INTERMEDIATE CAPITAL GROUP PLC
ANNUAL REPORT & ACCOUNTS 2019

BUILDING SUSTAINABLE GROWTH

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BUILDING SUSTAINABLE GROWTH…

We create sustainable value by providing capital for businesses to grow and develop, delivering wider benefits to society.

We combine flexible capital solutions, local access, and insight with a flexible and nimble approach to generate strong investment performance.

We pioneer new strategies and grow our more established strategies to deliver value to clients.

By achieving this we deliver sustainable growth and increase shareholder value.

Assets under management

€37.1BN

2018: €28.7bn

+ Read more on page 22

Profit before tax

£182.9M

2018: £199.1m

+ Read more on page 22

Ordinary dividend per share

45.0P

2018: 30.0p

+ Read more on page 4

Total AUM (€m)

2019	**37,082.4**
2018	28,697.6
2017	23,825.0
2016	21,582.4
2015	18,012.2

+106%

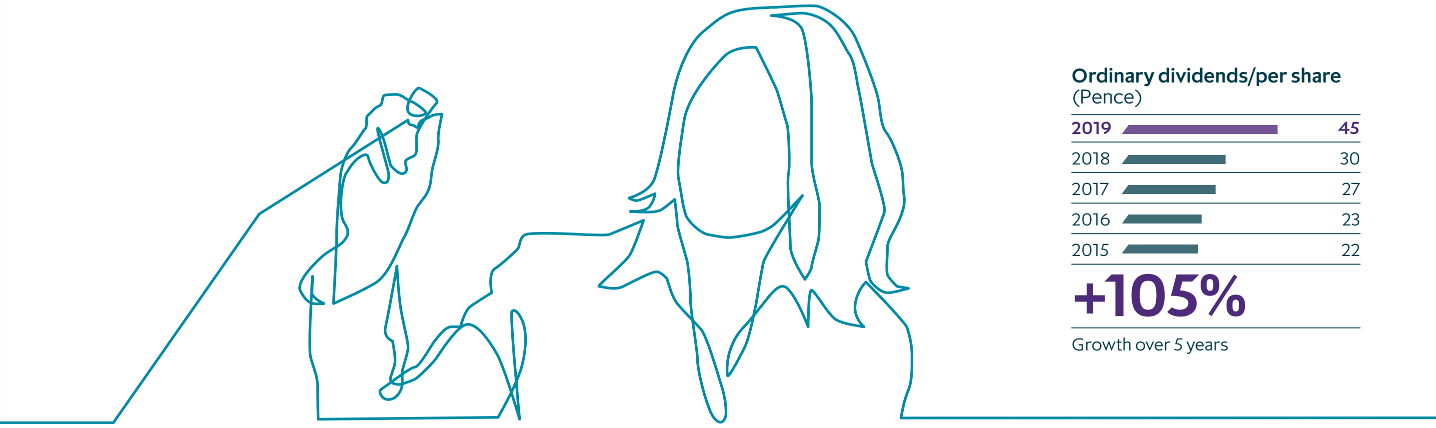
Growth over 5 years

Ordinary dividends/per share (Pence)

2019	**45**
2018	30
2017	27
2016	23
2015	22

+105%

Growth over 5 years



ICG AT A GLANCE

ICG is a global alternative asset manager with 30 years' track record in private debt, credit and equity. We manage €37.1bn of assets principally in closed end third party funds and proprietary capital.

OUR PURPOSE

Creating value by providing capital to help businesses develop and grow through private and public markets

OUR VISION

Global leadership in alternative asset management, focusing on a core set of outstanding products and creating value for shareholders, clients and employees

OUR VALUES

- Performance for our clients
- Entrepreneurialism and innovation
- Ambition and focus
- Taking responsibility and managing risk
- Working collaboratively and acting with integrity

OUR STRATEGIC OBJECTIVES

+ Read more on how we deliver our strategic objectives on page 16 and how we measure our performance against these strategic objectives on page 18

Grow Assets Under Management

We aim to increase our third party assets under management to maximise the profitability of the business and increase shareholder value

Invest Selectively

We aim to invest our assets under management on a selective basis to deliver returns for our clients and shareholders

Manage Portfolios To Maximise Value

We aim to manage our portfolios to deliver returns on invested capital for our clients and shareholders. By doing so we build on our strong track record and generate capital to invest in new products

OUR BUSINESS MODEL

Our business model enables the Group to deliver its strategic objectives as a specialist asset manager across four asset classes:

Corporate Investments	Capital Market Investments	Real Asset Investments	Secondary Investments
Providing debt and equity capital to private companies across Europe, Asia Pacific and North America	Investing in debt instruments issued on capital markets in Europe and North America	Providing debt and equity financing for infrastructure and real estate investments in Europe	Investing in private equity funds and their assets through secondary market transactions in Europe, North America and Asia

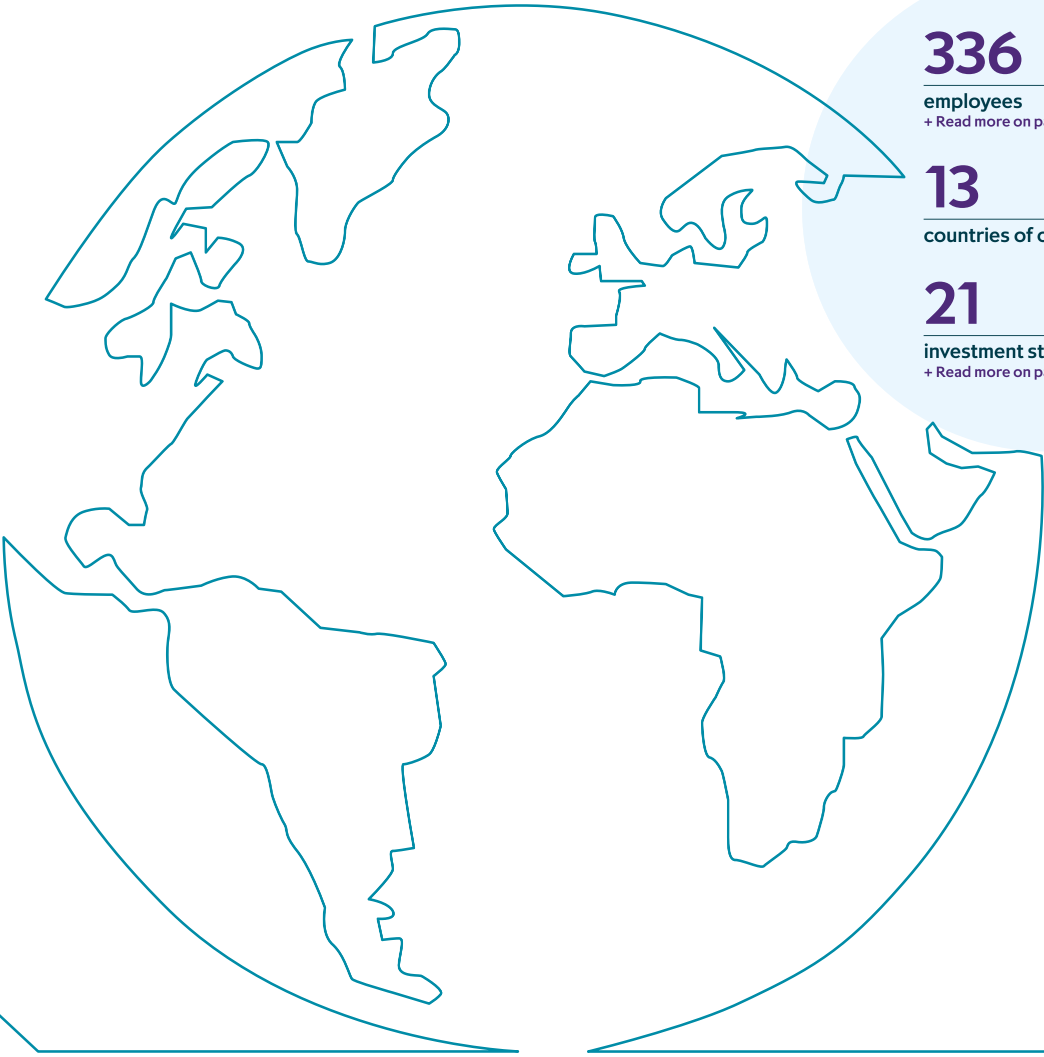
Common infrastructure platform and in house distribution team

Supporting all aspects of the business including marketing, operations, finance, treasury, human resources, legal, risk, compliance and internal audit

OUR CULTURE

+ Read more on page 49

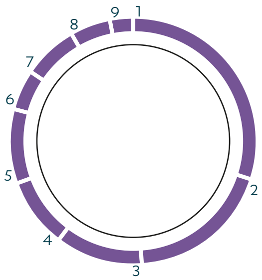
Our culture centres around long term relationships with a wide range of stakeholders; sustainable investment excellence; and a world class team demonstrating integrity, diversity and collaboration



336
employees
+ Read more on page 36

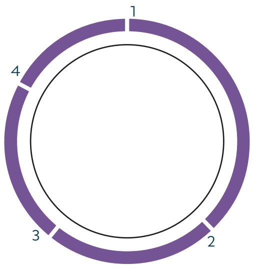
13
countries of operation

21
investment strategies
+ Read more on page 17



Fund investors by type

1. Pension	30.1%
2. Insurance Company	18.9%
3. Asset Manager	11.4%
4. Bank	9.3%
5. Other	9.6%
6. Fund of Funds	5.3%
7. Family Office	7.1%
8. Endowment/Foundation	5.3%
9. Sovereign Wealth Fund	3.0%



Fund investors by geography

1. EMEA (excl. UK and Ireland)	37.9%
2. UK and Ireland	23.0%
3. Americas	22.0%
4. Asia Pacific	17.1%

AN INTRODUCTION FROM THE CHAIRMAN

AN IMPRESSIVE SET OF RESULTS

Earnings

Fund Management Company (FMC) profits are up 51% to £143.8m (2018: £95.3m), driving adjusted pre tax profit up 65% to £278.3m (2018: £168.3m) in the year. Group pre-tax profit on an IFRS basis, which includes the impact of the consolidated CLOs and credit funds, was £182.9m (2018: £199.1m), see page 21 for further details.

Strong fund raising, a healthy investment and realisation pace and cost management, while still investing in our business, increased the fund management operating profit margin to 52.3% (2018: 45.4%), significantly ahead of our target of above 43%. The Board has initiated a comprehensive margin review which will take account of our excellent prospects for revenue as well as ensuring we continue to invest in people and infrastructure. I anticipate the review will support an increase in guidance to be announced with the half year results.

The profits of the IC in reporting periods fluctuates with mark to market valuations. Over the longer term years, the net investment returns bear a close correlation to our investors' returns where on average we seek to meet or exceed a rate of return of 11% per annum on invested capital. The return for the full year was 12.6% (2018: 12.6%).

Dividend

The performance of our fund management business has allowed the Board to recommend a final dividend of 35.0p per share (2018: 21.0p) equating to a total for the year of 45.0p per share (2018: 30.0p), an increase of 50%. At 89% of the post-tax profits of the FMC, using the Group's effective tax rate, the dividend is, for the first time since the introduction of our updated policy in 2017, fully covered by our asset management earnings. It is also covered 2.1 times by total adjusted earnings.

The Board re-confirms its progressive dividend policy, and to pay out between 80% and 100% of the post-tax earnings of the FMC as dividends. The Board has made a refinement to the policy to the benefit of shareholders by applying the Group's

DEAR SHAREHOLDER

This has been an outstanding year for ICG, with fundraising breaking €10.0bn and a 51% increase in fund management profits. Your Board remains focused on building sustainable growth without compromising our ethical standards and our responsibilities to stakeholders.

Business developments

Our strategy and operational focus is to grow our specialist asset management business. We do this by growing our existing strategies while at the same time continuing to innovate and pioneer new strategies that increase diversification by asset class and geography. Our balance sheet capital is both an enabler and accelerator of growth and is only invested to support the delivery of our strategy.

€10.0bn of new money was raised during the year, our highest fundraising achievement in a financial year. The total included €4.0bn for our successor European fund and a record €3.7bn across our capital markets strategies where we are beginning to develop scale. The weighted average fee rate was in line with the prior year at 0.86%, with fee rates on an underlying fund by fund basis flat or increasing. This success differentiates us from traditional asset managers, many of whom are facing net outflows and declining fee margins.

The long term structural trend of increasing investment into alternative asset classes shows no sign of slowing. We always overlay our disciplined investment culture to market conditions as we balance our clients' expectations with their risk appetites. In the financial year, we invested €6.0bn across our direct investment funds to provide financing to companies to support their growth, ownership transition and day to day working capital needs. Our investment teams have been rigorous in assessing the potential impact of Brexit on their existing portfolio and all new investments. Unsurprisingly, it is our UK commercial real estate strategies which have been most impacted by Brexit uncertainly as the volume of transactions has slowed.

All our portfolios are performing well which bodes well for future fundraising success.

effective tax rate charge rather than the UK statutory tax rate to pre-tax profits. This has the benefit of increasing the potential distribution in any given year. We continue to make the dividend reinvestment plan available.

Culture and people

We have worked on defining culture and values during the year. We exist to create value by providing capital for businesses to develop and grow. To that end, the Group's culture centres around long term relationships with our stakeholders; sustainable investment excellence; and a world class team demonstrating integrity, diversity and collaboration. We work hard to perform for our clients through entrepreneurialism and innovation which requires people with ambition and focus. We empower them to take responsibility for their acts while carefully managing risks.

We have joined over 330 other British companies as a signatory to HM Treasury's Women in Finance Charter, pledging to increase the number of women in senior management roles. In line with other companies we have committed to having 30% of management roles filled by women by 2023, adding this to our shareholder KPIs (see page 18). This is a challenging target given that senior investment positions in our industry are held predominantly by men. We have already made progress, with a 50/50 gender balance across our senior UK hires during the year, and the establishment of a Women's Network and a Diversity and Inclusiveness Committee.

We have appointed a Responsible Investing Officer who has the remit of integrating environmental, social and governance (ESG) considerations across our fund strategies, working closely with the investment teams and engaging directly with our portfolio companies to identify ESG risks, share best practice and improve ESG performance.

On the same day as the AGM, I will host an employee AGM to allow all staff to question and challenge the Board on the stewardship of the Company and we have appointed Amy Schioldager, one of our Non Executive Directors (NEDs), to be the voice of employees on the Board. Amy will be holding various non-management meetings to interact with employees around the Group.

We have also carried out a review of our contribution to wider society and we have decided to increase substantially our work in the area of social inclusion through education. We are in the course of setting up robust governance around charitable giving and have developed a three year programme to increase our charitable giving.

The success of the Group depends on collaboration and expertise across teams, and I would like to thank all of our employees for their contribution to our business over the course of the year.

Governance

Your Board believes that high standards of corporate governance contribute to value creation and will continue to pursue high standards for the benefit of the Company's stakeholders. During the year, the Board and its Committees spent significant time on succession planning, including that of the Chief Financial and Operating Officer (CFOO), following the announcement that our longstanding CFOO, Philip Keller, has decided to retire from executive life. Philip Keller's successor, Vijay Bharadia, joins from Blackstone, where he spent the past decade as International CFO.

Philip joined the Group as CFO in 2006 and has latterly been CFOO. During his tenure, the business has transformed itself resulting in significant change which Philip has helped oversee. The Board is grateful for his commitment to ICG's growth and development and, as he pursues the next stage of his life outside the commercial world, we wish him the very best for the future.

The Board has been extensively refreshed over the last two years and currently comprises two Executive Directors and seven NEDs, of which 33% are female. 50% of the Board's four committees are chaired by women. Further details of the Board and its committees are set out on pages 38 to 92.

This will also be my last report as your Chairman having been on the Board of ICG since 2009. I have therefore served on the Board for longer than the nine year limit for Chairs specified in the updated Corporate Governance Code. The Nominations and Governance Committee, led by the Senior Independent Director, is actively engaged in recruiting my successor which will be announced in the coming months. Further details on this and all governance matters are set out on page 66.

Outlook

The Group is in excellent health, with its closed ended funds model providing good visibility on future assets under management and fund management profit. Our long duration funds and client commitments mean we manage our portfolios across economic cycles.

