ICG ENTERPRISE TRUST

# Unaudited Annual Results

## For the year ended 31 January 2017

Embargoed until 7:00am on 18 April 2017

ICG Enterprise Trust plc ('ICG Enterprise' or 'the Company') presents its unaudited annual results for the year ended 31 January 2017.

## Highlights

- Share price Total Return[1] for the year of 31.6% (2016: 8.2%). The FTSE All-Share Index Total Return was 20.1% over the same period
- Net asset value per share Total Return[1] for the year of 23.4% (2016: 8.2%), with the net asset value per share at 871.0p (2016: 730.9p)
- The Portfolio[1,2] is valued at £594.3m at 31 January 2017 (2016: £428.2m), reflecting strong underlying growth of 21.8% (2016:11.1%), and favourable foreign exchange movements of 7.1% (2016: 1.0%)
- 93.7% invested with cash of £38.5m or 6.3% of total assets (2016:19.9%), in line with the Company's objective of becoming more fully invested and reflecting the benefit of being managed by ICG[3]
- £20.3m of cash returned to shareholders via an increased dividend of 20.0p (interim and proposed final) and share buy backs
- After a successful transition to ICG as manager, ICG Enterprise is well positioned to continue its excellent long term performance

The long term performance[4] of the Company remains strong, with the net asset value outperforming the FTSE All-Share Index over one, three, five and ten years

| Performance to 31 January 2017 | 1 year | 3 year | 5 year | 10* year |
|---|---|---|---|---|
| Net asset value per share | 23.4% | 38.1% | 66.9% | 119.4% |
| Share price | 31.6% | 35.1% | 118.3% | 115.2% |
| FTSE All-Share Index | 20.1% | 22.6% | 57.0% | 71.2% |

** As the Company changed its year end in 2010, the ten year figures are for the 121 month period to 31 January 2017.*

## Mark Fane, Chairman, said

The results for the year ended 31 January 2017 have been excellent and there has been faster than expected progress against key objectives set at the time of the change of manager to ICG. The Portfolio performance has been strong against a backdrop of a challenging and volatile market.

In line with the ongoing succession plans being implemented by the Board, it is my intention to step down at the AGM on 13 June 2017 after eight years as Chairman. The Board is proposing that Jeremy Tigue is appointed Chairman subject to his re-election at the AGM. Jeremy has a wealth of experience in the investment trust sector and has made an invaluable contribution to the governance of the Company.

***Footnotes***

1. Included in this document are Alternative Performance Measures ("APMs"). APMs have been used 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 and its previously reported results. The Glossary includes further details of APMs and reconciliations to IFRS measures, where appropriate. The rationale for the APMs is discussed in detail in the Manager's Review. The Glossary includes a reconciliation of the Portfolio to the most relevant IFRS measure.
2. In the Chairman's Statement, Manager's Review and Supplementary Information, reference is made to the "Portfolio". This is an APM. The Portfolio is defined as the aggregate of the investment portfolios of the Company and of its subsidiary limited partnerships. The rationale for this APM is discussed in detail in the Manager's Review. The Glossary includes a reconciliation of the Portfolio to the most relevant IFRS measure.
3. ICG Alternative Investment Limited, a regulated subsidiary of Intermediate Capital Group plc, acts as the Manager of the Company.
4. In the Chairman's Statement, Manager's Review and Supplementary Information, all performance figures are stated on a total return basis (i.e. including the effect of re-invested dividends).

| ***Foreign exchange rates*** | **31 January 2016** | **31 July 2016** | **31 January 2017** |
|---|---|---|---|
| | **Year end** | **Year end** | **Year end** |
| GBP:EUR | 1.3109 | 1.1850 | 1.1651 |
| GBP:USD | 1.4185 | 1.3229 | 1.2576 |

## Enquiries

### Analyst / Investor enquiries:

| | |
|---|---|
| Emma Osborne, Portfolio Manager, ICG | +44 (0) 20 3201 1302 |
| Mark Crowther, Investor Relations, ICG | +44 (0) 20 3201 7842 |
| Nikki Edgar, Finance, ICG | +44 (0) 20 3201 7700 |

## Disclaimer

This report may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted. This report contains information which, prior to this announcement was insider information.

## Chairman's Statement

### The Company has delivered excellent results in its first year under ICG management

These annual results mark the first anniversary of the change of manager to ICG[3]. I am pleased to report an excellent set of results for the year to 31 January 2017 as well as faster than expected progress against key objectives set at the time of the change of manager. The Company's core strategy remained unchanged following the move, namely to focus on investments in established, profitable private companies in developed markets. In approving the management transition the Board expected the Company to benefit in four main areas:

- **Access** to a wider range of investment opportunities through ICG's global office network and local private equity manager relationships;
- **Insights** and market intelligence from ICG's direct investment teams;
- **Support** from ICG's infrastructure and expertise in areas such as finance, treasury, investor relations and information technology; and
- **Lower costs** through a reduction in the headline management fee and no fees on ICG funds (in addition to no fees on funds managed by Graphite Capital, the former manager).

As the portfolio manager's report details, each of these factors have contributed to the strong performance in the year and the integration of the investment team to ICG has gone smoothly. Considerable progress has been made against a number of key objectives, in particular to:

- Become more fully invested;
- Increase the proportion of the Portfolio[1,2] managed directly by ICG; and
- Increase US exposure.

The Company continues to outperform its benchmark, the FTSE All-Share Index, over the short, medium and long term. Both the net asset value per share and share price have outperformed the benchmark on a Total Return[4] basis over one, three, five and ten years. Indeed, an investment in the Company on any financial year end date in the last twenty years would have outperformed the benchmark.

### Portfolio

Through a period of economic uncertainty, particularly in the UK, the Board is encouraged by the performance of the Portfolio with the top 30 underlying companies continuing to generate strong profits, an unbroken trend since 2008.

As a whole, the Portfolio is considered to be sensibly valued relative to the public markets. This belief in the value of the Portfolio is reinforced by the continued uplifts on realised investments. Further information is provided in the portfolio manager's report and supplementary information.

### Balance sheet

Net assets at 31 January 2017 stood at £613m (2016: £521m) with year end cash of £39m (2016: £104m) representing 6% of total assets, down from 20% at the start of the year. This reflects the achievement of a key objective set as part of the change in Manager, namely to become more fully invested and to manage the balance sheet more efficiently than in the past. It is not the intention of the Board for the Company to be geared, other than for short term working capital purposes. Further, the over-commitment percentage of 26% of net assets (2016: 10%) remains within conservative parameters.

### Distributions

As stated in the interim report, in order to provide shareholders with greater clarity of the income they can expect from the Company, the Board anticipates paying a minimum dividend of 20.0p per share each year, subject to sufficient distributable revenue and capital reserves in future.

In line with this policy, having paid an interim dividend of 10.0p per share, the Board is pleased to propose a final dividend of 10.0p per share. The proposed total dividend represents an increase of 81.8% compared with the prior year dividend and a yield on the year end share price of 2.9% (2016: 2.0%). If approved by shareholders at the AGM, the final dividend of 10.0p per share will be paid on 20 June 2017[5].

During the year the Company repurchased 982,345 shares at an average price of 627.0p for a total consideration of £6.2m. This improved the net asset value per share by 2.5%. The Board believes that the shares offer good value and will continue to repurchase shares on an opportunistic basis.

**F&C savings plans**

Since 1984, investors in the F&C savings plans have been able to acquire shares in ICG Enterprise. Following the change of manager to ICG in 2016, from 1 January 2017, only existing F&C savings plan investors will be able to acquire shares in the Company through these plans. BMO Global Asset Management[6] continues to allow existing savings plans to hold shares in the Company and is committed to the ongoing servicing of the existing F&C savings plans.

**Board Changes**

In line with the ongoing succession plans being implemented by the Board, it is my intention to step down at the AGM on 13 June 2017 after seventeen years as a non-executive director, including eight years as Chairman.
The Board is proposing that Jeremy Tigue is appointed Chairman subject to his re-election at the AGM. Jeremy was appointed to the Board in 2008 and has made an invaluable contribution to the governance of the Company during his tenure. He has a wealth of experience in the investment trust sector having managed the Foreign & Colonial Investment Trust ("FCIT") from 1997 to 2014 and is sitting on a number of other investment trust boards. The FCIT portfolio included a material allocation to private equity and he, therefore, brings this especially relevant experience to the Company.

It is also proposed that Peter Dicks steps down as Chairman of the Audit Committee to be replaced by Andrew Pomfret, subject to his re-election at the AGM.

**Outlook**

Markets continue to be buoyant despite the uncertainty surrounding Brexit and other geopolitical risks, but we expect volatility to increase. Historically, periods of instability have created some of the most attractive investment opportunities for private equity. We believe the asset class will continue to outperform public markets over the medium to long term because of private equity's patient and active approach to creating value.

The Company is particularly well placed to adapt to changing market conditions with its flexible investment strategy and because the Portfolio continues to deliver strong growth in earnings. The Manager's focus on partnering with only the most experienced private equity firms, with strong track records of investing and managing companies through economic cycles, provides the Board with further confidence. Finally, the change of Manager to ICG is already delivering material benefits to shareholders and this is expected to have an even greater impact in the future.

