A DEFINING YEAR

"This has been a defining year for ICG both in our market standing and in our growth trajectory. Our scale, diversification, brand and investment performance have combined to generate a record year on many levels."

Benoît Durteste
CEO and CIO

Our product breadth, global footprint, client relationships and brand strength have enabled ICG to perform very strongly. We have made clear progress across our three strategic objectives encompassing fundraising, deployment and realisations:

- "Grow AUM": record $22.5bn third-party AUM raised, bringing total AUM to $72bn
- "Invest": record $15.0bn third-party AUM deployed from our direct investment funds
- "Manage and realise": continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within our direct investment funds

We are delivering on our growth strategy. During the period we pulled forward the launch of our flagship strategy Europe VIII to take advantage of an attractive fundraising window; we closed two first-time funds at over €1bn each; and we continued to make seed investments on behalf of strategies that we expect to launch in future. At 31 March 2022 we had a total of 586 clients (31 March 2021: 476), and during the year attracted new clients both across our established and first-time strategies.

This has been a defining year in demonstrating the scale and breadth of our business. We have a number of large strategies across equity and debt, making us even more relevant to our clients and potential clients. With a growing presence in real assets, we are opening up potentially very substantial markets and pools of capital to ICG that we could not access a number of years ago. ICG is scaling substantially, and the strategic and financial benefits of our business model are becoming ever more visible in the growth of our client base and in our operational and financial results.

As anticipated, FY22 was a record year for fundraising in this cycle, raising $22.5bn from our clients. It exemplifies our strategy of "growing up" and "growing out", which generates an increasingly diverse and compounding stream of visible management fees. These fundraises lock-in streams of fee income for future years and demonstrate the benefits of scale we are experiencing: the larger our strategies grow, the more relevant we are becoming to our largest clients.

In absolute terms, fundraising was driven by established strategies. Notably, Europe VIII (which is still fundraising) raised €6.5bn of capital from clients during the financial year and, at the end of April, has already attracted 69% more third-party AUM than its predecessor vintage. During the year we also signed our two largest-ever mandates within Private Debt (Senior Debt Partners), at over $1bn each.

How we grow to $100bn AUM and beyond

Our growth strategy is built on the breadth of our product offering, the strength of our investment track record, and our ability to retain and grow our client base

We grow by raising larger successor vintages of existing strategies (growing up), and bringing new strategies to market (growing out), thereby building an attractive and increasingly broad waterfront of strategies

Growing up is very asset-light with significant operational leverage

Growing out broadens our product offering and revenue streams, increasing the size of the Group's addressable market and diversifying its future growth profile

By managing these two routes of growth effectively and efficiently, we create significant long-term value

2022 performance summary

We have made strong progress during the year against our strategic objectives:

- Total AUM of £72bn with record fundraising of $22.5bn
- Third-party fee income: £449m during the period, an increase of 34% compared to FY21
- Fund Management Company: profit before tax of £286m an increase of 41% compared to FY21
- Total dividends for FY22 of 76p per share, an increase of 36% compared to FY21 and the twelfth consecutive annual increase in ordinary dividend per share
- Accelerating fundraising guidance by a year due to confidence in outlook and execution

1 Grow AUM

$22.5bn

Record third-party AUM raised, bringing total AUM to $72bn

2 Invest

$15.0bn

Record third-party AUM deployed from our direct investment funds

3 Manage and realise

Continued value creation within our portfolio, realisations of $6.4bn of third-party fee-earning AUM within direct investment funds

+ Results presented on an APM basis (see page 45)

Successfully raising first-time strategies is an important milestone in underpinning future diversified growth as we continue to broaden our waterfront of strategies. FY22 was a very impressive year in this regard, with Sale and Leaseback I closing at a total fund size of €1.2bn and Infrastructure Equity I at €1.5bn. Both funds have already made a number of attractive investments, have large addressable markets, and in the coming years have the potential to generate meaningful incremental shareholder value as we raise subsequent vintages.