Our strategy of continuing to increase diversification by asset class and geography remains unchanged. We have a number of immature strategies which, as they become established, will further increase our fee earning assets under management.

The Strategic Report, on pages 2 to 36, has been approved by the Board of Directors and is signed on its behalf by:

KEVIN PARRY OBE
CHAIRMAN
21 MAY 2019

BUSINESS REVIEW
AN OUTSTANDING YEAR

As our most successful strategies contrive to attract higher asset flows we are putting in place the foundations for future growth"

BENOÎT DURTESTE
CHIEF EXECUTIVE OFFICER

The structurally low interest rate environment impacts the returns from debt structured asset classes. However, our lending is priced on a floating rate basis with a margin over the base rate benchmark. Therefore, our returns rise as base rates increase.

Global economic growth might slow in 2019, with revenue and earnings growth in the US and Europe moderating. However, we consider recession risks and systemic default risks to be low, providing a continued constructive environment for the alternative asset management industry. The duration of our funds mean they are designed to withstand economic cycles.

This has been an outstanding year for ICG as our global alternative asset management business continues to grow strongly in line with our strategic objectives.

Market conditions remain buoyant for alternative assets

Alternative asset classes continue to be attractive to institutional investors for their enhanced returns and diversification opportunities.

As an established player in the alternative asset management industry, we benefit from existing investors increasing their allocations to our expanding alternative asset strategies and new investors selecting from our range of strategies. This is resulting in strong growth in assets under management. The locked in nature of closed end funds, differentiates alternative asset classes from traditional asset managers.

These characteristics make our markets attractive to new entrants, but the length of time required to establish profitable strategies is extensive and the barriers to entry high, with increasing complexity; economies of scale; and institutional investors preferring to deal with a small number of global managers. We are well positioned to continue to benefit from these trends.

Exceptional fundraising and average fee rates maintained

At €10.0bn (2018: €7.8bn), this has been an exceptionally strong year for inflows and a new high for ICG. Our investment performance has enabled us to scale up our successor funds where we believe the investment market opportunity exists, while maintaining or increasing average fee rates on an underlying fund basis.

Europe Fund VII, one of our largest funds, contributed €4.0bn to inflows, a 60% increase on its predecessor fund. The Fund attracted both existing and new clients with 83% of commitments being from existing ICG clients. The average fee rate increased from 1.34% to 1.43% of commitments.

Fundraising for Strategic Equity III is underway, targeting a fund significantly larger than its predecessor, which raised $0.9bn of third party money. Strategic Equity III raised $0.8bn in the period. Fees are payable on committed capital from the first close so fundraising is having an immediate positive impact on our profits.

We had further success across our liquid open-ended credit strategies raising over €2.0bn in the year. This is double the amount raised in the prior year and demonstrates our rising profile in this scalable asset

1. These are non IFRS GAAP alternative performance measures. Please see the glossary on page 173 for further information.

LINK TO STRATEGY:

GROW ASSETS UNDER MANAGEMENT

INVEST SELECTIVELY

MANAGE PORTFOLIOS TO MAXIMISE VALUE

+ You can read more about our strategic objectives on page 2

class. We also raised money for our real estate partnership capital strategy and real estate development strategy; completed the fundraising for our North American Private Debt strategy; closed four CLOs; and raised European senior debt mandates, emphasising the depth and diversity of our product offering.

As 89% of our AUM is in closed end funds, inflows are dependent on when our larger funds come to market resulting in fluctuating inflows year on year. Closed end funds lock in investor commitments and related fee streams for the lifecycle of the fund (typically 6-12 years), providing high quality recurring income for the Group.

Strong origination capability reflected in capital deployment

We have deployed €6.0bn across our direct investment strategies, an increase of 23% on the prior year, a new high for ICG. This reflects the increasing size and number of funds, our 'on the ground' investment resources and a globally strong market backdrop. The flexibility and size of our fund mandates are a competitive advantage as we are able to offer bespoke financing solutions to companies.

Our investment teams have been rigorous in assessing the potential impact of Brexit on their existing portfolios and all new investments. Most investments are unaffected as cross border activity into and out of the UK is very limited. However, in the current climate we have become more selective when investing our UK commercial real estate lending fund strategies, which represent 10% of total assets under management.

Our funds are investing at, or ahead of, their linear investment pace.

Fund returns benefiting from robust portfolio performance

Liquidity in the market continues to provide a positive environment for realisations. Where appropriate, our portfolio managers capitalise on this liquidity and actively realise assets within their portfolios. This facilitates our ability to lock in performance and return capital to our fund investors, providing the foundations for future fundraising success.

Our fund and balance sheet portfolios are performing well. Despite some macroeconomic uncertainty leading to stock market volatility, portfolio performance and credit fundamentals are healthy. We expect the performance of our portfolios and level of realisations to be similarly strong in the current financial year.

Investing in future growth

We continue to seek opportunities to expand fund strategies to meet the needs of our clients, and underpin the future growth of our specialist asset management platform. We have recently launched an infrastructure equity fund strategy and a European sale and leaseback fund strategy. Both teams have used balance sheet capital to make initial investments and demonstrate proof of concept for these scalable strategies. We have commenced preparations for launching dedicated third party funds later in the current financial year.

As our European Corporate Fund strategy has grown, the size of deals has increased presenting an opportunity for us to launch a Europe Mid-Market fund. This is an investment market that our teams are familiar with, targeting European mid-market companies with an enterprise value lower than that of Europe Fund VII. Fundraising for this strategy, which charges fees on committed capital, is underway with €0.6bn of third party money raised since 31 March 2019. This is in line with our original target and lets us now aim for the €1bn maximum fund size.

Ongoing capital management

We continuously manage our sources of balance sheet financing to ensure we have access to sufficient cash and diversified debt facilities. The retained earnings and available debt facilities continue to be sufficient to finance the growth and regulatory capital requirements of the Group. The weighted average life of drawn debt at 31 March 2019 was 4.2 years.

Positive outlook

Our long established global business model, with a diversified portfolio of fund strategies, continues to capitalise on the increasing allocations of institutional investors to alternative asset classes. Our focus on closed end funds, with locked in client commitments, enables us to manage our portfolios through economic cycles, enhancing our outstanding track record.

We remain focused on steadily building out our existing fund strategies, while at the same time continuing to innovate to increase diversification by asset class and geography. We will continue to use our balance sheet capital solely to enable and accelerate the growth of our specialist asset management strategies.

We have completed the structural steps necessary to rearrange our affairs for Brexit and are continuing to monitor political developments.

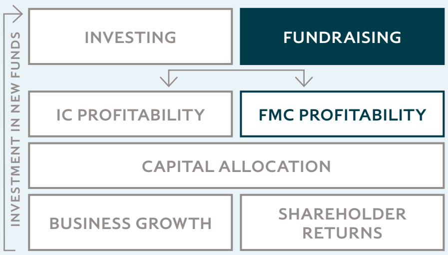
Our strong fund raising, capital deployment and portfolio performance, have allowed us to invest in our business, while at the same time increasing the fund management operating profit margin significantly ahead of our target of above 43%. The Board have initiated a review of this target, with an expectation that it will be increased, reinforcing our positive outlook for the business.

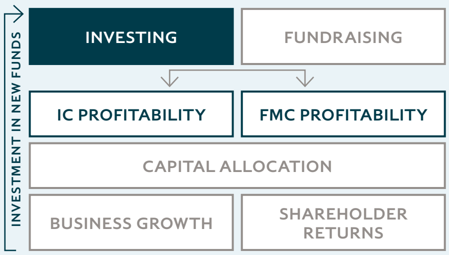
HOW WE CREATE VALUE

OUR BUSINESS ACTIVITIES

	RAISING NEW ASSETS UNDER MANAGEMENT	INVESTING CAPITAL
WHY DO WE DO IT?	**We generate fee income from our managed funds**	**Investing capital generates investment returns for our clients and shareholders**
HOW DO WE DO IT?	• We size our fundraising requirements by the market opportunity to invest the capital, developing investment strategies that meet the requirements of institutional clients • We use our global in house distribution team who are embedded in the business to attract suitable investors for our funds	• Our specialist and experienced investment professionals identify opportunities to invest capital using long standing networks and relationships • We provide borrowers and investee companies with flexible capital to meet their needs; this is supported by our nimble operating model with its efficient decision making processes
HOW DO WE MEASURE PERFORMANCE? Read more about how we performed on pages 18 to 20	• We have a target of raising an average of €6bn of new third party funds (gross inflows) per annum on a three year rolling basis • We monitor the weighted average fee rate for each strategy on fee earning assets under management (AUM). Weighted average fee rate and AUM are alternative performance measures as defined on page 18	• For closed end funds it is important for capital to be deployed over the investment period. We monitor this against a straight line deployment basis throughout the investment period • For open ended funds we ensure clients' capital is being deployed in an appropriate manner
HOW DOES IT CONTRIBUTE TO PROFIT?	• We earn management fees on AUM once they are committed or invested depending on the fund. Fees contribute to profit in the year in which they are earned • Raising new AUM generates a predictable income stream of between three and 12 years, depending on the life cycle of the fund	• We earn management fees on invested capital until the underlying investment is realised. In addition, the balance sheet earns a return on its investment in funds which correlates to our clients' returns on those funds

OPERATING MODEL COMPONENT





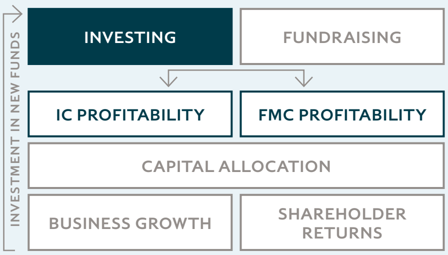
MANAGING INVESTMENTS

Closely managing our investments is a key component of our investment culture and enhances investment returns

- Our investment professionals actively monitor investments throughout their life, including attending Board meetings for our largest exposures
- Our access to senior management and information about our investments allows us to take timely and appropriate steps to preserve capital and maximise returns
- Investment Committees review the monitoring activities and oversee performance

- Our success in managing our investments is reflected in the performance of our funds against the funds' investment objectives, client expectations and, for our open ended funds, designated market benchmarks
- For our balance sheet portfolio we measure performance by reviewing the net investment return on assets, in the context of relative risk. Net investment return is an alternative performance measure as defined on page 18

- Delivering returns in excess of the funds' investment objectives earns performance fees. Managing these investments, increasing their value and reducing the risk of loss, maximises these fees
- For our balance sheet portfolio, changes in the value of our investment are reflected in the income statement



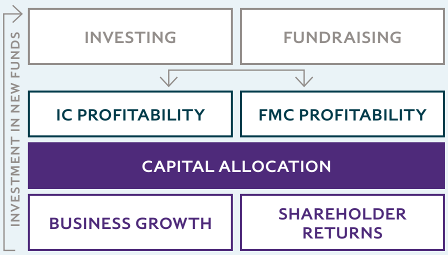
REALISING INVESTMENTS

Realising our investments locks in our investment returns, supports future fundraising and releases capital for new investment

- Our experience and market access allows us to identify a range of possible exit routes
- We seek to optimise the value of our investments by realising them at the right moment, which may be well ahead of their contractual maturity
- Where we are not in control of the realisation process we use our relationships to influence our counterparties

- Realising investments locks in fund performance and contributes to our track record. We monitor returns on realised assets against the relevant fund performance hurdle rate
- At a portfolio level, and for open ended funds, realised returns are measured against available benchmarks. The relative performance of the funds, against these benchmarks, is a guide to the success of future fundraising

- Changes in the value of our balance sheet portfolio are reflected through the income statement throughout their holding period, rather than in the year of realisation. Realisations unlock cash from previously recognised and current year value changes
- Only gains realised in cash qualify for remuneration purposes as detailed on page 78



WHAT MAKES US DIFFERENT

BUILDING SUSTAINABLE GROWTH THROUGH...

...LONG TERM CLIENT RELATIONSHIPS

Our collaborative approach enables us to build strong client relationships which, combined with our performance track record, means that clients regularly commit to successor funds as they look to consolidate their relationships with managers who can offer a broad range of strategies.

Strengthening client relationships by responding to their needs

We continue to expand and strengthen our client relationships by providing opportunities to invest in a diversified portfolio of strategies, with a single investment manager, which meet their risk and return requirements.

Our dedicated global marketing and distribution team gives us insight that enables the nimble and efficient design of new strategies to respond to market developments, client demand and investment opportunities.

OUR VALUES: Our entrepreneurial and innovative approach is valued by our clients and enables us to develop long term relationships based on trust.

"We are focused on building sustainable growth by increasing the number of relationships with clients, including those which have the potential to invest in multiple strategies and successor funds"

ANDREAS MONDOVITS
HEAD OF DISTRIBUTION

...BUILDING ON LONG TERM CLIENT RELATIONSHIPS

We have a growing and loyal client base which enables us to develop products which meet their needs and gives us visibility on the likely success of future fundraising.

For example, during the year Europe Fund VII closed at €4.0bn, a 60% increase in size on the previous fund. 75% of clients committing to this fund are also invested in a diverse range of other ICG funds.

Number of client relationships

396

We currently have 396 client relationships, up from 331 in the prior year. 76 have invested in more than one strategy

...A DISCIPLINED AND RESPONSIBLE APPROACH TO INVESTING

Our local teams and sector specialists speak the languages, have long standing relationships and understand the markets in which they operate, providing deal flow and early access to investment opportunities.

"Diversity of thought is a fundamental part of our business model. We have local teams in key markets and understanding of local cultures. This is a key competitive advantage in sourcing and managing investments"

MAX MITCHELL
HEAD OF DIRECT LENDING, EUROPE

Strong asset sourcing relationships

We leverage our strong relationships with financial and investment advisers, banks and other investment managers to originate and source investment prospects for our funds and build opportunities based on market conditions. Our reputation, built up over 30 years, has generated strong, supportive, asset sourcing networks.

Analytical investment approach

Our granular and origination heavy investment approach provides a valuable information database from which our investment teams can gain market intelligence and unique insight.

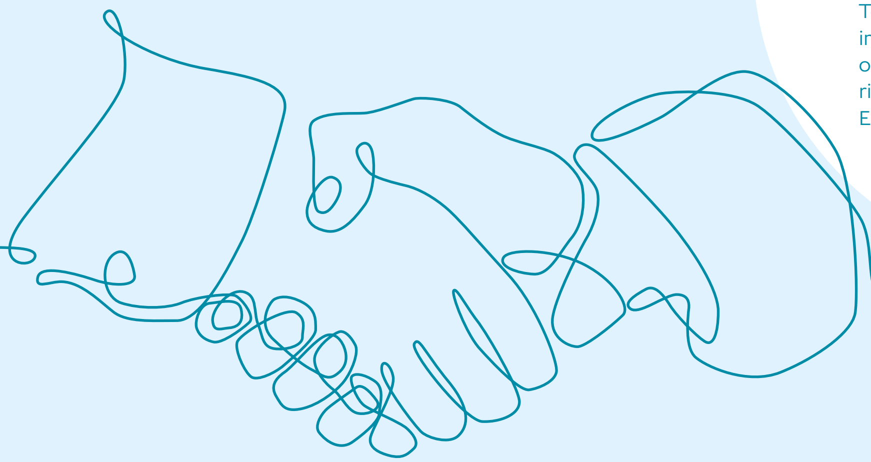
OUR VALUES: Our investment professionals work collaboratively with counterparties and our infrastructure teams to execute transactions successfully.

"We are committed to ensuring ESG issues are considered in our investment decision making processes, and to encourage high standards of ESG performance in the companies in which we invest"

EIMEAR PALMER
RESPONSIBLE INVESTING OFFICER

...RESPONSIBLE INVESTING

As signatories to the UNPRI since 2013 we recognise the importance of responsible investing. During the year we have enhanced our commitment to ESG matters and appointed a Responsible Investing Officer who has the remit of further integrating ESG considerations across our fund strategies. To achieve this she works closely with the investment teams, engaging directly with our portfolio companies to identify ESG risks, share best practice and improve ESG performance.