**A personal note**

After seventeen years of involvement in the listed private equity sector, I have experienced numerous ups and downs of market sentiment and observed both new entrants to and departures from the sector. Since the financial crisis the sector has endured particular turbulence, culminating in both Electra and SVG leaving the sector, with some commentators predicting its demise. Through these cycles ICG Enterprise, and many of its peers, has delivered superior returns as a result of the fundamental value created through private equity's active ownership model and the alignment of interests with portfolio company management. I firmly believe that listed private equity is an ideal way for private individuals and institutions to access the private equity market with the added advantages of daily liquidity and simplified administration.

An investment in the Company on any year end date in the last twenty years would have outperformed the benchmark. £100 invested twenty years ago would have generated £810 at 31 January 2017 compared with £366 for the same amount invested in the FTSE All-Share Index. This performance has been achieved by investing in funds and in companies that give us superior returns over the long term. Combined with a conservative approach to managing our balance sheet during both good and bad times, the Company has offered access to a diversified portfolio of private companies while at the same time improving yield. With strong underlying profit growth within the portfolio companies combined with the current discount to net asset value, I believe that the opportunity for continued growth looks compelling.

*Mark Fane*

**18 April 2017**

***Footnotes***

1. Included in this document are Alternative Performance Measures ("APMs"). APMs have been used 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 and its previously reported results. The Glossary includes further details of APMs and reconciliations to IFRS measures, where appropriate. The rationale for the APMs is discussed in detail in the Manager's Review. The Glossary includes a reconciliation of the Portfolio to the most relevant IFRS measure.
2. In the Chairman's Statement, Manager's Review and Supplementary Information, reference is made to the "Portfolio". This is an APM. The Portfolio is defined as the aggregate of the investment portfolios of the Company and of its subsidiary limited partnerships. The rationale for this APM is discussed in detail in the Manager's Review. The Glossary includes a reconciliation of the Portfolio to the most relevant IFRS measure.
3. ICG Alternative Investment Limited, a regulated subsidiary of Intermediate Capital Group plc, acts as the Manager of the Company.
4. In the Chairman's Statement, Manager's Review and Supplementary Information, all performance figures are stated on a total return basis (i.e. including the effect of re-invested dividends).
5. Shares will trade without rights to the final dividend from 1 June 2017 ("ex-dividend date"). The last date for registering transfers to receive the dividend is 2 June 2017 ("record date").
6. In 2014, F&C became part of BMO Global Asset Management, and ultimately the BMO Financial Group.

## Manager's Review of the Portfolio

This is our first annual report since the appointment of ICG as Manager of the Company and the transfer of the investment team from Graphite Capital Management LLP ("Graphite Capital"). We have made faster than expected progress towards realising the benefits of the change within the first year of moving to ICG.

Notably, new commitments have been made to two ICG managed funds: ICG Strategic Secondaries Fund II ("ICGSS") and ICG Asia Pacific Fund III. We believe these funds are highly complementary to our strategy and will generate attractive returns as well as enabling the Company to access co-investments from these in-house strategies. Both funds broaden the Company's geographic scope and increase the proportion of investments on which shareholders do not pay a management fee.

The move to ICG is also helping to generate secondaries and co-investments. The Company invested in a US fund restructuring transaction alongside ICGSS and completed secondary purchases in ICG Europe V and ICG Europe VI, which supplement existing investments. These opportunities were available to the Company as a result of the change in manager.

As well as access to ICG managed investment opportunities, the Company is benefitting greatly from ICG's insights into private equity managers and portfolio companies in Europe, US and Asia in our investment analysis and decision-making for both new funds and direct co-investments. We are also working with a range of specialist functions within ICG to provide non-investment related support and enhancements to the ongoing management of the Company.

### Portfolio performance overview

The Portfolio[1] has delivered very strong performance during the year, rising in value by 28.9% (2016: 12.1%). The Portfolio generated a valuation gain of 21.8% in local currencies, with currency movements adding a further 7.1%. This is against a backdrop of challenging market conditions, including volatility resulting from the UK's vote to leave the European Union, the US election result and various upcoming elections across Europe.

| £m | Year ended 31 January 2017 | Year ended 31 January 2016 |
|---|---|---|
| **Opening Portfolio**** | 428.2 | 431.9 |
| Additions | 127.8 | 64.3 |
| Realisation Proceeds[1] | (85.5) | (120.3) |
| Net cash outflow / (inflow) | 42.3 | (56.0) |
| Underlying Valuation Movement*,[1] | 93.5 | 48.0 |
| *% underlying Portfolio growth* | *21.8%* | *11.1%* |
| Currency movement | 30.3 | 4.3 |
| *% currency movement* | *7.1%* | *1.0%* |
| **Closing Portfolio**** | **594.3** | **428.2** |
| **Other Key Portfolio Metrics** | | |
| Proceeds as % of opening Portfolio | 20% | 28% |
| Number of Full Realisations | 40 | 41 |
| Uplift on exit[1] | 24% | 22% |
| New primary fund commitments | 117.6 | 58.6 |
| Outstanding commitments | 300.3 | 253.8 |

* In this report 94% of the Portfolio is valued using 31 December 2016 (or later) valuations.
** Refer to the Glossary for reconciliation to the portfolio balance presented in the financial statements

***Footnote***

1. References to the "Portfolio" include the investment portfolios of both the Company and its subsidiary partnerships. In the financial statements, in accordance with IFRS 10 'Consolidated Financial Statements', "Investments at fair value" are stated net of balances receivable from subsidiary partnerships and the accrual for the co-investment incentive scheme. Both the Manager and the Board consider that the Portfolio is the most relevant basis for shareholders in assessing the overall performance of the Company as it is consistent with industry practice and therefore enables comparison with peers as well as with the Company's previously reported results. A reconciliation of the Portfolio to the financial statements is set out in the Glossary.

At 31 January 2017 the Portfolio was valued at £594.3m. The increase of £166.1m during the year was primarily due to the strong valuation gains, as well as new investment exceeding realisations for the first time in six years.

The exposure to ICG managed investments increased during the year, and further increases are expected over time as the benefits of the change in manager continue to materialise. One of the features that makes ICG Enterprise distinctive in the listed private equity sector is the combination of an in-house directly controlled portfolio combined with a diversified multi-manager approach, which we believe both reduces risk and enhances returns.

**Realisations**

The Portfolio generated proceeds of £85.5m which was significantly lower than the £120.3m received in the previous year. However, as the number of full realisations of 40 was in line with last year, the lower level of proceeds reflected a smaller average size of disposals rather than a general slowdown in realisation activity.

Full realisations accounted for £45.3m of proceeds received and these continued to be completed at uplifts to the prior quarter holding values, averaging 24% in the year. Over the last few years, despite an increase in valuation multiples across the Portfolio, exits have consistently achieved uplifts.

The largest realisation in the year was the disposal by Deutsche Beteiligungs AG ("DBAG") of Spheros, the manufacturer of climate systems for buses. This generated proceeds of £8.9m both from the investment in DBAG's fund and the direct co-investment made alongside this fund in 2011. The business grew strongly both organically and by acquisition prior to its sale in March 2016 generating a return of 2.5 times original cost.

The sale of Micheldever, the distributor and retailer of tyres, was announced in January 2017 for a return of 3.7 times cost, but did not complete until February 2017. It therefore remained as the Company's largest underlying investment at the year end, with a carrying value equivalent to the £35.9m of proceeds which were received in February 2017.

A further £40.2m was received from partial realisations. The most significant element of this was the £16.6m of proceeds received from recapitalisations during the year.

Further details of the ten largest underlying realisations are set out in the Supplementary Information section.

**New investments**

A record amount of new investments were completed in the year, with the total of £127.8m almost double the amount invested in the previous year. Increasing the rate of investment was one of the key objectives of the change of manager to ICG and it is encouraging that the move has had such a significant impact within the first year post transition. Investments managed directly by ICG accounted for a quarter of the total at £31.5m.

All categories of new investment increased although fund drawdowns showed the steepest increase, more than doubling to £94.3m after the sharp drop of the previous year. The rise partly reflected the addition of ten new funds in the year which drew down £24.0m. The vast majority of this came from four new funds which had already made a number of investments that were analysed in detail prior to committing to the funds. These so-called "late primary" situations suit our investment approach of investing in funds by applying our bottom-up, underlying company focused due diligence style and we will continue to target such opportunities as well as traditional new primary fund investments. Funds in the Portfolio at the start of the year drew down £70.3m, which was broadly in line with expectations and consistent with a steady pace to the end of funds' 5 to 6 year investment periods.

Two direct co-investments and three secondary fund purchases were completed in the year, increasing the amount invested in these categories to £33.5m from £17.9m in the previous year. The secondaries included ICG Europe V and ICG Europe VI as well as a US fund restructuring alongside ICGSS.

The two largest underlying company investments were the two direct co-investments: System One (£8.9m), a provider of temporary staff in the US acquired by Thomas H. Lee Partners, and Roompot (£7.1m), an operator of holiday parks in the Netherlands acquired by PAI Partners. Both companies operate in sectors that we have had experience of investing in successfully in the past.

In total, ICG managed investments, direct co-investments and secondaries accounted for 39% of total investments in the year, a figure expected to increase over time. If the late primaries noted above are also included, a total of 56% of new investments were in underlying companies that we were able to analyse prior to investment. This is in contrast to a typical fund of funds where third party managers make most of the underlying investment decisions.

Further details of the ten largest underlying new investments are set out in the Supplementary Information section.

*New fund commitments*

New primary commitments of £117.6m to ten funds were significantly higher than the £58.6m committed to six new funds last year.