Our long-term success is underpinned by our track record of investing in attractive opportunities, managing those investments well, and being disciplined in our approach to realisations. Our local footprint enables us to source and manage proprietary opportunities, and our investment strategies allow us to provide flexible financing solutions across the capital structure. Within our direct investment funds, these qualities have enabled us to deploy $15.0bn of our clients' capital and to realise $6.4bn of third-party fee-earning AUM during the period. Our funds in all asset classes continued to perform strongly during the period. In particular, a number of our equity strategies recorded significant increases in value and are showing the potential to be some of our best-ever vintages.

In the final quarter of our financial year there were a number of economic and geopolitical events, including rising inflation, rising interest rates and the invasion of Ukraine by Russia. Within this context, our levels of deployment and realisation activity remained robust; indeed, in absolute terms Q4 FY22 was in-line with or above what we saw in Q4 FY21. Furthermore, our funds continued to deliver attractive performance. And so while the markets are clearly more complex, we have the breadth and expertise to successfully navigate them.

Sustainability and people are integral to our success, and I enjoyed discussing this topic in depth during our shareholder seminar in January. More detail on our progress in this area during the year can be found later in this report, and I am particularly proud that during the period we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This is supported by ambitious emissions reduction targets that have been approved and validated by the Science Based Targets initiative. We are part of a small group leading the way in our industry in this field, and we believe there are powerful moral and commercial reasons to ensure we execute successfully on this ambition.

We are a long-term business, and take a long-term view when building for future growth. During this year we made a number of senior hires within investment teams to drive future growth, particularly in Real Estate, and we worked to further enhance how our colleagues collaborate to leverage the knowledge and capabilities across our organisation. Importantly, we also continue to reinforce our operating platform with a "fit for future" mindset.

These factors have culminated in strong financial performance, with third-party fee income of £448.7m, up 34% compared to FY21 and resulting in record Fund Management Company profit before tax of £286.2m, up 41% compared to FY21. We have declared a final dividend of 57.3p per share, bringing total dividends for the year to 76.0p per share, an increase of 36% compared to FY21. Our balance sheet is diversified and robust, with net gearing of 0.45x and total available liquidity of £1.3bn.

Looking ahead, we are well positioned to navigate the elevated levels of macro-economic and geopolitical uncertainty. We actively chose to pull forward fundraising in FY22, in particular for Europe VIII, which has resulted in us having significant levels of capital to deploy across our strategies. Our ability to invest across the capital structure and to execute on complex transactions puts us in advantageous position, and means we are able to provide flexible solutions at all points in a market cycle. While rising inflation and interest rates could have a range of potential impacts on the global economy, our investment approach and breadth of strategies – including those that directly benefit clients in rising interest rate environments – are strategic benefits supporting our long-term growth.

In FY23 we expect to hold final closes for Europe VIII and Strategic Equity IV, and will continue fundraising for Senior Debt Partners V and the first vintage of our LP Secondaries strategy. Depending on the pace of deployment of current vintages and the broader market conditions, we will consider launching subsequent vintages towards the end of the financial year for a number of existing strategies (including Sale and Leaseback II, Europe Mid-Market II and North America Private Debt III), as well as potentially launching some first-time strategies.

The enduring structural tailwinds that support successful platforms within our industry remain very much in place. We have exceptional people, a powerful client franchise, a strong origination capability, and a track record of creating sustainable value. With our focus and approach, I am confident we will continue to drive scalable growth in AUM and profitability.

As a result of our strong strategic and financial progress, we are accelerating our fundraising guidance: we now expect to raise at least $40bn in aggregate one year earlier than previously communicated. I look forward to building on this defining year in the development of ICG, and to continue delivering long-term success.

Benoît Durteste
CEO and CIO

Sustainability and people

Our people are at the heart of our success, and during the year we continued to focus on our employees. Our staff globally have largely returned to the office, and we are engaging with our colleagues to understand what we as an organisation can take from our experiences over the last two years to improve efficiency, work-life balance and employee wellbeing.

The record results we are reporting are testament to the hard work of our people and their collaborative, entrepreneurial approach. We would like to extend our thanks to each of our colleagues for their continued dedication to the success of ICG.