WHAT MAKES US DIFFERENT

BUILDING SUSTAINABLE GROWTH THROUGH...

CONTINUED

...SKILLS AND EXPERIENCE

Our investment culture has been successful in enabling us to consistently generate above target returns for our clients across a broad range of investment strategies.

ICG private market index

1,400+

The Group monitors over 1,400 companies across Europe

Using our expertise to add value to our portfolio companies

We invest across the capital structure of companies and property assets. We seek to develop strong relationships both with owners and the management teams. Our investment teams have local market knowledge and access to the Group's extensive sector and market experience to support those businesses.

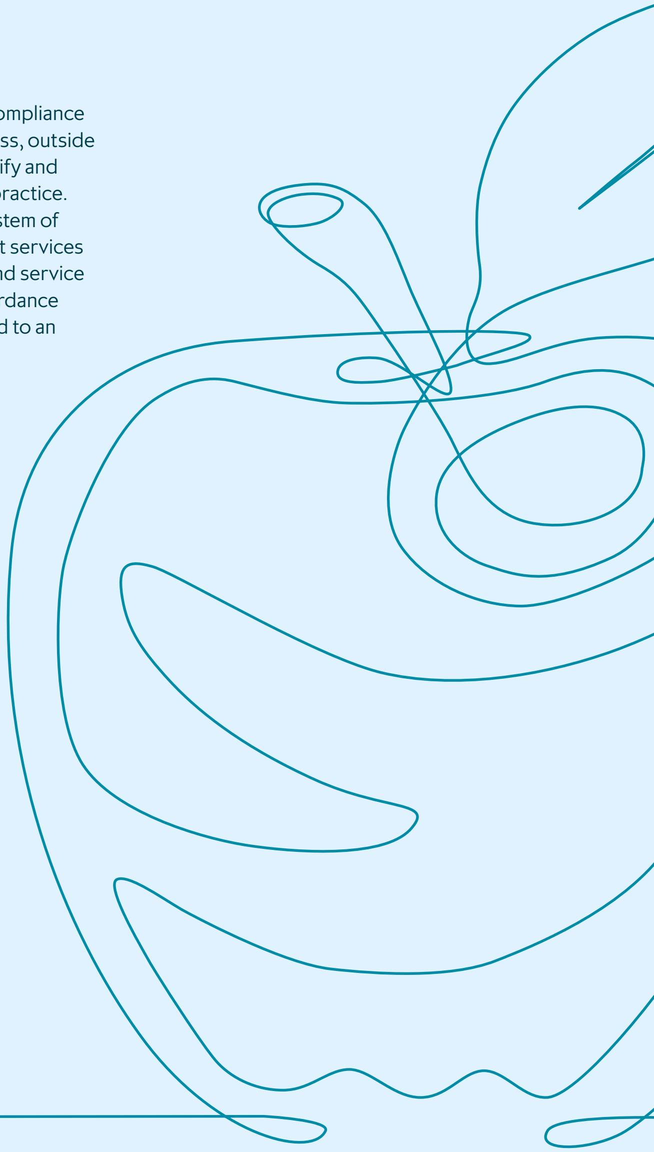
Managing risk and driving best practice

The Group has active risk and compliance teams who work with the business, outside advisers and regulators to identify and manage risk and promote best practice. The Group has established a system of oversight controls to ensure that services from key suppliers, including fund service providers, are delivered in accordance with contractual agreements and to an appropriate quality.

OUR VALUES: Our teams take responsibility for the risks within their functions and manage those risks on behalf of the Group and our clients. We act with integrity in all our business transactions.

> The Group's consistent, efficient and robust investment culture is based on core investment principles and a strong focus on capital preservation underpinned by rigorous risk analysis. We apply this consistently across all our strategies"

ANDREW HAWKINS
HEAD OF PRIVATE EQUITY SOLUTIONS



...ABILITY TO ALLOCATE CAPITAL

Our balance sheet capital enables and accelerates our growth, underpinning the development of new strategies and actively supporting long standing strategies to create, and maximise, long term shareholder value.

Assets held for syndication

£110.7m

At 31 March 2019 the Group has invested £110.7m to demonstrate the viability of new fund strategies

INFRASTRUCTURE EQUITY

During the year the Group launched a new European Infrastructure Investment strategy dedicated to investing in core and core-plus infrastructure, committing €200m during the year to make investments and demonstrate proof of concept. The team previously worked together and were attracted to ICG by its infrastructure platform and in house distribution team combined with a healthy balance sheet which could commit capital to enable the establishment of a sustainable, long term business.

Accelerating development of new strategies

We allocate capital to support the growth our fund management business, providing capital for new investment strategies to invest and demonstrate proof of concept, underwriting start up operating costs, and investing in the acquisition of teams or more established fund management businesses.

OUR VALUES: Our ambition and focus is to continue delivering shareholder value, by growing assets under management. We will do this by developing attractive new products and delivering performance for our clients.

> We manage the risks of new fund strategies by integrating new teams into our established, disciplined investment culture. With ten years of experience in the Group's European business I am supporting the team in this integration"

PENELOPE DIETSCH
INFRASTRUCTURE EQUITY INVESTMENT EXECUTIVE

OUR MARKETS

DELIVERING ON OUR STRATEGIC OBJECTIVES

Market dynamics shape the delivery of our strategic objectives, influencing when we raise new funds, invest the capital raised and maximise value from existing investments. While our markets differ by asset class and geography, they all exhibit some common characteristics.

GROW ASSETS UNDER MANAGEMENT

Our success in growing assets under management is dependent on our ability to attract institutional investors such as pension funds, insurance companies and sovereign wealth funds, into the higher return alternative investment strategies that we offer.

The long term, structural trend towards alternative investment strategies is projected to continue as:

1. Institutional investors find it difficult to achieve their long term investment objectives through traditional investment strategies, such as public bonds and equities
2. The absolute size of global assets under management is set to increase as the wealth of populations in developing nations grows and the trend of ageing populations in developed nations continues
3. The trend for businesses to remain unlisted, forcing investors who want exposure to their growth prospects to invest in alternative investment strategies

The growing demand for alternative assets makes our markets attractive to new entrants. However, through rising complexity, greater investor demands and expanding regulation, the market is becoming more sophisticated and, as a result, increasing the barriers to entry. This is accelerating the growth of diversified managers as investors look to streamline the number of their relationships with a preference for global, multi strategy managers with a strong track record, credibility and infrastructure.

We are well positioned to take advantage of these market trends as an established global, multi strategy manager focused on the specialist end of alternative asset management. Our strategies offer institutional investors access to a range of risk/reward and geographical strategies investing in private, and therefore less liquid, asset classes and high yielding liquid specialist markets.

INVEST SELECTIVELY

We believe the environment for alternative investments is most attractive in the mid-market corporate sector where higher risk-adjusted returns can be achieved. It is this investment market in which we specialise.

CORPORATE INVESTMENTS

Our corporate investment strategies selectively invest in, and lend to, private companies.

As these companies often require flexible/tailored capital, bank financing or public debt markets may not be an appropriate source of finance for corporate transactions. These transactions may be acquisitions, refinancing or growth capital. The volume of this activity defines the size of our investment opportunity.

We compete with other providers of finance in this market. However, in private markets, local knowledge, long standing relationships, certainty of funding and flexibility of approach are real advantages to accessing deals and a significant hurdle for new entrants.

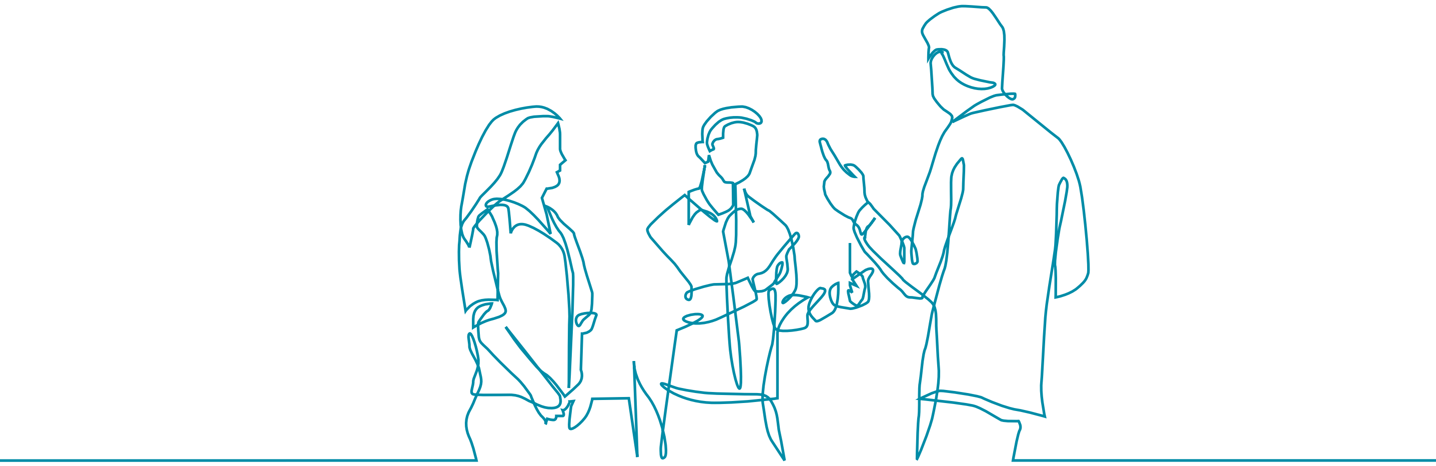
We are well positioned to take advantage of these market trends. As an established global manager with a local network of investment professionals, we are able to offer a range of financing options as our experience enables us to adapt our investment structures to meet the requirements of corporates.

REAL ASSET INVESTMENTS

Our real asset investment strategies are currently focused on selectively providing finance to private mid-market assets in the commercial real estate and infrastructure market.

Mid-market real estate assets are increasingly reliant on non-bank providers of capital to finance transactions, such as acquisitions, refurbishment or expansion. We compete with other providers of finance in this market. However, our smaller asset focus, deep knowledge of the commercial real estate market, particularly in the UK, strong industry relationships and flexible approach mean we are able to originate attractive deals.

Our infrastructure strategy leverages the Group's expertise in creating bespoke and flexible capital structures. Our ability to structure investments as a mix of pure equity and structured equity is a differentiating factor in the market.



CAPITAL MARKET INVESTMENTS

Our capital market investment strategies are focused on selectively investing in traded, largely liquid loans, bonds and structured instruments.

Companies raise debt to deliver better terms, facilitate growth and enhance their returns. The secondary market for this debt is driven by portfolio managers seeking to maximise their income or returns. The investment market is therefore driven by the number of companies raising debt or secondary flows of previously raised debt.

We compete with other providers of finance in this market. However, our access to financial intermediaries across local markets, information database, sector specialists and long term relationships mean we are able to source quality investments.

SECONDARY INVESTMENTS

Our secondary investment strategies are focused on selectively investing in private equity funds operated by established managers and related direct investments.

Our Strategic Equity strategy takes a direct buyout approach to invest in the most complex areas of the Private Equity secondaries market, investing in fund restructurings and recapitalisations, GP spin-outs, direct portfolios, and single asset co-investments. The funds' flexible mandate and highly specialised team enables us to target situations where we find relatively limited competition and sellers seeking liquidity for strategic reasons.

ICG Enterprise Trust plc invests in primary and secondary private equity funds, and selective direct co-investments. Competition for the most desirable investment opportunities can be high, but the strong industry relationships of the team combined with access to ICG's market knowledge and industry exposure are significant advantages in this activity.

MANAGE PORTFOLIOS TO MAXIMISE VALUE

Our ability to manage our portfolios to maximise value from our investments is in the context of the wider macroeconomic environment.

Our investment preference is for non-cyclical, low capital expenditure, high cash generative businesses. We seek to position our diversified portfolios so they are resilient to typical economic cycles and realisations are not dependent on market conditions. The benefit of closed end funds and long term investment horizons means we can continue to hold investments and only realise them when conditions are favourable.

Our long term track record and a fund's performance are solely based on cash realised returns. However, public company valuations impact the value of our equity investments at any balance sheet date as our portfolio is mark to market.

Where we have significant influence at a portfolio company level we focus on both value protection and value creation during the investment period.

The current attractiveness of alternative asset classes to investors has increased demand for our assets and prices have also increased. These market conditions have enabled our portfolio managers to realise assets within their portfolio enabling them to lock in performance. This underpins future performance fees and lays the foundations for future fundraising success.

OUR FUND STRATEGIES

HOW WE DELIVER OUR STRATEGY

Our strategic objective is to grow assets under management. Our outstanding investment track record is enabling us to build a diverse portfolio of investment strategies to deliver this objective.

GROWTH IN ASSETS UNDER MANAGEMENT (€m)

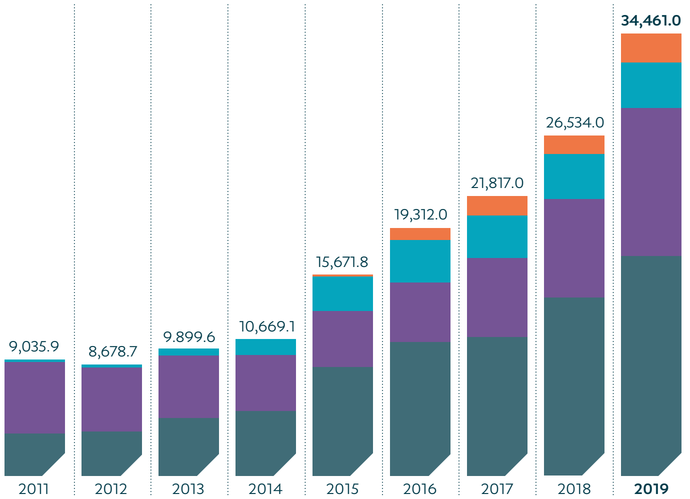
We deliver our strategic objectives as a specialist asset manager across four asset classes:

Corporate Investments
Senior direct lending, subordinated debt and equity investments
€17.1bn AUM

Capital Markets Investments
Multi-asset credit, syndicated loans, CLOs and structured credit strategies
€11.5bn AUM

Real Asset Investments
Investment in senior debt, subordinated debt and equity
€3.6bn AUM

Secondary Investments
Private equity fund restructuring and private equity fund of funds
€2.3bn AUM



PROGRESS AGAINST OUR OBJECTIVES

Sustainable growth in our assets under management is achieved by:

Growth objective	What we do	Progress this year
1 Geographic expansion	We seek to grow our portfolio of funds by expanding successful existing investment strategies to new geographies.	The Group committed balance sheet capital to US loans, which will increase the geographic scope of our Capital Market Investments funds when third party capital is raised.
2 Adjacent strategies	We seek to grow our portfolio of funds by identifying adjacent strategies which meet the needs of our investors.	We launched our European Mid-Market Fund, to target investments in companies which are too small for the established Europe Fund due to its increase in size.
3 Raising successor funds	We seek to raise successor funds for closed end strategies.	We launched fundraising for Strategic Equity III.
4 Increasing the size of our funds	We seek to expand the size of our funds where this is appropriate for the investment opportunity.	During the year we closed Europe Fund VII at €4.0bn, 60% larger than Europe Fund VI.
5 Complementary strategies	We seek new strategies where we believe our established investment culture can deliver attractive products to investors.	We launched our Infrastructure Equity strategy and invested in its first asset.

