ICG ENTERPRISE TRUST

Q3 NEWSSHEET

31 October 2017

ABOUT ICG ENTERPRISE TRUST

ICG Enterprise Trust is a listed private equity investor focused on investing in profitable private companies in Europe and the US, both directly and through funds.

The Company's flexible mandate allows the investment team to enhance returns through proactively adjusting the portfolio's weighting to specific investment opportunities, dependent on market conditions. These high conviction investments are underpinned by a portfolio of leading private equity funds, which not only provide a diversified base of strong returns, but also insights and deal-flow for the high conviction portfolio. This approach has led to strong performance through multiple cycles.

Published on 31 January 2018

HIGHLIGHTS

Realisation activity key driver of growth in the quarter

930p

NAV PER SHARE

Portfolio continues to be highly cash generative

- YTD proceeds exceed total proceeds received in the previous two financial years

Continued progress against strategic goals

- Selective investment in compelling opportunities
- Increased exposure to ICG managed assets and to the US market

Move to progressive annual dividend policy and quarterly payments

NAV and share price continue to outperform FTSE All-Share over one, three, five and ten years

Emma Osborne, Head of Private Equity Fund Investments, ICG, commented:

"With financial markets reaching all-time highs, it is not surprising to see private equity managers take advantage of the favourable conditions to sell portfolio companies and crystallise value for investors.

This dynamic is reflected in ICG Enterprise's portfolio, with over £215m of realisations in the 11 months to 31 December 2017, a record period for the portfolio, outstripping new investment of £125m, and outweighing total proceeds received from the portfolio in the previous two financial years.

Against this backdrop, pricing for new investments is high; a patient and selective approach to investment is key and our focus has mainly been on the highest quality defensive businesses. Our differentiated and flexible investment strategy gives us greater control and visibility on the portfolio and enables us to increase exposure to companies that we have a high conviction will outperform through the cycle. This strategy and our selective approach has served us well in the past with investments made in the run-up to the financial crisis realising good returns, despite the impact of the downturn.

Since ICG became the Investment Manager two years ago, around a third of our new commitments are in ICG directly managed investments, partnering with three in-house teams each with a focus on strong downside protection from investments across the capital structure. Also, in our third-party investments, insights from the broader ICG network are proving to be invaluable and help inform investment decisions. We believe that the combination of the strategic benefits from ICG, our flexible strategy and a portfolio that balances risk and return, positions the Company well to adapt to market developments and maximise value for shareholders through the cycle."

REALISATION ACTIVITY KEY DRIVER OF GROWTH IN Q3

In the three months to 31 October 2017 the net asset value increased to 930.2p, a 0.4% total return in the period and taking net asset per share growth, on a total return basis, to 9.1% for the nine months to 31 October 2017.

The portfolio is valued at £578.4m with performance in the quarter driven by an underlying return of 2.5% on the portfolio, which was partially offset by negative foreign currency movements of 1.3%. This continued growth further builds on the portfolio's strong performance, with the investments generating an underlying return of 11.3% in the nine months on a constant currency basis, or 11.1% in sterling.

Our managers continued to take advantage of the favourable exit environment realising 19 companies in the three months generating £63.0m of proceeds. As in previous periods, realisations were at significant uplifts to carrying value (36%) and a 1.9x multiple to cost. The largest sale during the quarter was the disposal by Graphite Capital of Standard Brands, a manufacturer of fire lighting products. This was the third largest underlying investment in the portfolio at the start of the quarter and the realisation generated proceeds of £16.1m.

In total, 47 full realisations completed in the nine months, generating £180.1m of proceeds, at an average uplift of 35% carrying value and a multiple of 2.4x times cost.

SELECTIVE INVESTMENT IN COMPELLING OPPORTUNITIES

There is significant competition for good quality assets and, as always, discipline is key. Our flexible investment strategy enables us to adapt to market conditions and invest where we see the best relative value. We favour more defensive businesses; companies that are less correlated to economic cycles and highly cash generative.

New investment activity in the quarter totalled £33.7m, comprising fund drawdowns of £25.5m and a £8.1m co-investment in Visma, a provider of accounting software and business outsourcing services, alongside ICG Europe Fund VI. This investment is in addition to the co-investment completed with Cinven in 2014 and makes Visma the third largest underlying investment as at 31 October 2017, valued at £14.7m. In total, new investment in the nine months to October 2017 totalled £98.5m, which compares to £73.7m at the same point last year.