Diversity of thought has been a crucial ingredient in this success. We were pleased this year to achieve our UK Women in Finance Charter ambition a year early, with women accounting for 41% of our senior employees in the UK (35% globally). We continue to make progress internally through recruitment and development, and externally through partnering with other organisations to help make successful and fulfilling careers in the investment industry accessible to a wide range of people irrespective of their ethnicity, gender, sexual orientation or socio-economic background.

Strategic hiring across the organisation continues in order to ensure we have the breadth and depth of expertise to execute on the long-term opportunities ahead. The investments we have made in our people in recent years are meaningful, and our ability to successfully attract new colleagues highlights the appeal of ICG as a place to work as well as our growing reputation. The number of Group permanent employees grew by 12% during the period to 525 (31 March 2021: 470). In FY23 we expect to continue to invest in our platform, in particular in growing our Marketing and Client Relations team.

We are proud to be helping to lead the alternative asset management sector in the area of sustainability. During the year we committed to achieve Net Zero by 2040 across our operations and relevant investments (see Glossary on page 196 for definition). This commitment is supported by two ambitious emissions reduction targets, which have been approved and validated by the Science Based Targets initiative (SBTi):

- Ensure 100% of relevant investments will have SBTi-approved targets by 2030, with an interim target of 50% by 2026; and
- Reduce ICG's direct (Scope 1 and 2) emissions by 80% by 2030 from a 2020 base year.

The integration of sustainability into our existing and new strategies is fundamental to our offering to clients. During the year Europe VIII launched with an enhanced ESG engagement strategy, taking a thematic approach with a particular emphasis on climate change, human capital management and D&I. These topics will feed directly into the governance of portfolio companies, as well as into the tracking and reporting of their strategic, operational and financial performance. The first-time funds we raised during the year (Sale and Leaseback I and Infrastructure Equity I) are each aligned to specific

Charitable giving

The Group has increased its annual charitable donation budget beyond £2m annually and has entered into a number of major charitable partnerships to further our historic charitable philosophy of supporting educational and social mobility. We have sought appropriate and impactful partners for each stage of the journey to ensure that an impact is being made at every stage of young people's development, and will be partnering with The Access Project, UpReach and Seizing Every Opportunity (SEO)

Commitments of £3.75m in total are being made to these three partners over the next three years. This framework, together with our existing initiatives, positions ICG as a committed supporter of education as a means of improving social mobility outcomes, as well as confirming our contribution in the D&I space. They also allow us to build a more impactful profile at a global scale mirroring our business footprint, confirming us as both a global firm of note and a FTSE100 constituent taking responsibility locally

The three new partnerships are in addition to a number of other initiatives undertaken by the Group, working with local partners in London and New York to increase social mobility, donations in support of those affected by the conflict in Ukraine, our ongoing support for employee fundraising and donations, through matching amounts raised or donated; and the provision of two volunteering days for all employees worldwide in support of any charity they wish

UN Sustainable Development Goals, underlining how a thoughtful approach to sustainability can drive innovation and create value for all our stakeholders. Of the AUM raised during the year that is classified under the Sustainable Finance Disclosure Regulation (SFDR), 99% was categorised as Article 8.

We also continued to pursue a strategy of integrating ESG KPIs into our financing, and at 31 March 2022 we had $3.9bn of ESG-linked financing committed across Group- and fund-level facilities. At the Group level, we successfully executed an 8-year, €500m sustainability-linked bond in January 2022. This builds on the £550m ESG-linked RCF into which we entered during the last financial year. We also agreed ESG-linked fund facilities for Europe VIII and for Real Estate Partnership Capital VI during the period.

Our third-party ESG ratings reflect our focus in these areas. In 2021, ICG received a rating of AAA (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment. In October 2021 ICG received an ESG Risk Rating of 18.4 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. ICG's ESG Risk Rating places it 12th percentile in the Diversified Financials industry and 3rd percentile in the Asset Management and Custody Services subindustry assessed by Sustainalytics.

These areas will continue to be a focus in FY23, and we look forward to achieving further progress on these important matters.

Benoît Durteste and Antje Hensel-Roth