WE HAVE SUCCESSFULLY GROWN OUR PORTFOLIO OF INVESTMENT STRATEGIES

Over the last ten years, the Group has accelerated the growth of its asset management activities, diversifying its fund strategies by geography and asset class:

Investment strategy

Launch of strategy		Growth objective	1989 1999 2009 2014 2015 2016 2017 2018 2019 2020
European Corporate	Subordinated debt and equity	3 4	1989 (Corporate Investments)
European CLOs	Syndicated loans in CLOs	2 3	1999 (Capital Markets Investments)
Asia Pacific Corporate	Subordinated debt and equity	1 3 4	1999 (Corporate Investments)
European Loans	Syndicated loans	2 4	2009 (Capital Markets Investments)
US Private Debt	Subordinated debt and equity	1 3 4	2014 (Corporate Investments)
Real Estate Partnership Capital	Subordinated debt and equity	5 3 4	2014 (Real Asset Investments)
European Senior Debt	Senior direct lending	2 3 4	2014 (Corporate Investments)
US CLOs	Syndicated loans in CLOs	1 3	2015 (Capital Markets Investments)
Strategic Equity	Private equity fund restructuring	5 3 4	2015 (Secondary Investments)
Japan Corporate	Subordinated debt and equity	1	2015 (Corporate Investments)
Real Estate Senior Debt	Senior direct lending	2 3 4	2015 (Real Asset Investments)
Total Credit	Multi-asset credit	2 4	2015 (Capital Markets Investments)
Alternative Credit	Structured credit	5 2	2015 (Capital Markets Investments)
ICG Enterprise Trust	Private equity fund of funds	5	2016 (Secondary Investments)
Real Estate Development	Subordinated debt and equity	2 4	2016 (Real Asset Investments)
Australian Senior Debt	Senior direct lending	1 4	2017 (Corporate Investments)
Global Loans	Syndicated loans	1 4	2019 (Capital Markets Investments)
Global Total Credit	Multi-asset credit	1 4	2019 (Capital Markets Investments)
Infrastructure Equity	Subordinated debt and equity	5	2019 (Real Asset Investments)
Sale and Leaseback	Real estate equity	2	2019 (Real Asset Investments)
European Mid-market	Subordinated debt and equity	2	2020 (Corporate Investments)

Key: Corporate Investments   Capital Markets Investments   Real Asset Investments   Secondary Investments

KEY PERFORMANCE INDICATORS

HOW WE HAVE PERFORMED

Our Key Performance Indicators (KPIs) include alternative performance measures where they provide additional insight into performance from the perspective of shareholders and other stakeholders.

ALTERNATIVE PERFORMANCE MEASURES

The IFRS GAAP numbers on page 21 include the impact of the consolidated structured entities which are determined by IFRS to be controlled by the Group, although the Group's loss exposure to these funds is limited to the capital invested by the Group in each fund.

The Glossary on pages 173 to 176 includes the definitions of these alternative performance measures and reconciliation to the relevant IFRS GAAP measures.

The following KPIs are alternative performance measures:

- Assets under management
- Weighted average fee rate
- FMC operating margin
- Return on equity

Changes to KPIs since last year include:

- Gender Diversity

In July 2018, we were proud to become a signatory to the HM Treasury Women in Finance Charter, joining over 330 other British companies that have pledged to increase the number of women in senior management roles. We committed to increase the number of women in UK senior management to 30% by 2023. To reflect this commitment a new KPI tracking progress has been established.

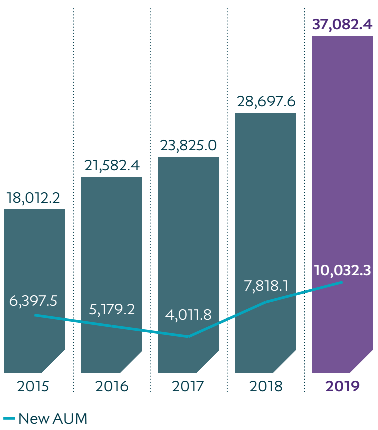
- Asset Impairments (£m)

We invest alongside clients in our strategies and this aligns the Group's aggregate return on those investments, including impairments. The net returns of our fund investments are the most relevant indicator of fund performance and are used by our clients to assess their investment. This is how we report our Investment Company income for management purposes. We have therefore removed asset specific impairments as a KPI.

+ Details of our Executive Director KPIs are on page 84
+ You can read more about the associated principal risks on pages 28 to 33

TOTAL AUM (€)

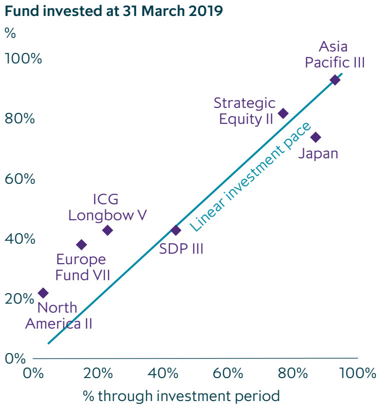
€37.1BN



OVERVIEW
Raising third party funds is the lead indicator of the Group's profitability. We target raising €6bn of new third party funds (gross inflows) per annum on a three year rolling average.

REVIEW OF PERFORMANCE
AUM has increased during the year with an exceptionally strong year for fundraising outstripping the pace of realisations from older funds. We expect to continue to capitalise on the increasing allocations of institutional investors to alternative asset classes and grow AUM.

DEPLOYMENT OF DIRECT INVESTMENT FUNDS (%)



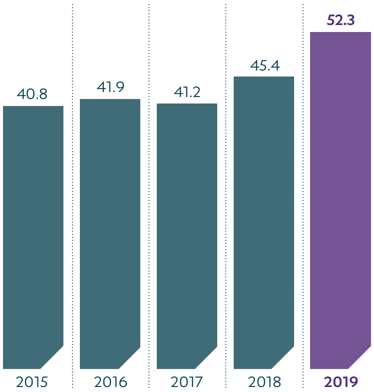
OVERVIEW
Closed end funds have a finite life and represent 89% of AUM. For these funds it is important for the capital to be deployed over the investment period. We monitor this against a straight line deployment basis. We recognise that investment pace is not linear and depends on market conditions. We continually assess whether we are being sufficiently selective in our investment decision making.

REVIEW OF PERFORMANCE
Our teams have identified sufficient suitable investment opportunities to allow us to maintain the investment pace for our closed end funds during the year.

FMC OPERATING MARGIN (%)

52.3%

IFRS GAAP 2019 – 52.3% (2018: 45.4%)



OVERVIEW

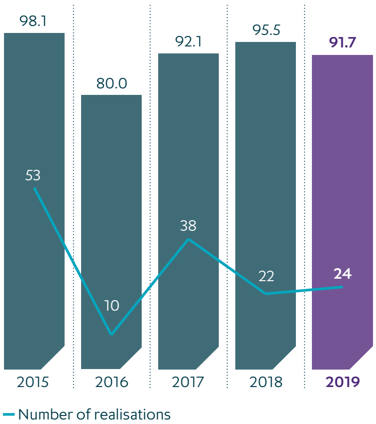
The operating margin of the FMC is a measure of the efficiency and scalability of the business. The Group has invested substantially in its growth and the return on this investment is measured through the operating margin. The Group is targeting a margin above 43%.

REVIEW OF PERFORMANCE

FMC operating margin is significantly above our target as the Group continues to benefit from the raising and deployment of capital whilst maintaining discipline and control over the cost base. The Board has initiated a review of this target.

PERCENTAGE OF REALISED ASSETS EXCEEDING PERFORMANCE HURDLE (%)

91.7%



OVERVIEW

A key indicator of our ability to manage portfolios to maximise value is the number of fully realised assets where the return is above the fund performance hurdle rate. This is the minimum return level clients expect and the point at which the Group earns performance fees. Details of the hurdle rate per fund can be found on page 170.

REVIEW OF PERFORMANCE

The Group has exceeded the performance hurdle for each of the funds to which these assets relate.

WEIGHTED AVERAGE FEE RATE (%)

0.86%

IFRS GAAP 2019 – 0.90% (2018: 0.91%)

OVERVIEW

The Group monitors the weighted average fee rate on fee earning AUM for each strategy to ensure that AUM is profitable. Fees reflect the risk/return profile of the underlying asset.

The weighted average fee rate across the Group will depend on the composition of AUM between the lower fee earning CLO and liquid funds and the higher fee earning corporate and private equity secondaries strategies.

REVIEW OF PERFORMANCE

The weighted average fee rate on fee earning AUM is 86%, in line with the prior year. Fee rates on an underlying fund basis are flat or increasing.

LINK TO STRATEGY:

GROW ASSETS UNDER MANAGEMENT

INVEST SELECTIVELY

MANAGE PORTFOLIOS TO MAXIMISE VALUE

+ read more about our priorities for FY20 on page 7
+ read more about our markets on page 14
+ read more about how we deliver our strategic objectives on page 16

KEY PERFORMANCE INDICATORS

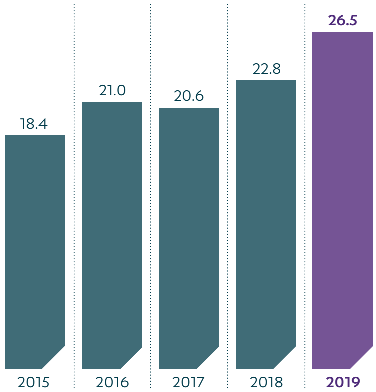
HOW WE HAVE PERFORMED

CONTINUED

GROUP PERFORMANCE MEASURES

UK SENIOR MANAGEMENT GENDER DIVERSITY (%)

26.6%



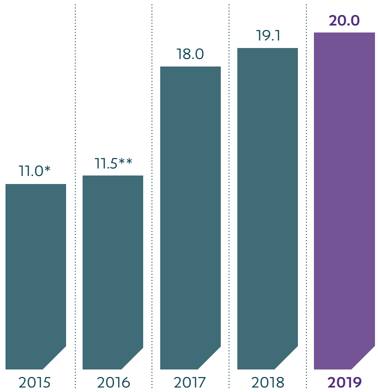
OVERVIEW
We believe a more diverse and inclusive workforce will enhance the delivery of our strategic objectives and shareholder value. We have pledged to increase the number of women in senior management roles in an industry where senior investment positions are held predominantly by men. We have added this to our shareholder KPIs.

REVIEW OF PERFORMANCE
We have already made progress, with a 50/50 gender balance across our new UK hires during the year, and the establishment of a Women's Network and a Diversity and Inclusion Steering Committee.

RETURN ON EQUITY (ROE) (%)

20.0%

IFRS GAAP 2019 – 13.7% (2018: 21.4%)



OVERVIEW
The Group has targeted an ROE in excess of 13% which will be achieved by the growth of the business and maintaining an efficient balance sheet measured by a target gearing of between 0.8x and 1.2x.

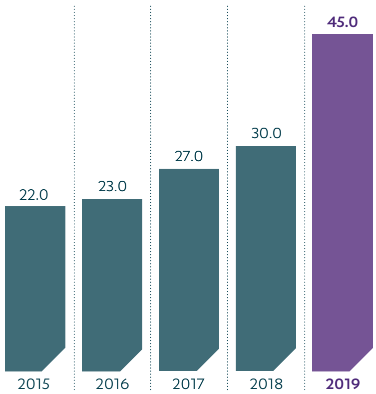
REVIEW OF PERFORMANCE
ROE increased in the current year reflecting the profitability of our fund management business and the efficiency of our capital base.

* Adjusted for £20.3m one-off benefit from the Employee Benefit Trust (EBT) settlement.

** Adjusted for £2.3m one-off benefit from the EBT settlement and excludes the impact of the movement in deferred consideration payable on the Longbow acquisition.

ORDINARY DIVIDEND PER SHARE (Pence)

45.0p



OVERVIEW
The Group's ability to pay dividends and return value to shareholders is a measure of it's ability to generate returns from managing third party funds.

REVIEW OF PERFORMANCE
We have a progressive dividend policy, meaning that unless there are significant adverse circumstances the ordinary dividend per share will increase, or at least be maintained, year on year.

FINANCE AND OPERATING REVIEW

The financial information prepared for, and reviewed by, management and the Board is on a non IFRS basis. These are alternative performance measures as defined in the Glossary on page 173. The IFRS financial statements are on pages 114 to 176.

Under IFRS the Group is deemed to control funds where it can make significant decisions that can substantially affect the variable returns of investors. There are 16 credit funds and CLOs required to be consolidated under this definition of control. This has the impact of including all of the assets and liabilities of these funds in the consolidated statement of financial position and recognises all the related interest income and gains or losses on investments in the consolidated income statement. However, the legal and economic structure of these funds means that shareholders are only at risk for the Group's investment into these funds.

The Board believes that presenting the financial information in this review on a non IFRS GAAP basis, and therefore excluding the impact of the consolidated credit funds and CLOs, assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance. This is consistent with the approach taken by management, the Board and other stakeholders.

The Group's profit after tax on an IFRS basis was below the prior year at £184.5m (2018: £250.8m). On an internally reported basis it was above the prior year at £269.3m (2018: £224.0m). The reconciliation is below:

Income statement	2019 Adjusted as internally reported £m	2019 Adjustments £m	2019 IFRS as reported £m	2018 Adjusted as internally reported £m	2018 Adjustments £m	2018 IFRS as reported £m
Revenue						
Fee and other operating revenue	219.8	(7.2)	212.6	167.1	(9.9)	157.2
Finance and dividend income	34.4	(8.8)	25.6	25.2	(25.2)	–
Net investment returns /gains on investments	275.1	(49.2)	225.9	240.1	79.7	319.8
Total revenue	**529.3**	**(65.2)**	**464.1**	**432.4**	**44.6**	**477.0**
Finance costs	(36.7)	(17.2)	(53.9)	(63.1)	0.9	(62.2)
Administrative expenses	(214.3)	(13.6)	(227.9)	(201.0)	(15.0)	(216.0)
Other	–	0.6	0.6	–	0.3	0.3
Profit before tax	**278.3**	**(95.4)**	**182.9**	**168.3**	**30.8**	**199.1**
Tax	(9.0)	10.6	1.6	55.7	(4.0)	51.7
Profit after tax	**269.3**	**(84.8)**	**184.5**	**224.0**	**26.8**	**250.8**

The difference between internal and IFRS numbers is primarily in the valuation of the CLO loan notes within the Investment Company. The adoption of IFRS 9 prompted the Group to reconsider the valuation technique used to determine the valuation of the CLO loan notes in the IFRS numbers. The IFRS valuation of CLO loan notes has been aligned with the valuation technique used for the internally reported numbers resulting in a one-off reduction to the IFRS reported profit after tax numbers of £83.9m. We do not anticipate significant variations in profit after tax between the internally and IFRS reported numbers going forward.

There has been no change in approach to, or impact on, the internally reported numbers.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. The impact of adopting these accounting standards is detailed in note 1 to the financial statements. As previously announced, we have aligned the presentation of our Investment Company income with that of our third party clients and are now reporting income at a Net Investment Returns level.

Non GAAP measures are denoted by[1] throughout this review. The definition, and where appropriate, reconciliation to a GAAP measure, is included in the glossary on page 173.

FINANCE AND OPERATING REVIEW
CONTINUED

OVERVIEW

The Group's internally reported profit before tax[1] for the period was 65% higher at £278.3m (2018: £168.3m), with Fund Management Company (FMC) profit of £143.8m (2018: £95.3m) and Investment Company (IC) profit of £134.5m (2018: £73.0m).

Our principal profit metric is FMC profit which has benefited from the increase in assets under management, increased fee income and a slower increase in operating costs. IC profits benefit from higher net investment returns reflecting the performance of our portfolios and include the impact of the fair value credit on hedging derivatives of £17.2m (2018: £6.5m charge). We use derivatives to match the currency exposure of our Investment Company assets and related liabilities; the fair value movement reflects the average unhedged net asset position in the period.

Income Statement – adjusted	31 March 2019 £m	31 March 2018 £m	Change %
Fund Management Company	**143.8**	95.3	51%
Investment Company	**134.5**	73.0	84%
Profit before tax	**278.3**	168.3	65%
Tax	**(9.0)**	55.7	n/a
Profit after tax	**269.3**	224.0	20%

The effective tax rate is lower than the standard corporation tax rate of 19%, as detailed on page 146. This is due to a significant proportion of the Investment Company's assets being invested directly into funds based outside the United Kingdom. Investment returns from these funds are paid to the Group in the form of non-taxable dividend income. This outcome is in line with other UK investment companies. The Investment Company's taxable costs offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

Based on the internally reported profit above, the Group generated an ROE[1] of 20.0% (2018: 19.1%) and adjusted earnings per share[1] for the period of 94.9p (2018: 79.3p).

Net current assets[1] of £328.1m are up from £228.1m at 31 March 2018, with financial liabilities maturing within one year reducing by £183.7m.

