

GLOSSARY (UNAUDITED)

Alternative Performance Measures ('APMs') are a term defined by the European Securities and Markets Authority as 'financial measures of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework'.

APMs are used in this report if considered by the Board and the Manager to be the most relevant basis for shareholders in assessing the overall performance of the Company and for comparing the performance of the Company to its peers, taking into account industry practice.

Definitions and reconciliations to IFRS measures are provided in the main body of the report or denoted * in this Glossary, where appropriate.

Buyout funds are funds that acquire controlling interests in companies with a view towards later selling those companies or taking them public.

Compound Annual Growth Rate ('CAGR') represents the annual growth rate of an investment over a specified period of time longer than one year.

Capital deployed* please see 'Total new investment'.

Carried interest is equivalent to a performance fee. This represents a share of the profits that will accrue to the underlying private equity managers, after achievement of an agreed preferred return.

Co-investment is a direct investment in a company alongside a private equity fund.

Co-investment incentive scheme accrual represents the estimated value of interests in the co-investment incentive scheme operated by the Company. At both 31 January 2020 and 31 January 2019, the accrual was estimated as the theoretical value of the interests if the Portfolio had been sold at its carrying value at those dates.

Commitment represents the amount of capital that each limited partner agrees to contribute to the fund which can be drawn at the discretion of the general partner.

Direct investments are investments in a single underlying company.

Discount* arises when the Company's shares trade at a discount to NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the NAV was 100p and the share price was 90p, the discount would be 10%.

Drawdowns are amounts invested by the Company into funds when called by underlying managers in respect of an existing commitment.

EBITDA stands for earnings before interest, tax, depreciation and amortisation, which is a widely used performance measure in the private equity industry.

Enterprise value is the aggregate value of a company's entire issued share capital and net debt.

FTSE All-Share Index Total Return is the change in the level of the FTSE All-Share Index, assuming that dividends are re-invested on the day that they are paid.

Full realisations are exit events (e.g. trade sale, sale by public offering, or sale to a financial buyer) following which the residual exposure to an underlying company is zero or immaterial.

Funds in investment period are those funds which are able to make new platform investments under the terms of their fund agreements, usually up to five years after the initial commitment.

General Partner ('GP') is the entity managing a private equity fund that has been established as a limited partnership. This is commonly referred to as the Manager.

Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

High conviction portfolio* comprises co-investments, ICG managed funds and secondary fund investments.

Initial Public Offering ('IPO') is an offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

Internal Rate of Return ('IRR') is a measure of the rate of return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the investment.

Last Twelve Months ('LTM') refers to the time frame of the immediately preceding 12 months in reference to a financial metric used to evaluate the Company's performance.

Limited Partner ('LP') is an institution or individual who commits capital to a private equity fund established as a limited partnership. These investors are generally protected from legal actions and any losses beyond the original investment.

Limited Partnership includes one or more general partners, who have responsibility for managing the business of the partnership and have unlimited liability, and one or more limited partners, who do not participate in the operation of the partnership and whose liability is ordinarily capped at their capital and loan contribution to the partnership. In typical fund structures, the general partner will not receive a profit share until cost has been returned and an agreed preferred return has been achieved.

Local currency return is the change in the valuation of the Company's Portfolio, before the effect of currency movements and co-investment scheme accrual. The local currency return of 16.6% is calculated as follows:

£m	2020	2019
Income, gains and losses on investments	92.7	91.5
Foreign exchange gains and losses included in gains and losses on investments	13.8	(8.7)
Incentive accrual valuation movement	8.9	7.6
Total gains on Portfolio investments excluding impact of foreign exchange	115.4	90.4
Opening Portfolio valuation	694.8	600.7
Portfolio return on a local currency basis	16.6%	15.0%

Management Buy-In ('MBI') is a change of ownership, where an incoming management team raises financial backing, normally a mix of equity and debt, to acquire a business.

Management Buyout ('MBO') is a change of ownership, where the incumbent management team raises financial backing, normally a mix of equity and debt, to acquire a business it manages.

Net asset value per share ('NAV') is the value of the Company's net assets attributable to one ordinary share. It is calculated by dividing 'shareholders' funds' by the total number of ordinary shares in issue. Shareholders' funds are calculated by deducting current and long-term liabilities, and any provision for liabilities and charges, from the Company's total assets.

Net asset value per share Total Return* is the change in the Company's net asset value per share, assuming that dividends are re-invested at the end of the quarter in which the dividend was paid.

Net debt is calculated as the total short-term and long-term debt in a business, less cash and cash equivalents.