Two of the new funds, representing 26% of new commitments, are managed directly by ICG. A further six funds, totaling 53% of new commitments, were raised by managers that the Company has invested with successfully for many years, primarily focusing on European buyouts. The remaining two new funds feature managers which are new to the Portfolio, both of which are focused on the US market. One of these, Gridiron Capital III, was introduced to us through ICG's New York office which provides the fund investment team with invaluable insights into the US manager landscape to supplement our own research and analysis.

Further details of new fund commitments are set out in the Supplementary Information section.

**Closing Portfolio**

At 31 January 2017, the Portfolio was valued at £594.3m (£2016: £428.2m) of which ICG directly managed 10.1% while Graphite Capital investments accounted for 23.7%. Direct co-investments and secondaries accounted for 38.3% of the closing value, a figure which has increased significantly from approximately 18% immediately prior to the financial crisis. This gives us greater control over investments into the Portfolio than a typical fund investor.

Mid-market and large buyouts accounted for 55.4% and 36.1% respectively reflecting our focus on these segments which we believe offer the most attractive balance of return potential and downside protection. Targets in these segments tend to be more defensive, with market leading positions and strong management and are therefore better able to weather economic cycles than smaller companies.

By geography, the Portfolio is almost exclusively focused on developed private equity markets, principally the UK, continental Europe and the US. The UK accounted for 40.4% of value, down from 45.1% at the start of the year. US exposure has increased from 14.1% to 21.1% in line with one of our objectives at the time of the change in manager. We expect both of these trends to continue as the benefits of being part of a global asset manager are further realised.

While the Portfolio is broadly diversified, which reduces risk, we aim to ensure that many individual investments are large enough to have an impact on overall performance. The top 30 underlying companies accounted for 45.9% of the Portfolio and the performance of these investments is therefore likely to be a key driver of future growth. The vast majority of companies in the top 30 are those we have selected to increase exposure to, through direct co-investments and secondary fund purchases, and that we have a high conviction will outperform.

In the year to December 2016, the revenues and EBITDA of the top 30 companies increased by an average of 8.5% and 14.0% respectively. They were valued on an average multiple of 9.7 times last twelve months EBITDA at December 2016, which, while slightly higher than the 9.4 times at the previous year end, is not unreasonable for the strong growth being achieved and the generally high quality of earnings.

**Events since the year end**

Since the year end the Company has made the following new investments:

- €12m commitment to ICG Recovery Fund 2008B, a secondary fund restructuring;
- £5.0m commitment to Hg Capital 8; and
- A “late primary” fund investment in Oak Hill Capital IV as well as acquiring interests in Oak Hill Capital II and III, representing a total commitment of $22.5m to this established US manager.

As noted earlier, in February 2017 the Company received £35.9m from the completion of the Micheldever sale announced in January 2017.

**Outlook**

The environment for realisations remains favourable despite some macro uncertainties. This should underpin future growth in value given the uplifts that tend to be achieved on sale. Against this backdrop, investing at reasonable valuations is more challenging, but our strategy gives us the flexibility to adapt the mix of investments according to where we see the best relative value and the move to ICG is providing access to a broader range of opportunities from which to select.

Much recent market commentary has focused on whether it is approaching a peak. While we do not claim to have the ability to predict the timing of the next potential downturn, we seek to ensure that the Portfolio is well positioned to withstand one. This is achieved by focusing on relatively more defensive companies managed by some of the most experienced private equity firms and by avoiding emerging markets, new managers and riskier private equity strategies such as venture capital.

This approach served the Company well in the last downturn, with our 2007 investments generating a return of 1.8 times cost and the Portfolio consistently generating strong profit growth even in the aftermath of the financial crisis. It is also worth noting that over the last five years, the EBITDA valuation multiple of the Company’s top 30 companies has increased from 9 to just under 10 while the EBITDA multiple of the FTSE All-Share Index has increased from 6.4 to its current level of 12.1. We believe that this valuation differential should provide a significant cushion in the event of any future public market correction.

With the Portfolio continuing to demonstrate strong profit growth, as well as degearing, the prospects for further valuation growth remain positive.

**ICG Private Equity Fund Investment Team**

**18 April 2017**

## The 30 largest underlying investments

The table below presents the 30 companies in which ICG Enterprise had the largest investments by value at 31 January 2017. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total investment Portfolio.

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|---|---|---|---|---|---|
| 1 | **Micheldever** +^* | | | | |
| | Distributor and retailer of tyres | Graphite Capital | 2006 | UK | 6.3% |
| 2 | **City & County Healthcare Group** | | | | |
| | Provider of home care services | Graphite Capital | 2013 | UK | 2.7% |
| 3 | **Froneri** +^ | | | | |
| | Manufacturer and distributor of ice cream products | PAI Partners | 2013 | UK | 2.1% |
| 4 | **Education Personnel** +^ | | | | |
| | Provider of temporary staff for the education sector | ICG | 2014 | UK | 2.1% |
| 5 | **nGAGE** | | | | |
| | Provider of recruitment services | Graphite Capital | 2014 | UK | 2.1% |
| 6 | **PetSmart** + | | | | |
| | Retailer of pet products and services | BC Partners | 2015 | USA | 2.0% |
| 7 | **Standard Brands** + | | | | |
| | Manufacturer of fire lighting products | Graphite Capital | 2001 | UK | 2.0% |
| 8 | **Skillsoft** + | | | | |
| | Provider of off-the-shelf e-learning content | Charterhouse | 2014 | USA | 1.7% |
| 9 | **Frontier Medical** + | | | | |
| | Manufacturer of medical devices | Kester Capital | 2013 | UK | 1.6% |
| 10 | **David Lloyd Leisure** + | | | | |
| | Operator of premium health and fitness clubs | TDR Capital | 2013 | UK | 1.6% |
| 11 | **Visma** | | | | |
| | Provider of business services | Cinven | 2014 | Norway | 1.4% |
| 12 | **TMF**^ | | | | |
| | Provider of management and accounting outsourcing services | Doughty Hanson | 2008 | Netherlands | 1.4% |
| 13 | **The Laine Pub Company** + | | | | |
| | Operator of pubs and bars | Graphite Capital | 2014 | UK | 1.3% |
| 14 | **System One** + | | | | |
| | Provider of temporary staff and other associated services | Thomas H. Lee Partners | 2016 | USA | 1.3% |
| 15 | **Roompot** + | | | | |
| | Operator and developer of holiday parks | PAI Partners | 2016 | Netherlands | 1.3% |

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|---|---|---|---|---|---|
| 16 | **Beck & Politzer** | | | | |
| | Provider of industrial machinery installation and relocation | Graphite Capital | 2016 | UK | 1.2% |
| 17 | **CPA Global** + | | | | |
| | Provider of patent and legal services | Cinven | 2012 | UK | 1.2% |
| 18 | **Algeco Scotsman** | | | | |
| | Supplier and operator of modular buildings | TDR Capital | 2007 | USA | 1.2% |
| 19 | **Cambium** | | | | |
| | Provider of educational solutions and services | ICG | 2016 | USA | 1.2% |
| 20 | **Quironsalud**^# | | | | |
| | Provider of private healthcare services | CVC Capital | 2011 | Spain | 1.2% |
| 21 | **New World Trading Company** | | | | |
| | Operator of pub and restaurants | Graphite Capital | 2016 | UK | 1.1% |
| 22 | **U-POL**^ | | | | |
| | Manufacturer and distributor of automotive refinishing products | Graphite Capital | 2010 | UK | 1.0% |
| 23 | **Formel D** | | | | |
| | Provider of quality control for automotive services | Deutsche Beteiligungs | 2013 | Germany | 1.0% |
| 24 | **Swiss Education** + | | | | |
| | Provider of hospitality training | Invision Capital | 2015 | Switzerland | 1.0% |
| 25 | **ProXES** | | | | |
| | Manufacturer of food processing machinery | Deutsche Beteiligungs | 2013 | Germany | 0.9% |
| 26 | **Gerflor**^ | | | | |
| | Manufacturer of vinyl flooring | ICG | 2011 | France | 0.8% |
| 27 | **Parques Reunidos**^ | | | | |
| | Operator of attraction parks | Arle Capital | 2007 | Spain | 0.8% |
| 28 | **Cognito** + | | | | |
| | Supplier of communications equipment, software and services | Graphite Capital | 2002 | UK | 0.8% |
| 29 | **Ceridian** + | | | | |
| | Provider of payment processing services | Thomas H. Lee Partners | 2007 | USA | 0.8% |
| 30 | **InVentiv Health** | | | | |
| | Provider of healthcare and pharmaceutical consulting | Thomas H. Lee Partners | 2010 | USA | 0.8% |
| | **Total of the 30 largest underlying investments** | | | | **45.9%** |

+ All or part of this investment is held directly as a co-investment or other direct investment.

^ All or part of this investment was acquired as part of a secondary purchase.

* The company received proceeds of £35.9m from the sale of this investment in February 2017.

# The company received proceeds of £4.9m from the sale of this investment in February 2017.

## Analysis of the 30 largest underlying investments

The tables below analyse the 30 companies in which ICG Enterprise had the largest investments by value at 31 January 2017. These investments may be held directly or through funds or, in some cases, in both ways.