FUND MANAGEMENT COMPANY

Assets under management

A key measure of the success of our strategy to generate value from our fund management business is our ability to grow assets under management. New AUM (inflows) is our best lead indicator to sustainable future fee streams and therefore increasing sustainable profits. In the year to 31 March 2019, the net impact of fundraising and realisations increased third party AUM[1] by 30% to €34.5bn. AUM by strategic asset class is detailed below.

Third party AUM by strategic asset class	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 1 April 2018	13,873	7,683	3,509	1,469	26,534
Additions	4,705	3,689	741	897	10,032
Realisations	(1,722)	(230)	(742)	(301)	(2,995)
FX and other	288	363	73	166	890
At 31 March 2019	**17,144**	**11,505**	**3,581**	**2,231**	**34,461**
Change %	24%	50%	2%	52%	30%

Corporate Investments

Corporate Investments third party funds under management increased 24% to €17.1bn in the year as new AUM of €4.7bn, including €4.0bn for Europe Fund VII, outstripped the realisations from our older funds.

Capital Market Investments

Capital Market Investments third party funds under management increased 50% to €11.5bn, with new third party AUM of €3.7bn raised in the year. During the year we raised four CLOs, two in Europe and two in the US, raising a total €1.5bn, including €43m committed from the balance sheet to meet regulatory requirements. The remaining €2.2bn was raised across our other liquid credit funds and multi-asset mandates, a substantial increase on the €1.1bn raised in the prior year.

Real Asset Investments

Real Asset Investments third party funds under management increased 2% to €3.6bn, with new AUM of €0.7bn (£0.7bn) raised in the year, primarily for ICG Longbow Fund V, our UK real estate partnership capital strategy, and our UK real estate development strategy. Fundraising has slowed in the second half of the financial year as we recognise clients' caution to committing to UK real estate strategies while Brexit uncertainties persist.

Secondary Investments

Secondaries third party funds under management increased 52% to €2.2bn, with new AUM of €0.9bn raised in the year for our Strategic Equity strategy, including €0.7bn ($0.8bn) for Strategic Equity Fund III and €0.2bn of segregated mandates.

Fee earning AUM

The investment rate for our Senior Debt Partners strategy, Real Estate funds and North American Private Debt Fund has a direct impact on FMC income as fees are charged on an invested capital basis. The total amount of third party capital deployed on behalf of the direct investment strategies was €6.0bn in the year compared to €4.9bn in the last financial year. The direct investment funds are investing as follows, based on third party funds raised at 31 March 2019:

Strategic asset class	Fund	% invested at 31 March 2019	% invested at 31 March 2018	Assets in fund at 31 March 2019	Deals completed in year
Corporate Investments	ICG Europe Fund VII	38%	–	6	6
Corporate Investments	North American Private Debt Fund I	100%	85%	23	5
Corporate Investments	North American Private Debt Fund II	22%	–	5	5
Corporate Investments	Senior Debt Partners III	43%	16%	20	16
Corporate Investments	Asia Pacific Fund III	93%	77%	8	2
Real Asset Investments	ICG Longbow Real Estate Fund V	43%	–	8	8
Secondary Investments	Strategic Secondaries II	82%	54%	11	4

Fee earning AUM has increased 41% to €29.6bn since 1 April 2018 primarily due to the immediate impact of Europe Fund VII which charges fees on committed capital. All strategic asset classes have seen an increase in fee earning AUM, although the growth in Real Asset Investments was slower as it has yet to benefit from the launch of two new strategies in the year which will broaden our offering from its current UK real estate lending focus. New investments made in our direct investment funds are partially offset by realisations as detailed below:

Third party fee earning AUM bridge	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party Fee Earning AUM €m
At 1 April 2018	9,227	7,682	2,766	1,297	20,972
Additions	6,448	3,401	594	897	11,340
Realisations	(2,363)	(390)	(517)	(297)	(3,567)
FX and other	233	430	48	170	881
At 31 March 2019	**13,545**	**11,123**	**2,891**	**2,067**	**29,626**
Change %	47%	45%	5%	59%	41%

FINANCE AND OPERATING REVIEW

CONTINUED

Fee income

Third party fee income[1] of £219.8m was 32% higher than the prior year due to the successful fundraising of Europe Fund VII which charges fees on committed capital; and investments made by other funds that charge fees on invested capital. Details of movements are shown below:

Fee income	31 March 2019 £m	31 March 2018 £m	Change %
Corporate Investments	**131.1**	93.0	41%
Capital Market Investments	**42.8**	34.9	23%
Real Asset Investments	**22.4**	18.5	21%
Secondary Investments	**23.5**	20.7	14%
Total third party funds	**219.8**	167.1	32%
IC management fee	**20.5**	17.8	15%
Total	**240.3**	184.9	30%

Third party fees include £21.9m of performance fees (2018: £23.1m), of which £16.4m (2018: £17.2m) related to Corporate Investments and £5.3m (2018: £4.3m) to our Strategic Equity fund strategy. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

Third party fees are 82.5% denominated in Euros or US dollars. The Group's policy is to hedge non Sterling fee income to the extent that it is not matched by costs and is predictable. Total fee income included a £2.0m (2018: £8.6m) FX benefit in the year.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.86% (2018: 0.86%).

Weighted average fee rates	31 March 2019 %	31 March 2018 %
Corporate Investments	**1.05%**	1.00%
Capital Market Investments	**0.52%**	0.55%
Real Asset Investments	**0.88%**	0.89%
Secondary Investments	**1.29%**	1.40%
Total third party funds	**0.86%**	0.86%

Other income

In addition to fees, the FMC recorded dividend receipts[1] of £34.4m (2018: £25.2m) from the increased number and improved performance of CLOs.

Operating expenses

Operating expenses of the FMC were £130.9m (2018: £114.8m), including salaries and incentive scheme costs.

Salaries were £47.3m (2018: £42.1m) as average headcount increased 12% from 252 to 282, with continued investment across our platform. Incentive scheme costs were £44.5m (2018: £40.8m). Other administrative costs have increased to £39.1m (2018: £31.9m) including £3.8m of one off legal costs incurred to extend the life and related fee streams of older European CLOs.

The FMC operating margin[1] was 52.3% up from 45.4% in the prior year, as a result of average fee earning AUM increasing 38% to €26.3bn for the year thereby increasing the operating leverage of our existing strategies.

INVESTMENT COMPANY

Balance sheet investments

The balance sheet investment portfolio[1] increased 19% in the year to £2,255.7m at 31 March 2019, representing 7.1% (2018: 7.5%) of total assets under management, as illustrated in the investment portfolio bridge below.

	£m
At 1 April 2018	1,898.5
New investments	620.1
Net transfer from current assets	150.5
Realisations	(668.2)
Net investment returns	252.7
Cash interest received	(17.6)
FX and other	19.7
At 31 March 2019	**2,255.7**

Realisations comprise the return of £436.6m of principal, and the crystallisation of £231.6m of net investment returns.

In the period £383.1m was invested alongside our Corporate Investments strategies for new and follow on investments. Of the remaining £237.0m, £105.9m was invested in new and reset CLOs in accordance with regulatory requirements, £84.4m in our Real Asset Investment strategies and £46.7m in our Strategic Equity strategy.

The Sterling value of the portfolio increased by £24.8m due to FX movements. The portfolio is 39% Euro denominated, 35% US dollar denominated and 17% Sterling denominated.

The balance sheet investment portfolio is weighted towards the higher returning asset classes as detailed below:

	Return profile	As at 31 March 2019 £m	% of total	As at 31 March 2018 £m	% of total
Corporate Investments	**15-20%**	**1,343**	**59%**	1,257	66%
Capital Market Investments	**5-10%**	**556**	**25%**	370	19%
Real Asset Investments	**c10%**	**183**	**8%**	111	6%
Secondary Investments	**15-20%**	**174**	**8%**	161	9%
Total balance sheet portfolio		**2,256**	**100%**	1,899	100%

In addition, £110.7m (2018: £107.2m) of current assets are held on the balance sheet prior to being transferred to third party investors or funds. The flexibility of our balance sheet enables our investment teams to continue to source attractive deals whilst a fund is being raised and to hold deals in excess of capacity prior to syndication to third party investors. At 31 March 2019, 38% of these assets were in respect of our new real estate investment strategies where we are using the balance sheet to demonstrate proof of concept and in respect of our European Fund where a proportion of large transactions are being held for syndication to third party investors.

Net investment returns

Net investment returns[1] of £275.1m (2018: £240.1m) represent the total return generated from the balance sheet portfolio in the year. The returns are closely correlated with the performance of our funds reflecting our financial commitments to those funds.

At 12.6% of the average balance sheet portfolio, net investment returns were in line with the prior year. Net investment returns arising on Corporate Investments contributed 73% (2018: 83%) of the total reflecting the ongoing performance of the underlying portfolios and assets in which the balance sheet is invested.

Interest expense

Interest expense[1] of £53.9m was £2.7m lower than the prior year (2018: £56.6m), following the maturity of private placement debt in the prior year.

Operating expenses

Operating expenses[1] of the IC amounted to £83.4m (2018: £86.2m), of which incentive scheme costs of £66.4m (2018: £64.0m) were the largest component. The £2.4m increase is due to higher bonuses payable as a direct result of realisations. Other staff and administrative costs were £17.0m compared to £22.2m last year, a £5.2m decrease primarily due to lower business development costs.

GROUP CASH FLOW AND DEBT

The balance sheet remains healthy, with £572.7m of available cash and debt facilities at 31 March 2019, excluding the consolidated structured entities. During the year, the Group issued new US private placement debt, to refinance upcoming debt maturities and extend the overall debt maturity profile. The US private placement debt has an average coupon of 4.66% and an average maturity of seven years. The movement in the Group's unutilised cash and debt facilities during the year is detailed as follows:

	£m
Headroom at 31 March 2018	729.7
Increase in bank facilities	67.9
Private placement notes issued	172.6
Bonds and Private placement notes matured	(180.8)
Movement in cash	(85.0)
Movement in drawn debt	(163.2)
FX	31.5
Headroom at 31 March 2019	**572.7**

Total drawn debt at 31 March 2019 was £1,184m compared to £1,021m at 31 March 2018, with unencumbered cash of £163m compared to £248m at 31 March 2018.

Capital position

Shareholders' funds increased by £65.8m to £1,383.4m (31 March 2018: £1,317.6m), as the retained profits in the period were offset by the payment of the ordinary dividend. Total debt to shareholders' funds (gearing) as at 31 March 2019 increased to 0.86x from 0.77x at 31 March 2018.

MANAGING RISK

DELIVERING OUR STRATEGY

Our risk management framework is designed to enable us to deliver our strategic priorities within the Group's risk appetite.

The Board monitors the Group's risk management and internal control systems. The Board, taking into account the strategy of the Group, sets the risk appetite, determines the nature and extent of significant risks it is willing to take and ensures judgements and decisions are taken that promote the success of the Company and manage conflicts of interest while avoiding, among other things, unnecessary risks and maintaining adequate capital and liquidity.

The Risk Committee makes recommendations to the Board regarding its risk responsibilities. Details of the activities of the Risk Committee in this financial year can be found in the Risk Committee report on pages 61 to 65.

The Group's risk management culture is critical to the effectiveness of the risk management framework. The Group's culture is monitored by the Board (see page 49).

Identifying principal and emerging risks

The principal risks are determined through a consideration of the strategy, external risk factors, the operating environment of the Group including risks identified by our peers, and an analysis of individual processes and procedures. The principal risks to the Group are updated at least annually.

The review of the Group's principal risks focuses on identifying those risks that could threaten the business model, future performance, capital or liquidity of the business. In identifying these risks, consideration is given to external developments, regulatory expectations and market standards.

Financial Reporting risk was added as a principal risk of the Group during the year, disaggregating this risk from the existing Key Business Process principal risk.

Emerging risks are regularly considered to assess any potential impact on the Group and to determine whether any actions are required. Emerging risks include those related to regulatory/legislative change and macroeconomic and political change, which in the current year have included the ongoing developments in respect of the UK's decision to leave the European Union.

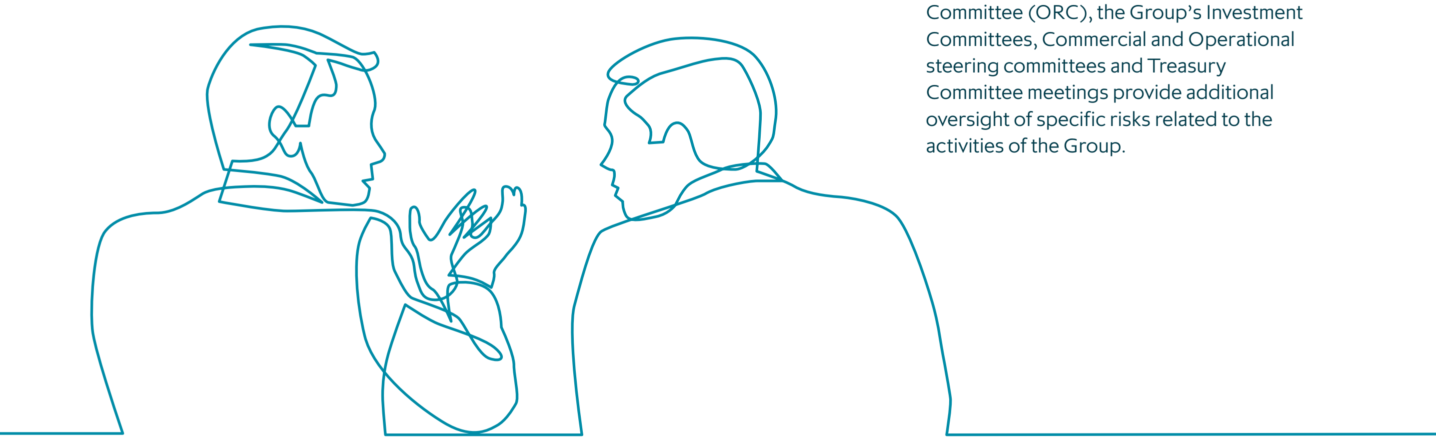
Executive responsibility for each principal risk is reviewed and agreed. The Risk Committee (under delegation from the Board) considers the appetite for risk across the business and establishes the level of acceptable risk (risk tolerance) for each of the principal risks. Key risk indicators are identified and these are monitored by the Risk Committee which also considers any risk mitigation plans proposed or implemented by management.

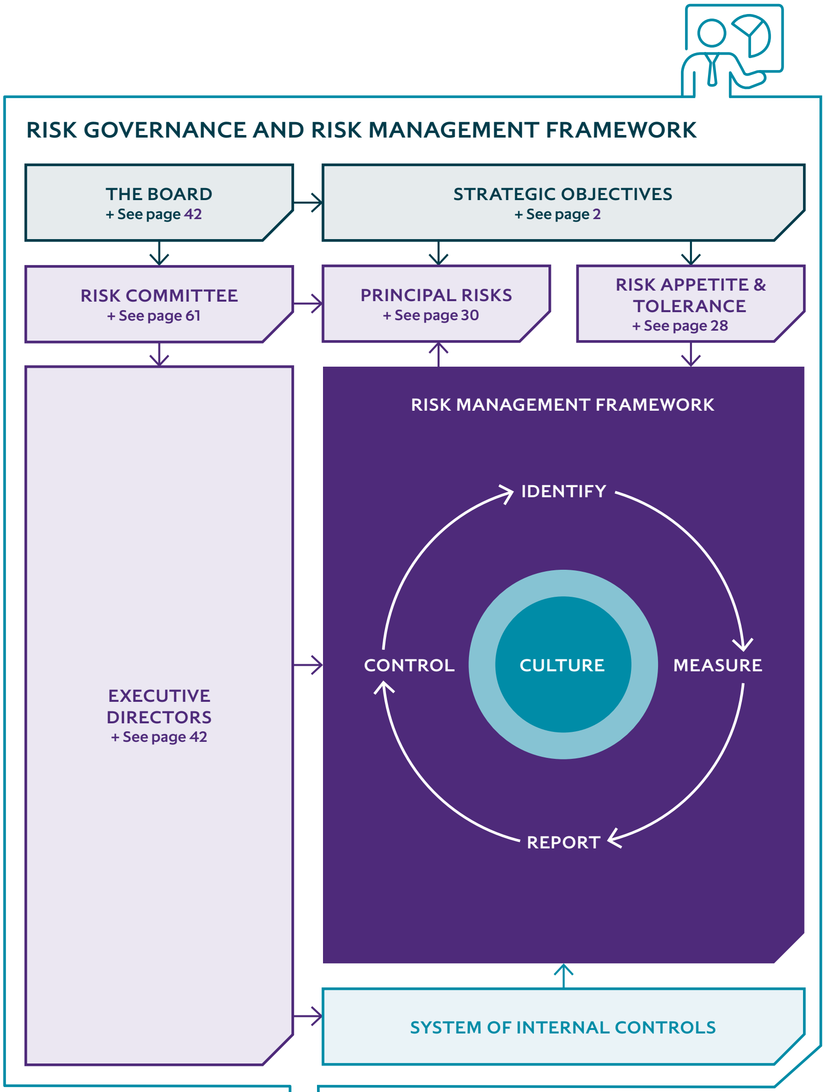
The Directors confirm that they have undertaken a robust assessment of principal risks in line with the requirements of the UK Corporate Governance Code.