Overcommitment* refers to where private equity fund investors make commitments exceeding available liquidity for investment. When determining the appropriate level of overcommitment, careful consideration needs to be given to the rate at which commitments might be drawn down, and the rate at which realisations will generate cash, and therefore liquidity, from the existing portfolio to fund new investment.

Portfolio* represents the aggregate of the investment Portfolios of the Company and of its subsidiary limited partnerships. This is consistent with the commentary in previous annual and interim reports. The Board and the Manager consider that this is the most relevant basis for shareholders to assess the overall performance of the Company and comparison with its peers.

The closest equivalent amount reported on the balance sheet is 'investments at fair value'. A reconciliation of these two measures is presented below.

£m	Investments at fair value as per balance sheet	Cash held by subsidiary limited partnerships	Balances receivable from subsidiary limited partnerships	Co-investment scheme accrual	Portfolio
31 January 2020	778.4	–	–	28.0	806.4
31 January 2019	670.1	–	–	24.7	694.8

Post 2008 crisis investments are defined as those completed in 2009 or later.

Pre 2008 crisis investments are defined as those completed in 2008 or before, based on the date the original deal was completed, which may differ from when the Company invested if acquired through a secondary.

Preferred return is the preferential rate of return on an individual investment or a portfolio of investments, which is typically 8% per annum.

Premium occurs when the share price is higher than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets.

Public to private ('P2P') is the purchase of all of a listed company's shares and the subsequent delisting of the company, funded with a mixture of debt and unquoted equity.

Quoted company is any company whose shares are listed or traded on a recognised stock exchange.

Realisation proceeds* are amounts received by the Company in respect of the Portfolio, which may be in the form of capital proceeds or income such as interest or dividends. In accordance with IFRS 10, the Company's subsidiaries are deemed to be investment entities and are included in subsidiary investments within the financial statements. Movements in the cash flow statement within the financial statements reconcile to the movement in the Portfolio as follows:

£m	2020	2019
Per cash flow statement		
Sale of portfolio investments	107.2	135.5
Sale of portfolio investments, interest received and dividends received within subsidiary investments	34.5	21.6
Interest income	5.8	4.0
Dividend income	1.3	1.9
Realisation proceeds	148.8	163.0

Realisations – multiple to cost* is the average return from full exits from the Portfolio in the period on a primary investment basis, weighted by cost.

£m	2020	2019
Cumulative realisation proceeds from full exits in the year	99.2	156.6
Cost	41.9	64.6
Average return multiple of cost	2.4x	2.4x

GLOSSARY (UNAUDITED) CONTINUED

Realisations – uplift to carrying value* is the aggregate uplift on full exits from the Portfolio in the period excluding publicly listed companies that were exited via sell downs of their shares.

£m	2020	2019
Realisation proceeds from full exits in the year	73.5	118.4
Carrying value at previous quarterly valuation prior to exit	53.7	87.6
Realisation uplift to previous carrying value	37%	35%

Secondary investments occur when a Company purchases existing private equity fund interests and commitments from an investor seeking liquidity.

Share price Total Return* is the change in the Company's share price, assuming that dividends are re-invested on the day that they are paid.

Total new investment is the total of direct co-investment and fund investment drawdowns in respect of the Portfolio. In accordance with IFRS 10, the Company's subsidiaries are deemed to be investment entities and are included in subsidiary investments within the financial statements.

Movements in the cash flow statement within the financial statements reconcile to the movement in the Portfolio as follows:

£m	2020	2019
Per cash flow statement		
Purchase of portfolio investments	95.4	101.8
Purchase of portfolio investments within subsidiary investments	63.2	55.8
Total new investment	158.6	157.6

Total Return is a performance measure that assumes the notional re-investment of dividends. This is a measure commonly used by the listed private equity sector and listed companies in general.

The table below sets out the share price and the net asset value per share growth figures for periods of one, three, five and ten years to the balance sheet date on a Total Return basis.

Total Return performance in years to 31 January 2020	1 year	3 years	5 years	10 years ¹
Net asset value per share	11.2%	40.6%	85.0%	190.5%
Share price	20.5%	49.1%	92.6%	286.1%
FTSE All-Share Index	10.7%	18.4%	35.6%	111.2%

¹ As the Company changed its year end in 2010, the ten-year figures are for the 121-month period to 31 January 2020.

Undrawn commitments are commitments that have not yet been drawn down.

Unquoted company is any company whose shares are not listed or traded on a recognised stock exchange.

Valuation multiples are earnings or revenue multiples applied in valuing a business enterprise.

Venture capital refers to investing in companies at a point in that company's life cycle that is either at the concept, start-up or early stage of development.