**30 largest investments - revenue growth**

| % growth* | % by number |
|---|---|
| <0% | 24.1% |
| 0-10% | 37.9% |
| 10-20% | 24.1% |
| 20-30% | 10.3% |
| Not meaningful | 3.6% |

**30 largest investments - EBITDA growth**

| % growth** | % by number |
|---|---|
| <0% | 20.0% |
| 0-10% | 20.0% |
| 10-20% | 30.0% |
| 20-30% | 10.0% |
| >30% | 10.0% |
| Not meaningful | 10.0% |

**30 largest investments - enterprise value as a multiple of EBITDA**

| Multiple*** | % by number |
|---|---|
| <7.0x | 6.7% |
| 7.0-8.0x | 3.3% |
| 8.0-9.0x | 16.7% |
| 9.0-10.0x | 23.3% |
| 10.0-11.0x | 23.3% |
| 11.0-12.0x | 6.7% |
| >12.0x | 13.3% |
| Not meaningful | 6.7% |

**30 largest investments - net debt as a multiple of EBITDA**

| Multiple**** | % by number |
|---|---|
| <2.0x | 16.7% |
| 2.0-3.0x | 26.7% |
| 3.0-4.0x | 13.3% |
| 4.0-5.0x | 6.7% |
| 5.0-6.0x | 16.7% |
| 6.0-7.0x | 10.0% |
| >7.0x | 3.2% |
| Not meaningful | 6.7% |

* Excludes one company where comparatives are not available
** Excludes one company where comparatives are not available as well as two companies where the EBITDA is not meaningful
*** Excludes two companies where the EBITDA is not meaningful
**** Excludes one company where this metric is not meaningful

## The 30 largest fund investments

The 30 largest funds by value at 31 January 2017 are:

| | Fund | Year of commitment | Country/ region | Value £m | Outstanding commitment £m |
|---|---|---|---|---|---|
| 1 | **Graphite Capital Partners VIII *** | | | | |
| | Mid-market buyouts | 2013 | UK | 51.6 | 39.8 |
| 2 | **Graphite Capital Partners VI **** | | | | |
| | Mid-market buyouts | 2003 | UK | 30.7 | 2.1 |
| 3 | **CVC European Equity Partners V **** | | | | |
| | Large buyouts | 2008 | Europe/ USA | 24.5 | 1.3 |
| 4 | **BC European Capital IX **** | | | | |
| | Large buyouts | 2011 | Europe/ USA | 22.1 | 2.2 |
| 5 | **Fifth Cinven Fund** | | | | |
| | Large buyouts | 2012 | Europe | 17.1 | 2.7 |
| 6 | **Thomas H. Lee Parallel Fund VI** | | | | |
| | Large buyouts | 2007 | USA | 14.4 | 1.1 |
| 7 | **Deutsche Beteiligungs Fund V** | | | | |
| | Mid-market buyouts | 2006 | Germany | 14.2 | 0.3 |
| 8 | **Graphite Capital Partners VII */**** | | | | |
| | Mid-market buyouts | 2007 | UK | 13.6 | 4.7 |
| 9 | **PAI Europe V **** | | | | |
| | Mid-market and large buyouts | 2007 | Europe | 12.3 | 1.1 |
| 10 | **Activa Capital Fund II** | | | | |
| | Mid-market buyouts | 2007 | France | 11.3 | 1.8 |
| 11 | **ICG Velocity Partners Co-Investor**** | | | | |
| | Mid-market buyouts | 2016 | USA | 11.0 | 2.3 |
| 12 | **ICG Europe V **** | | | | |
| | Mezzanine and equity in mid-market buyouts | 2012 | Europe | 10.8 | 1.2 |
| 13 | **CVC Capital Partners VI** | | | | |
| | Large buyouts | 2013 | Global | 10.7 | 7.6 |
| 14 | **TDR Capital II** | | | | |
| | Mid-market and large buyouts | 2006 | Europe | 10.2 | 0.8 |
| 15 | **Doughty Hanson & Co V **** | | | | |
| | Mid-market and large buyouts | 2006 | Europe | 10.1 | 6.5 |
| 16 | **ICG Europe VI **** | | | | |
| | Mezzanine and equity in mid-market buyouts | 2015 | Europe | 9.7 | 12.1 |
| 17 | **Bowmark Capital Partners IV** | | | | |
| | Mid-market buyouts | 2007 | UK | 9.3 | - |
| 18 | **IK VII** | | | | |
| | Mid-market buyouts | 2013 | Europe | 9.3 | 0.5 |
| 19 | **TDR Capital III** | | | | |
| | Mid-market and large buyouts | 2013 | Europe | 9.1 | 3.0 |
| 20 | **Permira V** | | | | |
| | Large buyouts | 2013 | Europe | 8.7 | 0.8 |

| | Fund | Year of commitment | Country/ region | Value £m | Outstanding commitment £m |
|---|---|---|---|---|---|
| **21** | **One Equity Partners VI** | | | | |
| | Mid-market buyouts | 2016 | USA/ Europe | 8.5 | 3.4 |
| **22** | **Deutsche Beteiligungs Fund VI** | | | | |
| | Mid-market buyouts | 2012 | Germany | 8.1 | 1.0 |
| **23** | **Hollyport Secondary Opportunities V** | | | | |
| | Tail-end secondary portfolios | 2015 | Global | 8.1 | 2.3 |
| **24** | **ICG European Fund 2006 B **** | | | | |
| | Mid-market buyouts | 2014 | Europe | 7.2 | 2.1 |
| **25** | **PAI Europe VI** | | | | |
| | Mid-market and large buyouts | 2013 | Europe | 6.9 | 10.4 |
| **26** | **ICG Strategic Secondaries Fund II** | | | | |
| | Secondary fund restructurings | 2016 | USA | 6.9 | 14.0 |
| **27** | **Nordic Capital Partners VIII** | | | | |
| | Mid-market and large buyouts | 2013 | Nordic | 6.3 | 3.6 |
| **28** | **Egeria Private Equity Fund IV** | | | | |
| | Mid-market buyouts | 2012 | Europe | 5.7 | 3.2 |
| **29** | **Bowmark Capital Partners V** | | | | |
| | Mid-market buyouts | 2013 | UK | 5.4 | 5.8 |
| **30** | **Candover 2005 Fund **** | | | | |
| | Large buyouts | 2005 | Europe | 5.3 | 0.1 |
| | **Total of the largest 30 fund investments** | | | **379.1** | **137.8** |
| | **Percentage of total investment Portfolio** | | | **63.8%** | |

* Includes the associated Top Up funds.

** All or part of an interest acquired through a secondary fund purchase.

## Portfolio analysis

### Closing Portfolio by value at 31 January 2017

| | Third party £m | Graphite Capital £m | ICG £m | Total £m | % of investment Portfolio |
|---|---|---|---|---|---|
| Primary investments in funds | 263.3 | 80.1 | 22.9 | 366.3 | 61.7% |
| Secondary investments in funds | 45.3 | 15.8 | 25.8 | 86.9 | 14.6% |
| Direct and co-investments | 84.5 | 45.0 | 11.6 | 141.1 | 23.7% |
| **Total Portfolio** | **393.1** | **140.9** | **60.3** | **594.3** | **100.0%** |
| **% of Portfolio** | **66.2%** | **23.7%** | **10.1%** | **100.0%** | |
| Undrawn commitments | 212.5 | 46.7 | 41.1 | 300.3 | |
| **Total exposure** | **605.6** | **187.6** | **101.4** | **894.6** | |
| **% exposure** | **67.7%** | **21.0%** | **11.3%** | **100.0%** | |

| Portfolio by investment type | % of value of underlying investments |
|---|---|
| Large buyouts | 36.1% |
| Mid-market buyouts | 55.4% |
| Small buyouts | 8.5% |
| **Total** | **100.0%** |

| Portfolio by geographic distribution based on location of company headquarters | % of value of underlying investments |
|---|---|
| UK | 40.4% |
| North America | 21.1% |
| Germany | 10.8% |
| France | 9.0% |
| Benelux | 5.6% |
| Scandinavia | 5.4% |
| Spain | 2.8% |
| Other Europe | 2.0% |
| Italy | 1.5% |
| Rest of world | 1.4% |
| **Total** | **100.0%** |
| *Total Continental Europe* | *37.1%* |

| Portfolio by calendar year of investment | % of value of underlying investments |
|---|---|
| 2017 | 0.2% |
| 2016 | 18.6% |
| 2015 | 12.9% |
| 2014 | 19.3% |
| 2013 | 16.2% |
| 2012 | 5.1% |
| 2011 | 5.2% |
| 2010 | 4.6% |
| 2009 | 1.3% |
| 2008 | 3.4% |
| 2007 | 3.5% |
| 2006 and before | 9.7% |
| **Total** | **100.0%** |

| Portfolio by sector | % of value of underlying investments |
|---|---|
| Business services | 19.1% |
| Healthcare and education | 17.7% |
| Consumer goods and services | 16.1% |
| Industrials | 14.1% |
| Leisure | 11.5% |
| Automotive supplies | 8.5% |
| Financials | 5.3% |
| Technology and telecommunications | 3.5% |
| Media | 3.1% |
| Chemicals | 1.1% |
| **Total** | **100.0%** |

## Investment activity

### New investments

| Financial period ended | Drawdowns £m | Co-investments and secondary fund purchases £m | Total new investments £m |
|---|---|---|---|
| 31 December 2007 | 95.2 | 7.9 | 103.1 |
| 31 December 2008 | 65.8 | 12.1 | 77.9 |
| 31 December 2009 | 21.5 | 2.5 | 24.0 |
| 31 January 2011 | 65.6 | 19.2 | 84.8 |
| 31 January 2012 | 51.3 | 29.9 | 81.2 |
| 31 January 2013 | 48.8 | 5.2 | 54.0 |
| 31 January 2014 | 54.2 | 36.4 | 90.6 |
| 31 January 2015 | 68.0 | 57.4 | 125.4 |
| 31 January 2016 | 46.4 | 17.9 | 64.3 |
| 31 January 2017 | 94.3 | 33.5 | 127.8 |