OUR RISK MANAGEMENT FRAMEWORK

The Group's risk management framework operates to identify, measure, report and control risks in each area of the business. The Group has established oversight arrangements to ensure risk management responsibilities are embedded in the business' first line operations.

The Chief Risk Officer (CRO) oversees the operation of the risk management framework. In addition, the Operational Risk Committee (ORC), the Group's Investment Committees, Commercial and Operational steering committees and Treasury Committee meetings provide additional oversight of specific risks related to the activities of the Group.





Monitoring the effectiveness of controls

The Risk Committee, on behalf of the Board, is provided with a number of risk reports which it uses to review the Group's risk management arrangements and works closely with the Audit Committee to review the system of internal controls. As part of their review the Committees consider whether the processes in place are sufficient to identify all material controls. The information provided enables the Board to make a cumulative assessment of the effectiveness of the internal controls established to manage or mitigate risks. Further details are provided in the Risk Committee report on pages 61 to 65.

Material controls have been defined as those critical to the management of the principal risks of the business. Management's continuous monitoring of the effectiveness of material controls ensures the principal risks are managed within tolerance and supports the delivery of our strategic objectives. Additional reporting on the effectiveness of material controls is provided to the Audit Committee on an annual basis to support the review of the effectiveness of controls in managing the principal risks.

The Board, on recommendation from the Risk and Audit Committees, and taking into account the work of Internal Audit overseen by the Audit Committee, confirms that the Group's risk management and internal control systems are operating effectively and material controls operated effectively throughout the year.

MANAGING RISK

OUR PRINCIPAL RISKS

RISK CATEGORIES

The Group considers its principal risks across three categories:

1. Strategic and business risks

The risk of failing to deliver on our strategic objectives resulting in a negative impact on investment performance and Group profitability.

2. Market, credit and liquidity risks

The risk of an adverse impact on the Group due to market fluctuations, counterparty failure or having insufficient resources to meet financial obligations.

3. Operational risks

The risk of loss or missed opportunity, resulting from a regulatory or legislative failure or inadequate or failed internal processes, people or systems.

Reputational risk is seen as an outcome of certain principal risks materialising. Reputation and brand risk is carefully managed as part of the risk management framework.

Relative willingness to accept risk:

The Board acknowledges and recognises that in the normal course of business the Group is exposed to risk and that it is willing to accept a level of risk in managing the business to achieve its strategic objectives. As part of its risk management framework, the Board sets the risk tolerance in relation to each principal risk, monitors this via key agreed risk indicators. Where a risk is approaching or is outside the tolerance set, the Board will consider the appropriateness of actions being taken to mitigate or manage the risk.

Strategic and business risk	Lower — Higher
1. Loss or missed opportunity as a result of major external change	
2. Failure to maintain acceptable relative investment performance	
3. Failure to raise/retain third party funds	
4. Failure to deploy committed capital in a timely manner	
Market, credit and liquidity risk	**Lower — Higher**
5. Loss as a result of adverse market fluctuations	
6. Loss as a result of exposure to a failed counterparty	
7. Failure to meet the Group's financial obligations	
Operational risk	**Lower — Higher**
8. Loss of a 'key person' and inability to recruit into key roles	
9. Negative financial or reputational impact arising from regulatory or legislative failing	
10. Technology and information security inadequate	
11. Failure of key business processes	
12. Failure to adequately select/manage key suppliers	
13. Failure of financial reporting processes	

+ Read more on principal risks on page 30 to 33

MANAGING RISK

VIABILITY STATEMENT

Our strategy to grow our specialist asset management activities, enabled by our business model, is outlined in detail throughout the Strategic Report (see pages 2 to 36). The strength of our business model, with its focus on closed end funds, is 'locked in value'. Once established each investment strategy has almost a perpetual durability, with a foreseeable fundraising pattern and long term predictable fee streams. This is what generates shareholder returns and allows for visibility in the growth of profit and dividend distributions.

The period covered by the Group's strategic plan and the typical period over which regulatory changes are implemented is three years, which combined with an assessment of the period over which forecasting assumptions are most reliable, has led the Directors to choose a period of three years to March 2022 for their formal assessment of viability. The Directors are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability.

Assessment of viability

The Group's prospects are assessed primarily through its strategic and financial planning processes. At least annually, the Directors review the Group's three year strategic plan, underpinned by the Group's strategy and principal risks. The strategic plan is built on a fund by fund basis using a bottom up model. For each fund, assumptions are made on the deployment of existing capital, future inflows and outflows of capital, and the performance of the underlying portfolio. In addition, the strategic plan includes assumptions about the launch of new strategies, the ability to refinance debt as it falls due and the development of the regulatory environment.

The review of the three year strategic plan is underpinned by regular briefings to the Board provided by the heads of business units and infrastructure functions and discussion of any new strategies undertaken by the Board in its normal course of business (see pages 44 to 45). These reviews consider both the market opportunity and the associated risks, principally the ability to raise third party funds, invest capital and deliver strong investment performance. These risks are considered within the Board's tolerance for risk which is detailed on page 28.

Although the output of the Group's strategic and financial planning processes reflects the Directors' best estimate of the future prospects of the business, the plan is then stress tested with the following downside scenario applied:

Assumptions	Link to principal risks	Conclusion
Fundraising ceases with no inflows	1, 2, 3	This scenario assesses the potential financial and operational impact of a severe but plausible downside where a number of significant adverse assumptions occur simultaneously, without mitigating actions being taken. It is unrealistic to expect these assumptions to occur for a period greater than two years based on the Group's experience of the global financial crisis in 2008 and 2009.
No new investment or realisation activity	4	
Net investment return reduces to 0%	2	
No new debt raising	7	
No cost reduction measures, other than a salary freeze	N/A	

In addition, the Group undertakes a reverse stress test to identify the circumstances under which the business model becomes unviable.

Assumptions	Link to principal risks	Conclusion
Portfolio valuation write down of at least 50% due to a significant global downturn	1	This scenario is considered extreme and highly implausible and would make the future viability of the Group less certain.
Loss of key employees, triggering fund 'key man' clauses resulting in fund outflows and a reduction in future inflows	8	
Regulatory changes require the Group to hold significantly more capital	9	

Viability statement

Based on the results of the analysis, and in accordance with the provisions of the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite, the Group's principal risks and the management of those risks, as detailed in the Strategic Report on pages 30 to 33.

The Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on page 95.

MANAGING RISK

OUR PRINCIPAL RISKS

CONTINUED

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR
STRATEGIC AND BUSINESS RISKS		
1. Loss or missed opportunity as a result of major external change (including macroeconomic, political and/or competitive impact)	Adverse macroeconomic conditions could reduce the opportunity to deploy capital and impair the ability of the Group to effectively manage its portfolios, reducing the value of future management fees, investment income and performance fees. Adverse macroeconomic conditions could also reduce demand from clients for the Group's funds or create more opportunities for certain asset classes managed by the Group.	Deterioration of Group performance compared to plan. Deterioration in outlook for investment valuations.
2. Failure to maintain acceptable relative investment performance	Failure to maintain acceptable relative performance in the funds may result in a failure to raise new funds, reducing the Group's long term income and ability to invest in future growth. Clients in open ended funds may reduce or cancel their commitments, reducing AUM and fund management fees. In the short term, fund underperformance may result in lower performance fees in the FMC. For the IC this may result in a lower return on assets as the IC is exposed to credit risk through its co-investments with, and its investments in, funds.	Performance of closed end funds compared to performance hurdles. Performance of capital market strategies compared to benchmark. Performance of CLOs including the ability to pay dividends to equity holders. Deterioration in outlook for investment valuations. + See pages 19 and 84
3. Failure to raise/retain third party funds	A failure to raise new funds would reduce the Group's long term income and ability to launch new strategies. A failure to retain funds would reduce the Group's management fee income.	Forecast fund inflows. + See pages 18 and 84
4. Failure to deploy committed capital in a timely manner	Failure to deploy capital reduces the value of future management fees, investment income and performance fees. There is also a negative impact on investment performance and the ability to raise new funds.	The proportion of direct investment funds behind their target investment pace. + See pages 18 and 84
MARKET, CREDIT AND LIQUIDITY RISKS		
5. Loss as a result of adverse market fluctuations arising primarily from exposure to interest rates and foreign exchange rates	Volatility in currency and interest rates leads to changes in the value of the assets and liabilities of the Group and, to the extent that these are unhedged, will impact on the financial performance of the Group. Volatility in currency and interest rates may impact on fund performance which may result in a failure to raise new funds, reducing the Group's long term income and ability to invest in future growth.	Within Treasury Policy hedging thresholds and no material breach of interest rate covenant.
6. Loss as a result of exposure to a failed counterparty	The Group uses derivatives to hedge market risk on its balance sheet. By entering into these derivatives the Group is exposed to counterparty credit risk. The Group's counterparties are national or multinational banks. Should a financial counterparty of the Group fail, the Group would be exposed to loss.	Counterparty exposure above the Treasury Policy limits.
7. Failure to meet the Group's financial obligations as they fall due	An ongoing failure to refinance its liabilities could result in the Group failing to meet its payment obligations as they fall due. As a result the Group would not be a going concern.	Forecast breach of financing principles.

LINK TO STRATEGY:

GROW ASSETS UNDER MANAGEMENT

INVEST SELECTIVELY

MANAGE PORTFOLIOS TO MAXIMISE VALUE

+ You can read more about our strategic objectives on page 2

KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY20
The Board regularly receives detailed market reports, reviewing the latest developments in the Group's key markets. The Investment Committees receive ongoing detailed and specific market reviews for each investment, including valuations and impairments. The Board receives regular updates on external political/economic developments. The business model is based on long term investment in illiquid funds, therefore fee streams are 'locked in'. This provides some mitigation against market downturn.	During the year this risk has increased due to the ongoing uncertainty over Brexit and continued market volatility.	Continued monitoring of Brexit to ensure that risk mitigation plans remain effective.
The Group has disciplined investment policies, and all investments are selected and regularly monitored by the Group's Investment Committees. Rigorous credit research and procedures are applied both before and during the period of investment. The Group limits the extent of credit and market risk by diversifying its portfolio assets by sector, size and geography. Oversight and routine contact with the major portfolio investments supports the delivery of both capital preservation and anticipated returns. ICG's investments via its balance sheet are also regularly monitored.	There have been no material changes in the Group's investment markets during the year which would lead the Board to consider that this risk has changed. Investment performance remains positive across all key asset classes.	Maintaining a robust investment process and investment discipline.
The Group has built dedicated fundraising and scalable infrastructure teams to grow and diversify its institutional client base by geography and type. The Group has expanded its product portfolio to address a range of client requirements and continues to build a strong product pipeline. The Group monitors client sentiment in open ended funds through regular engagement with clients.	During the year the Group has seen positive momentum and delivered above its target for raising third party funds, including open ended funds. Investor sentiment remains supportive of the Group.	Maintaining discipline on fees and terms. Continuing to grow existing and new strategies. Monitoring investor sentiment in open ended funds.
The rate of investment is kept under review by the Investment Committees and senior management to ensure acceptable levels are maintained in current market conditions.	In a highly competitive environment, capital deployment for the larger strategies remains ahead of plan.	Maintaining investment discipline and local presence. Closely monitoring external market developments and opportunities.
The Group has a policy which seeks to ensure that any non Sterling income, expenditure, assets and liabilities are appropriately hedged and that the residual exposure to market risk is managed to minimise short term volatility in the financial results of the Group. This is reviewed annually. Currency and interest rate exposures are reported monthly and reviewed by the Group's Treasury Committee. Portfolio credit risk is included in Principal Risk 2 above.	During the year the Group has applied its hedging policy consistently.	Market volatility as a result of political/economic uncertainties. Enhancement of Treasury systems and controls.
The Group has a policy which seeks to ensure that any counterparty exposures are managed within levels agreed with the Board. This is reviewed annually. Actual counterparty exposures are reported monthly and reviewed by the Group's Treasury Committee.	During the year the Group has applied its policy to manage counterparty credit risk consistently.	Ongoing monitoring of counterparty exposures. Enhancement of Treasury systems and controls.
The Group has a policy which seeks to ensure that debt funding is obtained from diversified sources and that the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee.	During the year the Group has increased its financial resources by raising additional capital, further extending the debt repayment profile.	Continued focus on balance sheet efficiency. Regulatory capital requirements.

MANAGING RISK

OUR PRINCIPAL RISKS

CONTINUED

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR
OPERATIONAL RISKS		
8. Loss of a 'Key Person' and inability to recruit into key roles	Breach of any 'Key Person' clause could result in the Group having to stop making investments for the relevant fund or may impair the ability of the Group to raise new funds if not resolved in a timely manner. Loss of a key employee to the Group's fund management business or a critical infrastructure role could impair the Group's ability to deliver its strategic objectives as planned if that role is not filled in a timely manner.	Loss of a Key Person on a material fund. Loss of a key employee without appropriate/timely internal succession. Employee engagement survey feedback. Recruitment and retention rates.
9. Negative financial or reputational impact arising from regulatory or legislative failing	The Group's reputation, ability to raise new funds and operate its fund management business would be impaired as a result of a material regulatory or legislative failing. Adverse regulatory change could impact the ability of the Group to deliver its strategy in areas such as people risk, deploying capital, raising new AUM.	Number and significance of any regulatory or legislative breaches. Identification and delivery of all material regulatory/legislative change.
10. Technology/information security inadequate or fails to adapt to changing business requirements and/or external threats	The Group's ability to deliver on its strategic objectives relies on technology and information security which adapts to changing business demands and external threats. Failure to deliver an appropriate technology platform may impact the Group's reputation, and its ability to raise new funds and operate its fund management business.	Any material breach, attempted breach or severe disruption due to systems/data security failure. Any material loss or reputational damage arising from external threats. Service availability.
11. Loss or missed opportunities arising from failure of key business processes, including valuations and external reporting	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of the failure of key business processes.	Any failure of business process resulting in significant business disruption, financial or reputational damage. Increased incidents of processing failures or delays, or over reliance on detective, higher level monitoring or audit validation controls.
12. Loss or missed opportunities arising from a failure to adequately select/manage key third party suppliers	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of the failure to select/manage key third party suppliers.	Any failure of oversight processes resulting in significant business disruption, financial or reputational damage.
13. Loss or reputation damage arising from a failure to ensure financial statements are materially accurate/timely and in line with legislative requirements	Failure to maintain adequate processes and internal controls over financial reporting and related activities could result in significant losses and/or regulatory penalties or other claims.	Any failure of finance processes resulting in significant business disruption, financial or reputational damage.

