	(26)
At 31 December 2017	13,409	7,187	3,327	1,470	25,393
Fee earning AUM - at 31 December 2017	8,772	7,145	2,671	1,290	19,878

Fundraising in the quarter included closing €392m for one European CLO and €130m across Capital Market strategies European Loans and Alternative Credit.

Capital deployment in the quarter has remained strong despite a competitive investment market. The total amount of capital deployed on behalf of our direct investment funds was £1,253m in the quarter (three months to 31 December 2016: £730m). The direct investment funds are investing as follows, based on third party funds raised at 31 December 2017:

Strategic asset class	Fund	% invested at 31 December 2017	% invested at 30 September 2017	Assets in fund at 31 December 2017	Deals completed in Q3
Corporate Investments	ICG Europe Fund VI	77%	65%	13	1
Corporate Investments	North American Private Debt Fund	82%	72%	17	3
Corporate Investments	Senior Debt Partners II	93%	87%	32	4
Corporate Investments	Asia Pacific Fund III	62%	44%	5	1
Real Asset Investments	ICG Longbow Real Estate Fund IV	97%	87%	28	2
Secondary Investments	Strategic Secondaries	50%	50%	6	0

In closed end funds outflows occur with the realisation of the underlying portfolio companies. The pace of realisations remained healthy in the quarter as investors continue to take advantage of the market liquidity to sell assets and lock in performance.

The balance sheet investment portfolio increased 9% in the period to £1,822m at 31 December 2017 (30 September 2017: £1,668m), as investments exceeded realisation in the period.

The balance sheet remains well funded with available cash and unutilised bank lines of £616.5m at 31 December 2017 (30 September 2017: £627.0m). The refinancing of the Group's undrawn committed bank facilities, some of which mature in mid-2018, is underway and is expected to be completed ahead of their maturity.

Capital Markets Update

Later this morning we will be holding a Capital Markets Update which will be an opportunity for management to present and discuss the Group's strategy and business model. The Chairman and Committee Chairmen will also be present and available for meetings. For those unable to attend in person the Update will be recorded and

available on our website. No further update on trading and no new material information will be provided during the event.

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This Trading Statement contains information which prior to this announcement was insider information.

About ICG

ICG is a specialist asset manager with over 28 years' history. We manage €27.4bn of assets in third party funds and proprietary capital, principally in closed end funds. Our strategy is to grow our specialist asset management activities to deliver increased shareholder value. Our goal is to generate income and consistently high returns whilst protecting against investment downside for our fund investors. We seek to achieve this through our expertise in investing across the capital structure. We combine flexible capital solutions, local access and insight with an entrepreneurial approach to give us a competitive edge in our markets. We operate across four asset classes - corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we are committed to innovation and pioneering new strategies across these asset classes where the market opportunity exists to deliver value to our fund investors and increase shareholder value.

We are listed on the London Stock Exchange (ticker symbol: ICP) and provide investment management and advisory services in support of our strategy and goal through a number of regulated subsidiaries, further details of which are available at: www.icgam.com.