### Largest new underlying investments

| Investment | Description | Manager | Country | Cost* £m |
|---|---|---|---|---|
| System One | Provider of temporary staff and other associated services | Thomas H Lee Partners | USA | 8.9 |
| Roompot | Operator and developer of holiday parks | PAI Partners | Netherlands | 7.7 |
| Beck & Pollitzer | Provider of industrial machinery installation and relocation | Graphite Capital | UK | 7.4 |
| New World Trading | Operator of distinctive pub restaurants | Graphite Capital | UK | 6.5 |
| ITN Networks | Operator of television advertising networks | ICG | USA | 4.8 |
| Cambium | Provider of educational solutions and services | ICG | USA | 4.2 |
| Southern Theatres | Operator of multiplex stadium seating movie theatres | ICG | USA | 3.7 |
| Infobase Publishing | Provider of educational solutions | ICG | USA | 3.1 |
| Time Education | Provider of specialist education tutoring | ICG | South Korea | 2.1 |
| inVentiv Health | Provider of outsourced services to the healthcare industry | Advent | USA | 2.0 |
| **Total of 10 largest new underlying investments** | | | | **50.4** |

***** Cost of investment is calculated as the Company's share of the fund's cost of investment plus any co-investment amounts paid

### Realisations*

| Financial period ended | £m | % of opening Portfolio |
|---|---|---|
| 31 December 2007 | 112.4 | 54.5% |
| 31 December 2008 | 25.8 | 12.9% |
| 31 December 2009 | 14.0 | 7.3% |
| 31 January 2011 | 19.8 | 8.5% |
| 31 January 2012 | 92.9 | 26.0% |
| 31 January 2013 | 74.2 | 19.7% |
| 31 January 2014 | 118.3 | 28.5% |
| 31 January 2015 | 142.2 | 32.8% |
| 31 January 2016 | 120.3 | 27.9% |
| 31 January 2017 | 85.5 | 20.0% |

* Excluding secondary sales of fund interests

### Largest underlying realisations

| Investment | Manager | Year of investment | Realisation type | Proceeds £m |
|---|---|---|---|---|
| Spheros | Deutsche Beteiligungs | 2011 | Trade | 8.9 |
| David Lloyd Leisure | TDR Capital | 2013 | Recapitalisation | 5.0 |
| Swissport | PAI Partners | 2011 | Trade | 3.4 |
| U-POL | Graphite Capital | 2010 | Recapitalisation | 3.1 |
| La Maison Bleue | Activa | 2012 | Secondary | 3.1 |
| Broetje-Automation | Deustche Beteiligungs | 2012 | Trade | 3.1 |
| Technogym | Arle Capital | 2008 | IPO | 3.0 |
| Loungers | Piper | 2012 | Secondary | 2.9 |
| inVentiv Health | Thomas H Lee Partners | 2010 | Partial sale | 2.5 |
| Stork | Arle Capital | 2008 | Trade | 2.0 |
| **Total of 10 largest underlying realisations** | | | | **37.0** |

## Commitments analysis

The following tables analyse commitments at 31 January 2017. Original commitments are translated at 31 January 2017 exchange rates.

| | Original commitment £m | Outstanding commitment £m | Average drawdown percentage | % of total outstanding commitments |
|---|---|---|---|---|
| Investment period not commenced | 12.9 | 12.9 | 0.0% | 4.3% |
| Funds in investment period | 457.0 | 244.2 | 46.6% | 81.3% |
| Funds post investment period | 574.3 | 43.2 | 92.5% | 14.4% |
| | **1,044.2** | **300.3** | **71.2%** | **100.0%** |

| **Remaining investment period of commitments** | **% of commitments** |
|---|---|
| Investment period not commenced | 4.3% |
| > 5 years | 6.9% |
| 4-5 years | 13.9% |
| 3-4 years | 22.4% |
| 2-3 years | 16.0% |
| 1-2 years | 19.5% |
| <1 year | 2.6% |
| Investment period complete | 14.4% |
| **Total** | **100.0%** |

| **Movement in outstanding commitments in the year** | **£m** |
|---|---|
| As at 1 February 2016 | 253.8 |
| New primary commitments | 117.6 |
| New commitments relating to co-investments and secondary purchases | 8.3 |
| Drawdowns | (94.3) |
| Currency and other movements | 14.9 |
| **As at 31 January 2017** | **300.3** |

**New commitments in the year to 31 January 2017**

| Fund | Strategy | Geography | £m |
|---|---|---|---|
| *Primary commitments* | | | |
| ICG Strategic Secondaries II | Secondary fund restructurings | USA | 18.6 |
| Sixth Cinven Fund | Large buyouts | Europe | 15.5 |
| BC European Capital X | Large buyouts | Europe/ USA | 12.9 |
| ICG Asia Pacific Fund III | Mid-market buyouts | Asia | 12.3 |
| Gridiron Capital III | Mid-market buyouts | USA | 12.2 |
| One Equity Partners VI | Mid-market buyouts | Europe/ USA | 12.0 |
| Advent Global Private Equity VIII | Large buyouts | Europe/ USA | 11.7 |
| Permira VI | Large buyouts | Europe | 9.0 |
| IK VIII | Mid-market buyouts | Europe | 8.4 |
| Piper Private Equity Fund VI | Small buyouts | UK | 5.0 |
| *Total primary commitments* | | | 117.6 |
| *Commitments relating to co-investments and secondary purchases* | | | 8.3 |
| **Total new commitments** | | | **125.9** |

**Currency Exposure**

| | 31 January 2017 £m | 31 January 2017 % | 31 January 2016 £m | 31 January 2016 % |
|---|---|---|---|---|
| **Portfolio*** | | | | |
| - Sterling | 269.1 | 45.3% | 209.1 | 48.8% |
| - Euro | 156.5 | 26.3% | 122.8 | 28.7% |
| - US dollar | 115.4 | 19.4% | 60.9 | 14.2% |
| - Other European | 41.5 | 7.0% | 33.5 | 7.8% |
| - Other | 11.8 | 2.0% | 1.9 | 0.5% |
| **Total** | **594.3** | **100.0%** | **428.2** | **100.0%** |

*Currency exposure is calculated by reference to the location of the underlying Portfolio companies' headquarters.

| | 31 January 2017 £m | 31 January 2017 % | 31 January 2016 £m | 31 January 2016 % |
|---|---|---|---|---|
| **Outstanding commitments** | | | | |
| - Sterling | 77.5 | 25.8% | 102.3 | 40.3% |
| - Euro | 166.2 | 55.4% | 131.2 | 51.7% |
| - US dollar | 54.5 | 18.1% | 18.4 | 7.2% |
| - Other European | 2.1 | 0.7% | 1.9 | 0.8% |
| **Total** | **300.3** | **100.0%** | **253.8** | **100.0%** |

## Unaudited Results

### Income Statement (unaudited)

| | | Year to 31 January 2017 | | | Year to 31 January 2016 | | |
|---|---|---|---|---|---|---|---|
| | **Notes** | **Revenue return £'000** | **Capital return £'000** | **Total £'000** | **Revenue return £'000** | **Capital return £'000** | **Total £'000** |
| **Investment returns** | | | | | | | |
| Income, gains and losses on investments | | 9,892 | 105,194 | 115,086 | 12,100 | 33,761 | 45,861 |
| Deposit interest | | 242 | - | 242 | 309 | - | 309 |
| Other income | | 17 | - | 17 | 115 | - | 115 |
| Foreign exchange gains and losses | | - | 2,993 | 2,993 | - | 747 | 747 |
| | | **10,151** | **108,187** | **118,338** | **12,524** | **34,508** | **47,032** |
| **Expenses** | | | | | | | |
| Investment management charges | 4 | (1,552) | (4,657) | (6,209) | (1,509) | (4,260) | (5,769) |
| Other expenses | | (1,638) | (1,145) | (2,783) | (1,722) | (1,123) | (2,845) |
| | | (3,190) | (5,802) | (8,992) | (3,231) | (5,383) | (8,614) |
| **Profit before tax** | | 6,961 | 102,385 | 109,346 | 9,293 | 29,125 | 38,418 |
| Taxation | 5 | (1,184) | 787 | (397) | (1,292) | 1,292 | - |
| **Profit for the year** | | 5,777 | 103,172 | 108,949 | 8,001 | 30,417 | 38,418 |
| **Attributable to:** | | | | | | | |
| **Equity shareholders** | | **5,777** | **103,172** | **108,949** | **8,001** | **30,417** | **38,418** |
| Basic and diluted earnings per share | 6 | | | 153.43p | | | 53.13p |

The columns headed 'Total' represent the income statement for the relevant financial years and the columns headed 'Revenue return' and 'Capital return' are supplementary information, in line with the Statement of Recommended practice for investment trusts issued by the Association of Investment Companies in November 2014. There is no Other Comprehensive Income.