LINK TO STRATEGY:

GROW ASSETS UNDER MANAGEMENT

INVEST SELECTIVELY

MANAGE PORTFOLIOS TO MAXIMISE VALUE

+ You can read more about our strategic objectives on page 2

KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY20
The Group rewards its investment professionals and other key employees in line with market practice. Senior investment professionals typically receive long term incentives and are able to participate in carried interest. The Group periodically engages external consultants to benchmark the rewards offered by the Group to ensure they remain attractive and competitive. The feedback from the employee engagement survey is also considered. The Group has succession plans in place for key employees. These are reviewed by the Nominations and Governance Committee of the Board. The Group has an appraisal and development process for all its employees to ensure that individuals remain sufficiently motivated and appropriately competent to ensure the ongoing operation and development of the business.	There was no significant impact in the year as a result of the loss of any employee. During the year the Group has successfully managed succession following the planned retirement of two senior portfolio managers.	Managing the impact of Brexit on our workforce. Ensuring a smooth transition to the new CFOO. Continued focus on succession planning and managing 'Key Person' fund clause requirements.
The Group has a governance structure in place, supported by a risk framework that allows for the identification, control and mitigation of material regulatory/legislative risks resulting from the geographical and product diversity of the Group. The adequacy of the systems and controls the Group has in place to comply with the regulations and to mitigate the risks that these represent is periodically assessed. This includes a tailored compliance monitoring programme that specifically addresses regulatory and reputational risks. Horizon scanning for relevant regulatory/legislative change is a key part of the Legal and Compliance process and external advisers are used to support this.	During the year the Group has continued to enhance its processes and controls in order to remain compliant with current and expected legislation. Preparation for the implementation of the Senior Manager and Certification Regime (SMCR) in December 2019 is progressing.	Continued monitoring of Brexit to ensure that risk mitigation plans remain effective. Implementation of SMCR.
Application of the Group's information security policies is supported by a governance structure and a risk framework that allows for the identification, control and mitigation of technology risks. The adequacy of the systems and controls the Group has in place to mitigate the technology risks is continuously monitored and subject to regular testing. The effectiveness of the framework is periodically assessed.	The ongoing evolution of external threats has resulted in an increase in risk to the Group. In response, the Group has continued to improve its systems and controls to identify and manage technology and information security risks. During the year there continued to be a high level of focus on cyber security and disaster recovery.	Cyber security. Continued enhancements to business continuity planning and disaster recovery processes.
Control procedures are in place to ensure that key business processes are identified, documented and monitored. The effectiveness and efficiency of the control framework for key business processes are subject to periodic review by management, the CRO, and Internal Audit, and corresponding oversight by the Risk and Audit Committees of the Board.	There were no significant business process failures or material control weaknesses identified during the year.	Enhancing processes to support the growth of the business.
Control procedures including appropriate due diligence, monitoring and oversight are in place to ensure supplier management is effectively carried out.	Monitoring of the third party supplier oversight procedures was enhanced during the year.	Ongoing integration of identified enhancements to oversight controls.
Control procedures are in place to ensure that financial reporting processes are identified, documented and monitored. The effectiveness and efficiency of the control framework for financial reporting is subject to periodic review by management, the CRO, and Internal Audit, and corresponding oversight by the Risk and Audit Committees of the Board.	There were no significant financial reporting process failures identified during the year.	Ensuring a smooth transition to the new external auditors.

OUR RESOURCES AND RELATIONSHIPS

SUPPORTING SUSTAINABLE GROWTH...

...NURTURING OUR PEOPLE

To successfully deliver our strategic priorities we need to attract, engage, motivate and retain the best talent.

Effective two way communication

Effective two way communication with our people is essential to build and maintain engagement. We have a number of formal and informal channels to achieve this, including our regular, confidential, employee engagement surveys, quarterly whole company business briefings and regular team meetings.

Our employee engagement surveys inform us where we are doing well and where there is room for further development.

Flexible and inclusive culture

We aim for employees to have a sense of wellbeing, and promote an agile and inclusive working culture where they can freely question practices and suggest alternatives. We support agile working, and offer access to a range of flexible benefits. We ensure our levels of overall remuneration are without gender bias, and sufficiently designed to attract, develop and retain talented employees.

Gender pay gap

Although the Group falls below the current threshold of more than 250 UK employees we have decided to publish our gender pay gap data. You can read more about our gender pay gap on page 81.

Developing our talent

We consider that training and development are essential to attract and retain people of the highest calibre and we invest significantly in this area. Our performance management system and actively encouraging our managers to deliver effective career coaching and providing tailored training opportunities, enables our people to develop and enhance core skills, increase technical competency and develop future leaders.

“In July 2018, ICG was proud to become a signatory to the HM Treasury Women in Finance Charter, joining over 330 other British companies that have pledged to increase the number of women in senior management roles”

ZAK SUMMERSCALE
DIVERSITY AND INCLUSION CHAMPION

Diversity

We have developed a diversity and inclusion strategy with the aim of increasing diversity and creating an inclusive workplace. Whilst diversity is wider than gender balance (and our employees represent 28 different nationalities), we recognise that we have a gender imbalance with global female population of 31% of permanent employees. Our strategy will tackle this issue by reviewing our employee brand, external profile, talent pipeline and employee retention. We have signed up to the UK Treasury’s Women in Finance initiative (see page 5), we are proud to support Level20, a not for profit organisation set up to attract, nurture and promote women in private equity and we have sponsored the BUCS Women’s Hockey Programme (see page 49).

...DIVERSITY & INCLUSION

Our vision is to provide an inclusive and respectful environment in which each individual is motivated to make their fullest contribution; in which they feel fairly recognised, rewarded and included regardless of age, gender, race, sexual orientation, disability, religion or beliefs.

...CONSIDERING OUR COMMUNITY

We are proud that our corporate and social responsibility policies and practices have helped promote opportunities for young people. We are committed to expanding our contribution to our community.

Increasing our community involvement

We have a long term relationship with a youth charity in our local community, supporting ThinkForward in its work with young people. In recognition that our community extends beyond our immediate vicinity, the Group has made substantial changes to its charitable giving programme during the year. You can read more on page 50.

...SUPPORTING THINKFORWARD

We have supported ThinkForward, a charity working to reduce the risk of young people becoming NEET (not in education, employment or training) since its inception. Our partnership was extended for a further five years in 2016 with an annual commitment of £100,000. ICG's investment has enabled a full time coach to be placed into the Harpley Centre at the Tower Hamlets Pupil Referral Unit to work with those young people most at risk of becoming NEET.

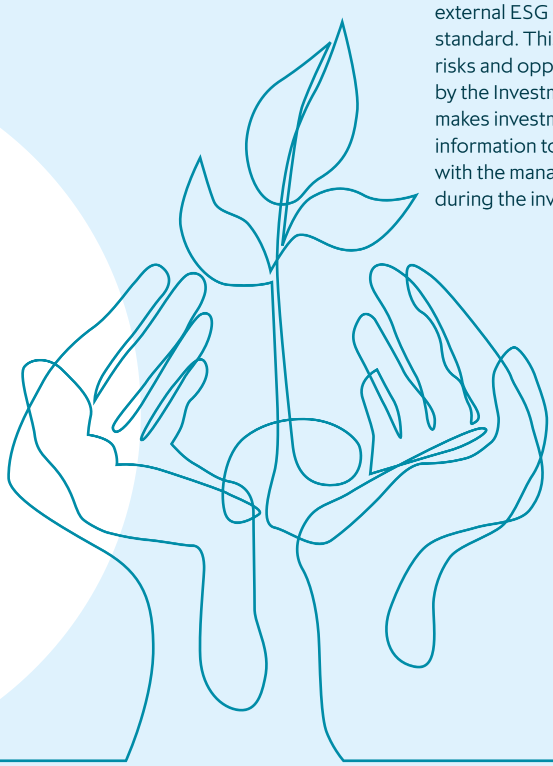
The coach supports them to maximise their opportunities while in full time education, to develop their skills and work readiness so that they are more likely to transition into long term employment or further education. The programme won a Lord Mayor of London Dragon Award in 2018.

...INVESTING RESPONSIBLY

We believe that companies that are successful in managing ESG risks and capturing ESG opportunities will outperform over the longer term.

Responsible investment

Responsible investing is an approach to investing that aims to incorporate ESG factors into investment decision making, to better manage ESG risks and generate long term sustainable returns.



ICG has been a signatory to the United Nations-supported Principles for Responsible Investment (PRI) since 2013. The PRI has become the standard for global best practice in responsible investing. The PRI aims to ensure that ESG factors are considered during the investment process and in subsequent management of investments. PRI signatories are required to report on their responsible investment activities annually, which ensures accountability and transparency and also promotes continual improvement.

ICG aims to act responsibly and considers ESG at all stages of the investment cycle. The Responsible Investment Policy and ESG framework apply to ensure that ESG factors are monitored from due diligence through to exit.

Impact on investment decision making

For strategies where ICG has significant influence over its portfolio companies, external ESG due diligence is conducted as standard. This sets out the potential ESG risks and opportunities and is considered by the Investment Committee when it makes investment decisions. We use this information to support ESG engagement with the management of portfolio companies during the investment period.

OUR RESOURCES AND RELATIONSHIPS

SUPPORTING SUSTAINABLE GROWTH...

CONTINUED

OUR RESPONSIBILITY TO OUR ENVIRONMENT

ICG recognises that businesses have a responsibility to protect the environment and understand the impact their operations have. We take appropriate measures to limit our energy use and carbon output.

We quantify and report our organisational greenhouse gas emissions in alignment with the World Resources Institute's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance update to the Corporate Standard.

Operational scope	Greenhouse gas emission source	2019	2018	2017	Units
Direct emissions (Scope 1)	**Combustion of fuel and operation of facilities**	**49**	49	74	Tonnes CO_2e
Indirect emissions (Scope 2)	**Purchased electricity/ heat (location based)**	**535**	603	852	Tonnes CO_2e
	Purchased electricity/ heat (market based)	**554**	624	840	Tonnes CO_2e
Indirect emissions (Scope 3)	**Business travel: flights and rail**	**3,401**	2,254	2,888	Tonnes CO_2e
Total		**3,985**	2,905	3,614	Tonnes CO_2e
Emissions per FTE(1)		**8.9**	7.4	12.0	Tonnes CO_2e per FTE(1)

(1) Full Time Equivalent (FTE) employees include contractors as well as permanent employees.

We quantify and report Scope 2 emissions according to two different methodologies: the location based method, using average emissions factors for the country in which the reported operations take place; and the market based method, which uses the actual emissions factors of the energy procured.

We voluntarily report our Scope 3 indirect emissions from business travel and water consumption using the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Our absolute Scope 1 emissions are unchanged while Scope 2 emissions have decreased despite a rise in the number of full time equivalent employees and contractors. As utility suppliers adopt cleaner power generation methods, emission factors have reduced. Scope 3 emissions, which are predominantly driven by business travel, have increased by 57% in the year, primarily as a result of increases in headcount and fundraising activities. This in turn has caused total (location based) emissions to increase by 42% compared to the last reporting period.

Despite having made progress in the past in reducing GHG emissions from business travel, we have increased our GHG emissions per full time employee this year. We are committed to taking action to remedy this over the coming year to ensure we reduce our emissions in FY20 by further encouraging our employees to use video conferencing or rail travel rather than air travel or vehicles where this is possible. In addition, the Group has committed to offset Scope 1, Scope 2 and a partial offset of Scope 3 emission through supporting SolarAid, an international charity that combats poverty and climate change.

+ You can read more on page 50

Modern slavery

We are committed to preventing any form of slavery and human trafficking. We seek to ensure there are no such practices in our business and supply chain. During the year we have carried out staff training and awareness raising and continued to include anti-slavery considerations into supplier selection and due diligence. We have also conducted a review of our own business, our investee companies that are covered by our statement, and material suppliers. No concerns were raised in any of our due diligence.

The Group's full policy on Modern Slavery can be found at www.icgam.com.

Bribery and corruption

We are committed to ethical business across all our operations and investments. Our policy is never to offer, request or receive bribes, and to refuse any request to pay them. We ensure that opportunities for corruption are reduced, that we will seek not to invest in companies or projects that engage in corruption and will investigate and deal with all reported cases of corruption in line with our policy. The policy applies to all entities within the Group wherever we do business.

Employee diversity

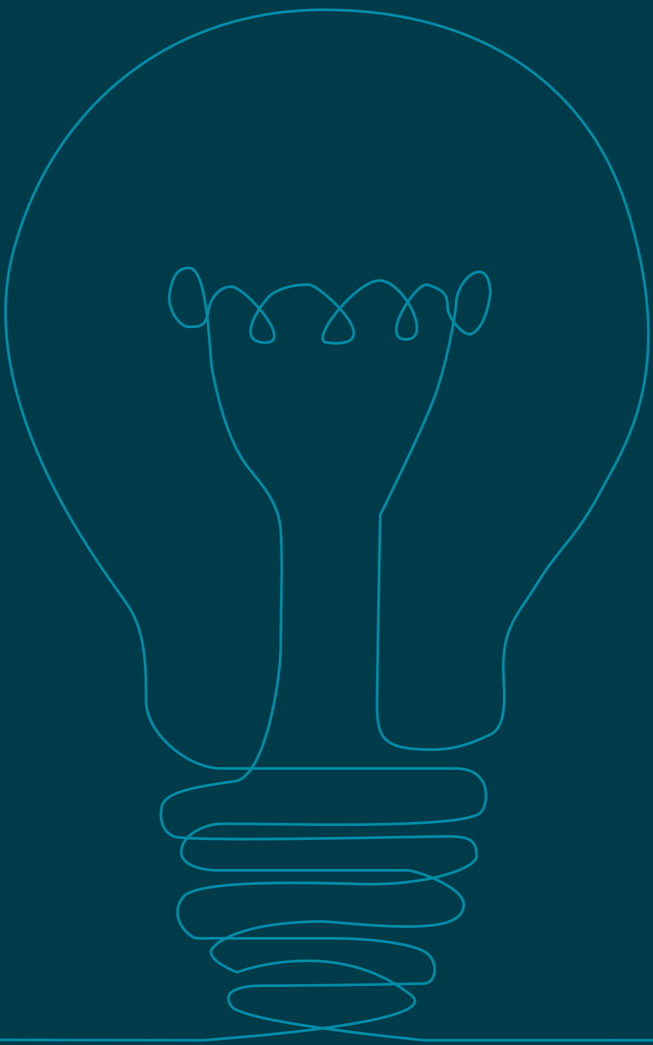
As at 31 March 2019, of our permanent employee population of 336, 103 are women and 233 men.

The senior management team (excluding the Group's Board) comprises of one woman and five men. ICG's Board of nine comprises two Executive Directors, and seven Non-Executive Directors, of which three are women. Biographies of the Board are on pages 40 and 41.

Human rights

We do not tolerate discrimination of any nature and comply fully with appropriate human rights legislation. We aim for employees to have a sense of wellbeing, and we promote a working culture where employees can freely question practices and suggest alternatives.

GOVERNANCE REPORT



LETTER FROM THE CHAIRMAN

"I believe strong governance is critical to delivering shareholder value"

KEVIN PARRY OBE
CHAIRMAN

KEY GOVERNANCE ACHIEVEMENTS

- Appointment of new CFOO
- Strategy review and refinement
- Tender process and appointment of new auditors and remuneration advisers
- Review of charitable giving
- Preparation for the updated Corporate Governance Code
- Preparing for Chairman succession

DEAR SHAREHOLDER

Your Board maintains high standards of corporate governance. During the year we have continued to operate in accordance with the Corporate Governance Code and the interests of our stakeholders.

The Nominations and Governance Committee and the Board has considered carefully the requirements of the revised Corporate Governance Code that applies to ICG with effect from 1 April 2019. We are well prepared to comply with the revised requirements either for the whole of the year ending 31 March 2020 or as soon as practicable during the year.

The Board has embraced the requirement that the Chairman of the Company should not serve more than nine years. I am already in that position albeit in only my third year as Chairman. We had previously recruited Andrew Sykes as Senior Independent Director to lead the process to identify my successor in the next few years. In light of the change, we accelerated that process and he is in advanced discussions with a shortlist of well qualified candidates to succeed me.

The number of employees at ICG is modest at approximately 330 people. We believe we have a good understanding of their concerns and interests. The Board regularly meets with groups of people – junior to senior – as part of its engagement strategy. During the year the Board held informal meetings with representatives of a number of teams in the US and the UK.

We have appointed Amy Schioldager as the Board Director for employee engagement and she will regularly engage privately with small groups of employees. Further, we will hold an employee annual general meeting on the same day as the Company AGM. At the employee annual general meeting we will address questions raised either directly or anonymously. The newly integrated engagements are in addition to the existing Board and management interactions.