9.1%

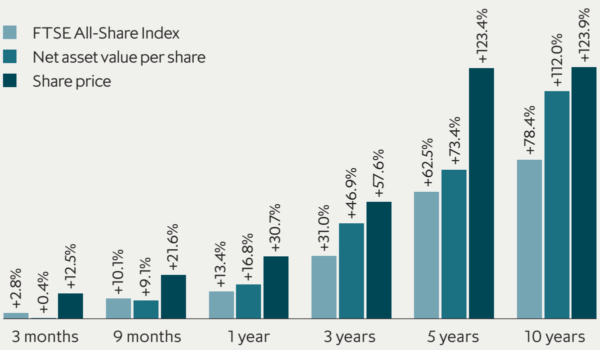
NAV PER SHARE TOTAL RETURN FOR NINE MONTHS TO 31 OCTOBER 2017

2.4x

MULTIPLE OF ORIGINAL INVESTMENT COST GENERATED BY 47 REALISATIONS COMPLETED IN THE NINE MONTHS

PERFORMANCE TO 31 OCTOBER 2017

- FTSE All-Share Index
- Net asset value per share
- Share price

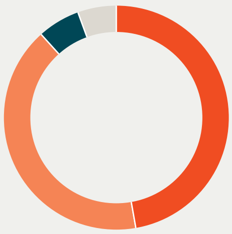


All figures are on a total return basis.

INVESTMENT PORTFOLIO

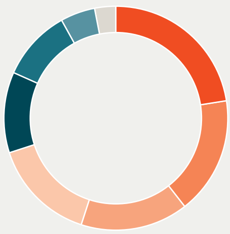
High conviction portfolio	
ICG	17.0%
Third party co-investments	18.8%
Third party secondary investments	7.5%
Total High Conviction investments	43.3%
Third party funds portfolio	
Graphite Capital primary funds	13.8%
Third party primary funds	42.9%
Total diversified fund investments	56.7%

PORTFOLIO BY INVESTMENT TYPE



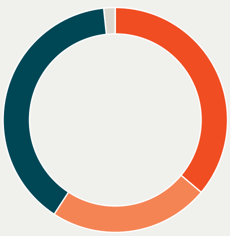
Mid-market buyouts	47.3%
Large buyouts	41.1%
Small buyouts	6.3%
Other	5.3%

PORTFOLIO BY SECTOR



Healthcare and education	22.5%
Business services	17.2%
Industrials	15.5%
Consumer goods and services	14.8%
Leisure	11.8%
TMT	10.2%
Financials	5.2%
Other	2.8%

PORTFOLIO BY GEOGRAPHIC DISTRIBUTION BASED ON LOCATION OF COMPANY HEADQUARTERS



UK	36.2%
North America	23.0%
Continental Europe	39.4%
Rest of world	1.4%

CONTINUED PROGRESS AGAINST STRATEGIC GOALS

The strategic benefits of the investment team's move to ICG in 2016 continue to add value. At 31 October the investment portfolio represented 89.7% of net assets, with high conviction investments in ICG directly controlled investments, third-party co-investments and secondary investments representing 43% of investment portfolio. Four of the largest ten companies are managed by ICG and the portfolio's weighting to ICG managed investments now stands at 17% of the portfolio, up from 10% at January 2017. In addition, the exposure to the US has increased to 23%, up from 21% at January 2017.

STRONG BALANCE SHEET AND CONTINUED BUYBACKS OF SHARES

The high level of realisations increased cash and liquid assets by £8.7m during the quarter to £83.6m. Uncalled commitments were £319.0m at 31 October, against which we have total liquidity of £187.7m (£83.6m of cash and £104.1m undrawn bank line).

110,000 shares were bought back in the quarter, at an average discount of 16%. This takes total shares bought back since January 2017 to 992,437 at an average discount of 17%, adding 0.3% to net asset value per share.

PROGRESSIVE ANNUAL DIVIDEND POLICY AND MOVE TO QUARTERLY DIVIDEND PAYMENTS

The Board anticipates paying a minimum dividend of 20p per share each year and, in the absence of unforeseen circumstances, intends to grow the annual dividend progressively. The Company is also moving to quarterly dividend payments, with a quarterly dividend of 5p payable on 2 March 2018.

The ex-dividend date will be 8 February 2018 and the record date 9 February 2018. This quarterly dividend, together with interim dividend of 10p paid in November takes dividend payments to 15p. A final dividend will continue to be subject to shareholder approval.

CONTINUED STRONG REALISATION ACTIVITY AND SELECTIVE INVESTMENT SINCE OCTOBER

The portfolio remains highly cash generative, with £35.4m of proceeds received in the two months to 31 December 2017, taking total proceeds to £215.5m year-to-date. This is a record period for realisations – outweighing total proceeds received in the previous two financial years.

Against this, £26.0m of new investments were made in the two months to 31 December 2017, taking total investments year-to-date to £124.5m. In addition, £36.9m of new commitments were made to two existing managers – PAI VII (£22.0m) and TH Lee VIII (£14.9m), and a £7.5m primary commitment was signed to a new manager relationship, Leeds Equity Partners VI, a US based mid-market private equity firm focused on education, training, business services and information services and software industries. In addition, a £7.5m co-investment was signed alongside Leeds Equity Partners.

PORTFOLIO REVALUATION

The investment portfolio will be revalued at 31 January 2018, the results of which will be announced in April 2018.

£215.5M

TOTAL PROCEEDS GENERATED BY THE PORTFOLIO IN THE 11 MONTHS TO DECEMBER 2017

To review the third quarter announcement, please visit: www.icg-enterprise.co.uk

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