## Balance Sheet (unaudited)

| | Notes | 31 January 2017 £'000 | 31 January 2016 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| **Investments held at fair value** | | | |
| – Unquoted investments | | 491,099 | 356,939 |
| – Quoted investments | | 364 | - |
| – Subsidiary investments | | 80,718 | 57,168 |
| | 12 | 572,181 | 414,107 |
| **Current assets** | | | |
| Cash and cash equivalents | | 38,522 | 103,831 |
| Receivables | 8 | 2,384 | 4,038 |
| | | 40,906 | 107,869 |
| **Current liabilities** | | | |
| Payables | 9 | 354 | 634 |
| **Net current assets** | | 40,552 | 107,235 |
| **Total assets less current liabilities** | | **612,733** | **521,342** |
| **Capital and reserves** | | | |
| Share capital | 10 | 7,292 | 7,292 |
| Capital redemption reserve | | 2,112 | 2,112 |
| Share premium | | 12,936 | 12,936 |
| Capital reserve | | 581,753 | 484,782 |
| Revenue reserve | | 8,640 | 14,220 |
| **Total equity** | | **612,733** | **521,342** |
| **Net asset value per share (basic and diluted)** | | 871.0p | 730.9p |

## Statement of Changes in Equity (unaudited)

| Company | Share capital £'000 | Capital redemption reserve £'000 | Share premium £'000 | Realised capital reserve £'000 | Unrealised capital reserve £'000 | Revenue reserve £'000 | Total shareholders' equity £'000 |
|---|---|---|---|---|---|---|---|
| **Year to 31 January 2017** | | | | | | | |
| Opening balance at 1 February 2016 | 7,292 | 2,112 | 12,936 | 363,325 | 121,457 | 14,220 | 521,342 |
| Profit for the year and total comprehensive income | – | – | – | (1,178) | 104,350 | 5,777 | 108,949 |
| Transfer on disposal of investments | – | – | – | – | – | – | – |
| Dividends paid or approved | – | – | – | – | – | (11,357) | (11,357) |
| Purchase of shares into treasury | – | – | – | (6,201) | – | – | (6,201) |
| Closing balance at 31 January 2017 | **7,292** | **2,112** | **12,936** | **355,946** | **225,807** | **8,640** | **612,733** |

| Company | Share capital £'000 | Capital redemption reserve £'000 | Share premium £'000 | Realised capital reserve £'000 | Unrealised capital reserve £'000 | Revenue reserve £'000 | Total shareholders' equity £'000 |
|---|---|---|---|---|---|---|---|
| **Year to 31 January 2016** | | | | | | | |
| Opening balance at 1 February 2015 | 7,292 | 2,112 | 12,936 | 348,412 | 115,077 | 21,035 | 506,864 |
| Profit for the year and total comprehensive income | – | – | – | 2,200 | 28,217 | 8,001 | 38,418 |
| Transfer on disposal of investments | – | – | – | 21,837 | (21,837) | – | – |
| Dividends paid or approved | – | – | – | – | – | (14,816) | (14,816) |
| Purchase of shares into treasury | – | – | – | (9,124) | – | – | (9,124) |
| Closing balance at 31 January 2016 | **7,292** | **2,112** | **12,936** | **363,325** | **121,457** | **14,220** | **521,342** |

## Cash Flow Statement (unaudited)

| | Notes | Year to 31 January 2017 £'000 | Year to 31 January 2016 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Sale of portfolio investments | | 50,338 | 89,941 |
| Purchase of portfolio investments | | (102,621) | (56,213) |
| Interest income received from portfolio investments | | 7,263 | 8,951 |
| Dividend income received from portfolio investments | | 2,629 | 2,882 |
| Other income received | | 259 | 384 |
| Investment management charges paid | | (6,143) | (5,840) |
| Other expenses paid | | (1,380) | (1,269) |
| **Net cash (outflow) / inflow from operating activities** | | (49,655) | 38,836 |
| | | | |
| **Financing activities** | | | |
| Bank facility fee | | (1,089) | (1,963) |
| Purchase of shares into treasury | | (6,201) | (9,110) |
| Equity dividends paid | 7 | (11,357) | (14,816) |
| **Net cash outflow from financing activities** | | (18,647) | (25,889) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(68,302)** | **12,947** |
| | | | |
| Cash and cash equivalents at beginning of year | | 103,831 | 90,137 |
| Net (decrease) / increase in cash and cash equivalents | | (68,302) | 12,947 |
| Effect of changes in foreign exchange rates | | 2,993 | 747 |
| **Cash and cash equivalents at end of year** | | **38,522** | **103,831** |

## NOTES TO THE FINANCIAL REPORT (unaudited)

### 1 General information

ICG Enterprise Trust plc (formerly Graphite Enterprise Trust PLC, "the Company") is registered in England and Wales and domiciled in England. The registered office is Juxon House, 100 St Paul's Churchyard, London EC4M 8BU. The Company's objective is to provide shareholders with long term capital growth through investment in unquoted companies, mostly through private equity funds but also directly.

During the year ended 31 January 2016, Graphite Capital Management LLP ("Graphite Capital" or "the Former Manager") served as manager of the Company. On 1 February 2016, the Board appointed ICG Alternative Investment Limited ("ICG" or "the Manager") as the new manager of the Company. At the same time, the name of the Company was changed from Graphite Enterprise Trust PLC to ICG Enterprise Trust plc, and the names of its subsidiaries Graphite Enterprise Trust Limited Partnership and Graphite Enterprise Trust (2) Limited Partnership were changed to ICG Enterprise Trust Limited Partnership and ICG Enterprise Trust (2) Limited Partnership. In addition to these limited partnerships, ICG Enterprise Trust Co-investment Limited Partnership was established as a new subsidiary (together "the Partnerships").

This report was approved for issue by the Board of Directors on 12 April 2017.

### 2 Unaudited financial report

This financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 January 2016 were approved by the Board of Directors on 14 April 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

Statutory accounts for the year to 31 January 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held at the Stationers' Hall, Ave Maria Lane, London EC4M 7DD at 2.00pm on 13 June 2017.

### 3 Basis of preparation

The financial information for the year ended 31 January 2017 has been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ("IFRS") and the Statement of Recommended Practice (the "SORP") provisions currently in effect issued by the Association of Investment Companies in November 2014.

IFRS comprises standards and interpretations approved by the International Accounting Standards Board and the IFRS Interpretations Committee as adopted in the European Union as at 31 January 2017.

These financial statements have been prepared on a going concern basis and on the historical cost basis of accounting, modified for the valuation of certain assets at fair value. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the current and prior year.

In order to reflect the activities of an investment trust company, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In analysing total income between capital and revenue returns, the directors have followed the guidance contained in the SORP. The following requirements of the SORP have been followed:

- Capital gains and losses on investments sold and on investments held arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the income statement.
- Returns on any share or debt security for a fixed amount (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the income statement.
- The Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the income statement. If the Board decides that this should be so, the management fee should be allocated between revenue and capital in accordance with the Board's expected long term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated.

In accordance with IFRS10 (amended), the Company is deemed to be an investment entity on the basis that:

(a) it obtains funds from one or more investors for the purpose of providing investors with investment management services;

(b) it commits to its investors that its business purpose is to invest funds for both returns from capital appreciation and, investment income; and

(c) it measures and evaluates the performance of substantially all of its investments on a fair value basis.

As a result, the Company's subsidiaries are included in unquoted investments at fair value as the subsidiaries are also deemed to be investment entities.

***Investments***

All investments are designated upon initial recognition as held at fair value through profit or loss (described in this financial report as investments held at fair value) and are measured at subsequent reporting dates at fair value. Changes in the value of all investments held at fair value, which include returns on those investments such as dividends and interest, are recognised in the income statement and are allocated to the revenue column or the capital column in accordance with the SORP.

***Unquoted Investments***

Fair value for unquoted investments is established by using various valuation techniques.

Funds and co-investments are valued at the underlying investment manager's valuation where this is consistent with the requirement to use fair value. Where this is not the case, adjustments are made or alternative methods are used as appropriate. The most common reason for adjustments is to take account of events occurring after the date of the manager's valuation, such as realisations.

The fair value of direct unquoted investments is calculated in accordance with the 2015 International Private Equity and Venture Capital Valuation Guidelines. The primary valuation methodology used is an earnings multiple methodology, with other methodologies used where they are more appropriate.

***Quoted Investments***

Quoted investments are held at the last traded bid price on the balance sheet date. When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the contract is reflected on the trade date.

***Associates***

Investments which fall within the definition of an associate under IAS 28 (Investments in associates) are accounted for as investments held at fair value through profit or loss, as permitted by that standard.

The Company holds an interest (including indirectly through its subsidiaries) of more than 20% in a small number of investments that may normally be classified as subsidiaries or associates. These investments are not considered subsidiaries as the Company does not exert control or significant influence over the activities of these companies/partnerships, as they are managed by other third parties.

### 4 Investment Management charges

| | Year ended 31 January 2017 | | | Year ended 31 January 2016 | | |
|---|---|---|---|---|---|---|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Investment management charge | 1,552 | 4,657 | 6,209 | 1,415 | 4,244 | 5,659 |
| Irrecoverable VAT | - | - | - | 94 | 16 | 110 |
| | 1,552 | 4,657 | 6,209 | 1,509 | 4,260 | 5,769 |

Following the appointment of ICG as manager on 1 February 2016, the management fee charged for managing the Company was reduced to 1.4% (from 1.5%) of the value of invested assets and 0.5% of outstanding commitments, in both cases excluding funds managed by Graphite Capital Management LLP and ICG. No fee is charged on cash or liquid asset balances. The amounts payable during the year are set out above.

Management charges for 2016 set out in the table above were payable to Graphite Capital Management LLP, the Former Manager, for managing the Company. The Former Manager is a related party for the purposes of the year ended 31 January 2016.

The allocation of the total investment management charges was unchanged in 2017 with 75% of the total allocated to capital and 25% allocated to revenue.

The table below sets out the management charges that the Company has borne in respect of its investments in funds managed by the Former Manager in periods when the Former Manager was a related party, and those borne in respect of its investments in funds managed by the Manager in periods when the Manager was a related party.

| | Year ended 31 January 2017 | Year ended 31 January 2016 |
|---|---|---|
| | £'000 | £'000 |
| ICG Europe Fund VI | 299 | * |
| ICG Europe Fund V | 320 | * |
| ICG European Fund 2006B | 94 | * |
| ICG Strategic Secondaries Fund II | 185 | * |
| ICG Velocity Partners Co-Investor | 115 | * |
| ICG Asia Pacific III | 124 | * |
| Graphite Capital Partners VI | * | (120) |
| Graphite Capital Partners VII | * | 86 |
| Graphite Capital Partners VIII | * | 1,561 |
| | 1,137 | 1,527 |

* not applicable as the manager of this fund was not a related party in the year

## 5 Taxation

In both the current and prior years the tax charge was lower than the standard rate of corporation tax, principally due to the Company's status as an investment trust, which means that capital gains are not subject to corporation tax. The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for the year ended 31 January 2017 are taxed at an effective rate of 20% (2016: 20.17%). The effect of this and other items affecting the tax charge is shown in note 5(b) below.

| | Year ended 31 January 2017 £'000 | Year ended 31 January 2016 £'000 |
|---|---|---|
| **a) Analysis of charge in the year** | | |
| Tax charge on items allocated to revenue | 787 | 1,292 |
| Tax credit on items allocated to capital | (787) | (1,292) |
| Tax charge on items relating to prior years | 397 | - |
| Corporation tax | 397 | - |
| **b) Factors affecting tax charge for the year** | | |
| Profit on ordinary activities before tax | 109,346 | 38,418 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20.17%) | 21,869 | 7,749 |
| Effect of: | | |
| – net investment returns not subject to corporation tax | (21,637) | (6,960) |
| – dividends not subject to corporation tax | (526) | (133) |
| – expenses not deductible for tax purposes | - | 20 |
| – current year management expenses not utilised / (utilised) | 294 | (206) |
| – other deductions | - | (470) |
| – overseas tax suffered | 397 | - |
| Total tax charge | 397 | - |

The Company has no recognised carried forward excess management expenses (2016: nil). There are no carried forward deferred tax assets or liabilities (2016: nil). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments. For all investments the tax base is equal to the carrying amount.

## 6 Earnings per share

| | Year ended 31 January 2017 | Year ended 31 January 2016 |
|---|---|---|
| Revenue return per ordinary share | 8.13p | 11.07p |
| Capital return per ordinary share | 145.30p | 42.06p |
| Earnings per ordinary share (basic and diluted) | 153.43p | 53.13p |
| Weighted average number of shares | 71,010,218 | 72,310,909 |

The earnings per share figures are based on the weighted average numbers of shares set out above.

## 7 Dividends

The Board has proposed a final dividend of 10.0p per share in respect of the year ended 31 January 2017 which, if approved by shareholders, will be paid on 20 June 2017, to shareholders on the register of members at the close of business on 2 June 2017.

| | Year ended 31 January 2017 £'000 | Year ended 31 January 2016 £'000 |
|---|---|---|
| Final in respect of year ended 31 January 2016: 6.0p (PY: 10.0p) per share | 4,280 | 7,232 |
| Special in respect of year ended 31 January 2016: 0p (PY: 5.5p) per share | - | 3,977 |
| Interim in respect of year ended 31 January 2017: 10.0p (PY: 5.0p) per share | 7,077 | 3,607 |
| **Total** | 11,357 | 14,816 |

## 8 Receivables – Current

As at 31 January 2017, prepayments and accrued income included £0.5m (2016: £1.0m) of unamortised costs in relation to the bank facility. Of this amount £0.3m (2016: £0.5m) is expected to be amortised in less than one year.

| | 31 January 2017 £'000 | 31 January 2016 £'000 |
|---|---|---|
| Prepayments and accrued income | 939 | 1,912 |
| Subsidiary undertakings | 1,445 | 2,126 |
| | 2,384 | 4,038 |

## 9 Payables – Current

| | 31 January 2017 £'000 | 31 January 2016 £'000 |
|---|---|---|
| Accruals | 354 | 537 |
| Other creditors | - | 97 |
| | 354 | 634 |

## 10 Share capital

| | Authorised | | Issued and fully paid | |
|---|---|---|---|---|
| **Equity share capital** | **Number** | **Nominal £'000** | **Number** | **Nominal £'000** |
| Balance at 31 January 2016 and 31 January 2017 | 120,000,000 | 12,000 | 72,913,000 | 7,292 |

All ordinary shares have a nominal value of 10.0p. At 31 January 2017, 72,913,000 shares had been allocated, called up and fully paid. Of this total, the Company held 2,568,508 shares in treasury (2016: 1,586,163) leaving 70,344,492 (2016: 71,326,837) shares not held in treasury, all of which have equal voting rights. The market value of the Company's ordinary shares at 31 March 1982 was 16p.

## 11 Financial instruments and risk management

The Company is an investment company as defined by section 833 of the Companies Act 2006 and conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010 ("Section 1158"). The Company's objective is to provide shareholders with long term capital growth through investment in unquoted companies, mostly through specialist funds but also directly.

Investments in funds have anticipated lives of approximately ten years. Direct investments are made with an anticipated holding period of between three and five years. Investment agreements will, however, usually provide that any loans advanced to investee companies are for a longer period than this. The agreements will usually provide for repayments to be made by instalments with provision for full repayment on sale or flotation.

***Financial risk management***

The Company's activities expose it to a variety of financial risks: market risk (comprising currency risk, interest rate risk and price risk), investment risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Manager has overall responsibility for managing the risks and the framework for monitoring and coordinating these risks. This is monitored by the Board. The Company's financial risk management objectives and processes used to manage these risks have not changed from the previous period and the policies are set out below:

***Market risk***

(i) Currency risk

The Company's investments are principally in the UK and continental Europe and are primarily denominated in sterling and in euros. There are also smaller amounts in US dollars and in other European currencies. The Company is exposed to currency risk in that movements in the value of sterling against these foreign currencies will affect the net asset value and the cash required to fund undrawn commitments. The Board regularly reviews the level of foreign currency denominated assets and outstanding commitments in the context of current market conditions and may decide to buy or sell currency or put in place currency hedging arrangements.

(ii) Interest rate risk

The fair value of the Company's investments and cash balances are not directly affected by changes in interest rates.

(iii) Price risk

The risk that the value of a financial instrument will change as a result of changes to market prices is one that is fundamental to the Company's objective, which is to provide long term capital growth through investment in unquoted companies. The investment Portfolio is continually monitored to ensure an appropriate balance of risk and reward in order to achieve the Company's objective. No hedging of this risk is undertaken.

The Company is exposed to the risk of change in value of its private equity investments. For all investments the market variable is deemed to be the price itself.

***Investment and credit risk***

(i) Investment risk

Investment risk is the risk that the financial performance of the companies in which ICG Enterprise invests either improves or deteriorates, thereby affecting the value of that investment. Investments in unquoted companies whether indirectly or directly are by their nature subject to potential investment losses. The investment Portfolio is highly diversified.

(ii) Credit risk

The Company's exposure to credit risk arises principally from its investment in cash deposits. The Company aims to invest the majority of its liquid Portfolio in assets which have low credit risk. The Company's policy is to limit exposure to any one investment to 15% of gross assets. This is regularly monitored by the Manager as a part of its cash management process.

Cash is held on deposit with three UK banks and totalled £38.5m (2016: £103.8m). Of this amount £25.1m was deposited at Lloyds Bank ("Lloyds"), which currently has a credit rating of BAA1 from Moody's, and this represents the maximum exposure to credit risk at the balance sheet date. No collateral is held by the Company in respect of these amounts. None of the Company's cash deposits were past due or impaired at 31 January 2017 (2016: nil).

***Liquidity risk***

The Company has significant investments in unquoted companies and funds which are inherently illiquid. The Company also has substantial undrawn commitments to funds, the great majority of which are likely to be called over the next five years. The Company aims to manage its affairs to ensure sufficient cash, other liquid assets and undrawn borrowing facilities will be available to meet contractual commitments when they are called and also seeks to have cash generally available to meet other short term financial needs. All cash and cash equivalents are available on demand. The Company's liquidity management policy involves projecting cash flows and considering the level of liquidity necessary to meet these.

The Company has access to committed bank facilities of a headline £103m, which are structured as parallel sterling and euro facilities of £50m and €61.7m (£53.0m) respectively. The facilities are provided jointly by Lloyds and The Royal Bank of Scotland ("RBS"). Of the total facilities, £20m and €23.6m will expire in March 2020 after being renewed in March 2017 on the following basis:

- Upfront Cost: 90bps
- Non-utilisation fees: 90bps
- Margin: 300bps

The remaining balance of £30m and €38.1m will expire in April 2019. As at 31 January 2017 the Company's financial liabilities amounted to £0.4m of payables (2016: £0.6m) which were due in less than one year.

***Capital risk management***

The Company's capital is represented by its net assets, which are managed to achieve the Company's investment objective. The Company currently has no debt.

The Board can manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy-back shares and it also determines dividend payments. The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by section 1159 Corporation Tax Act 2010 and by the Companies Act 2006, respectively.

Total equity at 31 January 2017, the composition of which is shown on the balance sheet was £612.7m (2016: £521.3m).

**12 Fair values estimation**

IFRS 7 requires disclosure of fair value measurements of financial instruments categorised according to the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The valuation techniques applied to level 1 and level 3 assets are described in note 3.

The following table presents the assets that are measured at fair value at 31 January 2017. The Company had no financial liabilities measured at fair value at that date.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Investments held at fair value** | | | | |
| Unquoted investments – indirect | - | - | 383,068 | 383,068 |
| Unquoted investments – direct | - | - | 108,031 | 108,031 |
| Quoted investments – direct | 364 | - | - | 364 |
| Subsidiary undertakings | - | - | 80,718 | 80,718 |
| **Total investments held at fair value** | 364 | - | 571,817 | 572,181 |

The following table presents the assets that are measured at fair value at 31 January 2016. The Company had no financial liabilities measured at fair value at that date.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Investments held at fair value** | | | | |
| Unquoted investments – indirect | - | - | 272,495 | 272,495 |
| Unquoted investments – direct | - | - | 84,444 | 84,444 |
| Quoted investments – direct | - | - | - | - |
| Subsidiary undertakings | - | - | 57,168 | 57,168 |
| **Total investments held at fair value** | - | - | 414,107 | 414,107 |

All unquoted and quoted investments are valued at fair value in accordance with IFRS 13. The following tables present the changes in level 3 instruments for the year to 31 January 2017.

| 31 January 2017 | Unquoted investments (indirect) at fair value through profit or loss £'000 | Unquoted investments (direct) at fair value through profit or loss £'000 | Subsidiary undertakings £'000 | Total £'000 |
|---|---|---|---|---|
| Opening balances | 272,495 | 84,444 | 57,168 | 414,107 |
| Additions | 94,116 | 8,365 | 12,097 | 114,578 |
| Disposals | (49,920) | (11,889) | - | (61,809) |
| Gains and losses recognised in profit or loss | 66,377 | 27,111 | 11,453 | 104,941 |
| Closing balance | 383,068 | 108,031 | 80,718 | 571,817 |
| **Total gains for the year included in income statement for assets held at the end of the reporting period** | 45,734 | 19,838 | 11,453 | 77,025 |

The following tables present the changes in level 3 instruments for the year to 31 January 2016.

| 31 January 2016 | Unquoted investments (indirect) at fair value through profit or loss £'000 | Unquoted investments (direct) at fair value through profit or loss £'000 | Subsidiary undertakings £'000 | Total £'000 |
|---|---|---|---|---|
| Opening balances | 289,491 | 68,339 | 56,217 | 414,047 |
| Additions | 43,857 | 8,643 | (1,226) | 51,274 |
| Disposals | (77,790) | (6,860) | - | (84,650) |
| Gains and losses recognised in profit or loss | 16,937 | 14,322 | 2,177 | 33,436 |
| Closing balance | 272,495 | 84,444 | 57,168 | 414,107 |
| **Total gains for the year included in income statement for assets held at the end of the reporting period** | 16,937 | 14,322 | 2,177 | 33,436 |

## 13 Related party transactions

Transactions between the Company, Manager and the Former Manager are disclosed in note 4. Significant transactions between the Company and its subsidiaries are shown below:

| Subsidiary | Nature of transaction | Year ended 31 January 2017 £'000 | Year ended 31 January 2016 £'000 |
|---|---|---|---|
| ICG Enterprise Trust Limited Partnership | Increase in amounts owed to subsidiaries | 3,338 | 3,549 |
| | Income allocated | 248 | 875 |
| ICG Enterprise Trust (2) Limited Partnership | Increase / (decrease) in amounts owed to subsidiaries | 1,683 | (2,325) |
| | Income allocated | 1080 | 1284 |
| ICG Enterprise Trust Co - Investment Limited Partnership | Increase in amounts owed by subsidiaries | 14,991 | - |
| | Income allocated | 204 | - |

Amounts owed by subsidiaries represent funding provided by the Company to its subsidiaries to allow them to make investments. The balances will be repaid out of proceeds from their portfolios.

| Subsidiary | Amounts owed by subsidiaries 31 January 2017 £'000 | Amounts owed by subsidiaries 31 January 2016 £'000 | Amounts owed to subsidiaries 31 January 2017 £'000 | Amounts owed to subsidiaries 31 January 2016 £'000 |
|---|---|---|---|---|
| ICG Enterprise Trust Limited Partnership | - | - | 28,709 | 25,371 |
| ICG Enterprise Trust (2) Limited Partnership | 36,939 | 35,678 | 2,944 | - |
| ICG Enterprise Trust Co - Investment Limited Partnership | 14,991 | - | - | - |

Funds managed by the Company's current and Former Manager:

| Fund | 31 January 2017 Original commitment £'000 | 31 January 2017 Remaining commitment £'000 | 31 January 2017 Fair value £'000 | 31 January 2016 Original commitment £'000 | 31 January 2016 Remaining commitment £'000 | 31 January 2016 Fair value £'000 |
|---|---|---|---|---|---|---|
| ICG Europe Fund VI* | 21,457 | 12,101 | 9,683 | 10,763 | 11,327 | 48 |
| ICG Europe Fund V* | 13,198 | 1,191 | 10,828 | 7,176 | 514 | 7,797 |
| ICG European Fund 2006B* | 19,312 | 2,065 | 7,163 | 16,145 | 8,937 | 8,013 |
| ICG Strategic Secondaries Fund II** | 19,879 | 14,005 | 6,873 | - | - | - |
| ICG Velocity Partners Co-Investor** | 11,927 | 2,270 | 10,994 | - | - | - |
| ICG Asia Pacific III** | 11,927 | 9,510 | 3,119 | - | - | - |
| **Total** | **97,700** | **41,142** | **48,660** | **34,084** | **20,778** | **15,858** |

* Euro denominated positions translated to sterling at spot rate on 31 January 2016 and 31 January 2017.

** US dollar denominated positions translated to sterling at spot rate on 31 January 2016 and 31 January 2017.

At the balance sheet date the Company has fully funded its proportionate share of all commitments invested due to all ICG managed funds in which it is invested, including ICG Strategic Secondaries Fund II and ICG Europe Fund VI.

| Fund | 31 January 2016 Original commitment £'000 | 31 January 2016 Remaining commitment £'000 | 31 January 2016 Fair value £'000 |
|---|---|---|---|
| Graphite Capital Partners VIII | 80,000 | 45,009 | 29,778 |
| Graphite Capital Partners VIII Top Up Fund | 20,000 | 11,010 | 6,547 |
| Graphite Capital Partners VII | 42,800 | 5,279 | 10,162 |
| Graphite Capital Partners VII Top Up Fund | 10,000 | 1,322 | 1,679 |
| Graphite Capital Partners VII Top Up Fund Plus | 6,000 | 1,042 | 1,508 |
| Graphite Capital Partners VI | 78,188 | 2,084 | 23,845 |
| Graphite Capital Partners V | 15,000 | - | - |
| **Total** | **251,988** | **65,746** | **73,519** |

The funds managed by the Former Manager are not considered a related party from 1 February 2016.

## Glossary

**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 in this Glossary, where appropriate.

**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 2017 and 31 January 2016, the accrual was estimated as the theoretical value of the interests if the Portfolio had been sold at its carrying value at those dates.

**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 valuation 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 investments under the terms of their fund agreements, usually up to five years after the initial commitment.

**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

In order to achieve full or near full investment, it is usual for private equity fund investors to make commitments exceeding the amount of cash immediately available for investment. This is described as "overcommitment". 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 from the existing portfolio to fund new investment.

### Portfolio

Throughout, reference is made to the "Portfolio", which 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 incentive scheme accrual | Portfolio |
|---|---|---|---|---|---|
| 31 January 2017 | 572.2 | - | 1.4 | 20.7 | 594.3 |
| 31 January 2016 | 414.1 | - | 2.2 | 11.9 | 428.2 |

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

**Pre-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.

**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.

**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 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 tables below set 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 both an unadjusted basis (i.e. without dividends re-invested) and on a Total Return basis.

| Unadjusted performance in years to 31 January 2017 | 1 year | 3 year | 5 year | 10 year* |
|---|---|---|---|---|
| Net asset value per share | 19.2% | 28.6% | 53.0% | 91.6% |
| Share price | 28.2% | 24.0% | 95.7% | 81.0% |
| FTSE All-Share Index | 15.7% | 10.3% | 31.6% | 19.8% |

| Total Return performance in years to 31 January 2017 | 1 year | 3 year | 5 year | 10 year* |
|---|---|---|---|---|
| Net asset value per share | 23.4% | 38.1% | 66.9% | 119.4% |
| Share price | 31.6% | 35.1% | 118.3% | 115.2% |
| FTSE All-Share Index | 20.1% | 22.6% | 57.0% | 71.2% |

** As the Company changed its year end in 2010, the ten year figures are for the 121 month period to 31 January 2017.*

**Underlying valuation movement** is the change in the valuation of the Company's Portfolio, before the effect of currency movements.

**Undrawn commitments** are commitments that have not yet been drawn down (see definition of drawdowns).

**Uplift on exit** represents the increase in gross value relative to the underlying manager's most recent valuation prior to the announcement of the disposal. Excludes a small number of investments that were public throughout the life of the investment. May differ from uplift in the reporting period in certain instances.