Stakeholders also include suppliers. We are highly dependent on BNP Paribas to provide reporting and accounting services to our fund investors. During the year, I met with senior representatives of that firm to discuss service developments and it is our intention for the Risk Committee to receive an annual presentation from BNP Paribas. These developments are in addition to the normal management interactions.

Other key matters considered by the Board during the year have included:

CFOO succession

During the year, Philip Keller informed the Board of his intention to retire and, after a thorough search, the Board approved the appointment of Vijay Bharadia as his successor.

+ Please see page 66 for details

Strategy

In July 2018, the Board conducted an offsite strategy session, focusing on the Group's business plan and the challenges for the coming years. The output from this exercise has been incorporated into the Group's plan. For example, we decided that ESG matters were of growing importance to investors in private markets and our long standing practice of such issues being considered by investors needed to be enhanced by specialist knowledge. Accordingly, a search commenced and we have recruited a Head of Responsible Investing (see page 11).

Brexit

The Board has overseen the Group's preparations for the departure of the UK from the European Union, seeking to ensure that the Group is ready to continue to operate whatever the outcome of the negotiations. The Board and the Risk Committee received a number of detailed reports during the year in respect of the Group's operational readiness and the steps being taken, seeking to ensure that risk was being appropriately managed. Management's preparations have been thorough, and the Board is satisfied appropriate steps have been taken such that the Group's business will not be noticeably impacted. Specifically, the Group has established a regulated platform in Luxembourg and has arranged contingency plans for the marketing and management of all existing and planned funds, to ensure that any adverse impact is mitigated.

Diversity and Inclusion

During the year, the Board has taken an active role in overseeing the Diversity and Inclusion (D&I) initiatives being operated by the Group.

Specifically, the Group has appointed a Diversity and Inclusion Champion from our senior management team. Zak Summerscale has overseen the establishment of a steering committee and an employee forum to support diversity initiatives, such as the Women's Network, and provide feedback from the business. To demonstrate our commitment and support for this initiative the female NEDs hosted discussion groups with female employees.

We have signed up to the UK Women in Finance charter and are targeting 30% of UK senior managers being women by 2023 and established a new strategic KPI to measure progress (see page 18).

The CEO and I have each committed to coaching a senior female executive from another company on a pro bono basis.

We are committed to ensuring that the Group's D&I practices are in line with its status as a significant UK listed company.

+ Please see page 49 for details

Culture

The Board and Nominations and Governance Committee has devoted three sessions during the year to the codification of our cultural aspirations. The expectations of our people have been communicated and discussed in various forums and are elaborated on in our intranet and on our website www.icgam.com.

+ Please see page 49 for details

Charitable giving

The Board has initiated an extensive review of the Group's charitable giving, with the goal of significantly increasing the amount of money and other resources the Group commits to charity.

We see this as in line with our responsibilities as a significant UK listed company. We have mandated a sub-committee to work with a major UK charitable foundation to improve social inclusion through education, and we are also considering other methods to increase our charitable impact.

+ Please see page 50 for details

Terms of Reference

To ensure that we remain in line with governance requirements, during the year the Board reviewed the Terms of Reference for all Board Committees and the Executive Directors. This is valuable preparation for ensuring that responsibilities are correctly assigned under the Senior Manager and Certification Regime (SMCR) which will come into force during the current financial year.

The year ahead

Governance matters continue to be a key component of the Board's agenda, and in particular the requirements of the new Code and of SMCR will continue to guide our deliberations.

The Board will continue to evolve the Group's strategy and its interaction with and, obligations to, the various stakeholders.

We shall continue to develop all the matters set out in this report in the current financial year. We anticipate developing metrics to measure our culture and continuing to monitor the progression of existing metrics such as the new KPI measuring gender diversity in senior managers.

The Board will maintain its focus on the Group's culture and how this supports the delivery of sustainable shareholder value without compromising our ethical standards and responsibilities to the Group's stakeholders.

I am very happy to respond to any questions you may have, either at the AGM or otherwise.

KEVIN PARRY OBE
CHAIRMAN
21 MAY 2019

BOARD OF DIRECTORS

Left to right

Kathryn Purves, Andrew Sykes, Amy Schioldager, Benoît Durteste, Kevin Parry, Virginia Holmes, Rusty Nelligan, Stephen Welton, Philip Keller

KEVIN PARRY OBE
CHAIRMAN

Kevin Parry has extensive experience as an executive and a NED of financial institutions, professional services, media and information companies. He has worked for a number of businesses both domestically and internationally, which range from small cap to FTSE 100 or equivalent private entities. He is a chartered accountant with significant auditing and transaction experience. His responsibilities as a Director of other companies include acting as a Senior Independent Director, audit committee and risk committee chairman and serving on other board committees. He was an independent NED prior to his appointment as Chairman.

Other Directorships

The Royal London Mutual Insurance Society Limited, Daily Mail and General Trust PLC and the Nationwide Building Society

Joined Board

2009 (Chairman since 2016)

BENOÎT DURTESTE
CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER

Benoît Durteste became ICG's CEO and Chief Investment Officer from the 2017 AGM. He is an experienced investor with a strong understanding of the markets in which the Group operates. During his time on the Board he has been a strong contributor to the Group's strategic development, including leading its European investment business. He contributes a thorough understanding of financial markets and the Group's investment portfolio to Board proceedings. Benoît joined ICG's Paris office in September 2002 from Swiss Re and moved to ICG's London office in 2007.

Other Directorships

ICG Group entities, ICG investee entities and Chairman of the BVCA Alternative Lending Committee

Joined Board

2012 (CEO since 2017)

PHILIP KELLER
CHIEF FINANCE AND OPERATING OFFICER

Philip Keller is retiring from the Board during summer 2019. Philip is a chartered accountant and brings sound financial management skills to the Board. He also has a strong focus on operational matters and stakeholder communications, and has overseen the significant expansion of the Group's operations and infrastructure. Prior to joining ICG, he was Finance Director of ERM, a global environmental consultancy, where he was part of a management team that led two leveraged buyouts.

Other Directorships

ICG Group entities

Joined Board

2006

VIRGINIA HOLMES
NON EXECUTIVE DIRECTOR

R RK

Virginia Holmes brings to the Board an extensive knowledge of the financial services industry, including both investment management and banking. Her executive experience includes serving as Chief Executive of AXA Investment Managers in the UK and more than a decade with the Barclays Bank Group. She is an experienced Director of a number of UK PLCs (including serving on remuneration committees), who enhances the corporate governance understanding of the Board and aids it in considering its relationships with stakeholders.

Other Directorships

British Airways Pension Trustees Ltd and affiliated entities, Jupiter European Opportunities Trust PLC and USS Investment Management Limited

Joined Board

2017

AMY SCHIOLDAGER
NON EXECUTIVE DIRECTOR

RK A

Amy Schioldager was a senior executive at BlackRock where she was a member of the global executive committee and head of beta strategies. She brings extensive knowledge of international investment markets and a track record of global expansion. She is ICG' s first US based NED; a region that is a key growth area for the Group. She was the Founder of BlackRock's Women's Initiative and Vice Chair of BlackRock's Corporate Governance Committee and brings valuable expertise to the Board in these areas.

Other Directorships

American International Group, Inc.

Joined Board

2018

VIJAY BHARADIA
INCOMING CHIEF FINANCE AND OPERATING OFFICER

Vijay Bharadia has extensive experience as a CFO in the alternative asset management sector and, in particular, of helping drive significant international growth. He has worked for the past decade as International CFO for Blackstone with responsibility for financial, tax and regulatory reporting across Europe and Asia, as well as holding a wider operational and governance brief. Prior to that, he worked at Bank of America Merrill Lynch in a variety of roles, latterly as Co-CFO for EMEA Equities. Following an extensive search, he was appointed as ICG's CFOO and joined the Board on 20 May 2019.

MICHAEL 'RUSTY' NELLIGAN
NON EXECUTIVE DIRECTOR

A RK

Rusty Nelligan was a partner with PwC. He, as lead client partner for global companies in financial services and pharmaceutical life sciences, was responsible for direction, development and delivery of services for independent audits, assurance and advisory projects relating to corporate governance, internal controls, risk management, regulatory compliance, acquisitions and financial reporting. Rusty was employed by PwC in the US from 1974, in Europe from 1994, and is a US Certified Public Accountant. His extensive and current experience of working closely with major international financial and corporate institutions on matters of corporate governance, financial reporting and internal controls has proven a valuable addition to the Board and Company's development in a growth environment.

Other Directorships

None

Joined Board

2016

ANDREW SYKES
SENIOR INDEPENDENT DIRECTOR

A N R

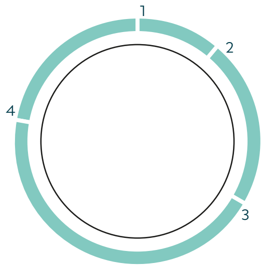
Andrew Sykes has a wealth of financial services and non-executive experience. He is currently Chairman of Smith & Williamson Holdings Ltd and a Non- Executive Director of Gulf International Bank (UK) Ltd, where he serves as Chairman of the Audit & Risk Oversight Committee. He was previously Chairman of SVG Capital plc. Andrew spent 26 years of his executive career at Schroders PLC. He is an experienced Director of UK listed companies with a deep knowledge of the financial services sector and of Corporate Governance requirements, which, together with his background as a senior executive in the asset management sector, has proven to be invaluable in helping oversee the Group's continued growth.

Other Directorships

Smith & Williamson Holdings Limited and Gulf International Bank (UK) Limited

Joined Board

2018



Age of board members

1. 45-49	1
2. 50-54	2
3. 55-59	4
4. 60-64	2

KATHRYN PURVES
NON EXECUTIVE DIRECTOR

RK A N

Kathryn Purves is the Chief Executive of IFG Group plc, a wealth management and financial advisory group, having taken up this role in April 2018 after two years acting as a NED. She was previously the Chief Risk Officer of Partnership Assurance Group plc. Kathryn's executive experience, particularly in risk management, has proved a valuable resource to the Board and she enhances oversight in a key area for the Group. She also brings valuable investment experience to the Board. Before joining Partnership in 2008, she worked within the private equity industry for 10 years, most recently at Phoenix Equity Partners. Prior to that, she worked for Deutsche Bank in Europe and for UBS Capital in Australia and Asia.

Other Directorships

IFG Group plc

Joined Board

2014

STEPHEN WELTON
NON EXECUTIVE DIRECTOR

N R

Stephen Welton has over 25 years' experience in the development capital and private equity industry. He has been Chief Executive of the Business Growth Fund (BGF) since its launch in 2011, having previously spent over 10 years at CCMP Capital. He started his career in banking and has also worked as the Chairman and CEO of various growth companies. His current Chief Executive role and deep investment experience mean that he is well placed to contribute to the Board on matters relating to strategy and business development.

Other Directorships

Business Growth Fund and a number of subsidiaries, Council Member of Innovate UK

Joined Board

2017

COMMITTEE KEY

- COMMITTEE CHAIRMAN
- A AUDIT
- N NOMINATIONS/GOVERNANCE
- R REMUNERATION
- RK RISK

EXPLANATORY NOTES

All Non Executives are independent.

Other Directorships exclude subsidiaries of quoted PLCs, charities and minor positions.

OUR CORPORATE GOVERNANCE FRAMEWORK

↓ **CHIEF FINANCE AND OPERATING OFFICER**

↓ **HEAD OF FINANCE**

↓ **INTERNAL AUDIT**

AUDIT COMMITTEE

- Comprised of NEDs
- Oversees internal audit and the Group's financial reporting and disclosure

+ Please see pages 51 to 60 for the report of the Audit Committee

↓ **COMPLIANCE**

↓ **CHIEF RISK OFFICER**

↓ **OPERATIONAL RISK COMMITTEE**

RISK COMMITTEE

- Comprised of NEDs
- Oversees the Group's risk management framework and system of internal controls

+ Please see pages 61 to 65 for the report of the Risk Committee

REMUNERATION COMMITTEE

- Comprised of NEDs
- Determines the Group's Remuneration policy
- Reviews the remuneration of senior management

+ Please see pages 72 to 92 for the report of the Remuneration Committee

↑ **HUMAN RESOURCES**

↑ **COMPANY SECRETARY**

BOARD OF DIRECTORS

- Comprised of the Chairman, Executive and Non Executive Directors
- Has the authority to conduct the business of the Company in accordance with the Company's constitutional documents
- Runs the Company for the long term benefit of shareholders

NOMINATIONS AND GOVERNANCE COMMITTEE

- Comprised of NEDs
- Evaluates the Board's composition, performance and succession planning
- Oversees the Group's culture and D&I initiatives
- Considers candidates for Board positions

+ Please see pages 66 to 71 for the report of the Nominations and Governance Committee

↑ **HUMAN RESOURCES**

↑ **COMPANY SECRETARY**

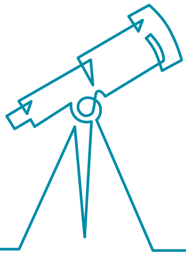
EXECUTIVE DIRECTORS

- The Board has delegated authority for the day to day management of the Group and its business to the Executive Directors
- Have general responsibility for:
  - The Group's resources
  - Executing the approved strategy
  - Financial and operational control
  - Managing the business worldwide

+ Please see page 93 for further details

↑ **COMMERCIAL STEERING COMMITTEE**

↑ **OPERATIONS STEERING COMMITTEE**



BOARD ROLES

CHAIRMAN

- Kevin Parry, who is responsible for:
  - Organising the business of the Board
  - Ensuring its effectiveness and setting its agenda
  - Effective communication with the Group's shareholders

+ Please see page 38 for the Chairman's letter to shareholders

NON EXECUTIVE DIRECTORS

- Virginia Holmes, Rusty Nelligan, Kathryn Purves, Amy Schioldager, Andrew Sykes and Stephen Welton act as NEDs of the Company
- All NEDs are independent
- Responsible for providing independent oversight of, and challenge to, the Executive Directors

+ Please see pages 40 and 41 for Directors' profiles

CHIEF EXECUTIVE OFFICER

- Benoît Durteste, whose role is to oversee the Group on a day to day basis
- Accountable to the Board for the overall performance of the Group
- Also serves as Chief Investment Officer

CHIEF FINANCE AND OPERATING OFFICER

- Philip Keller, whose role is to lead and manage the Group's financial affairs on a day to day basis and to manage the infrastructure platform of the Group with regard to prudent risk management measures
- Vijay Bharadia will assume these responsibilities when Philip Keller retires

SENIOR INDEPENDENT DIRECTOR

- Andrew Sykes, who acts as a sounding board for the Chairman and, where necessary, acts as an intermediary for shareholders or other Directors if they feel issues raised have not been appropriately dealt with by the Chairman

KEY BOARD SUPPORT ROLES

COMPANY SECRETARY

- Responsible for advising on legal, governance and listing matters at the Board and across the Group
- Provides advice and support to the Board and its Committees
- Manages the Group's relationships with shareholder bodies
- Each Committee's Secretary provides advice and support within the specialist remit of that Committee; they are responsible for ensuring that the Committee members receive relevant information and that appropriate matters are discussed

COMMITTEE SECRETARIES

- Nominations and Governance Committee: Company Secretary
- Remuneration Committee: Company Secretary
- Audit Committee: Head of Finance
- Risk Committee: Chief Risk Officer

WHO MANAGES OUR RISKS?

CHIEF RISK OFFICER (CRO)

- Responsible for all areas of the risk function, including:
  - Financial, investment, operational, regulatory, IT, information flow and market risk
  - Assessing and monitoring the risks faced by the Group and advising senior management and the Board directly
  - Advising on setting risk tolerance and appetites, and controlling appropriate and relevant risk exposures
- Has direct access to Executive Directors and NEDs

GROUP COMPLIANCE OFFICER

- Responsible for overseeing and managing regulatory compliance matters within the Group
- Has direct access to Executive Directors and NEDs

HEAD OF INTERNAL AUDIT

- Responsible for providing independent assurance on the effectiveness of the risk management processes, governance and internal controls
- Internal audits are undertaken in accordance with an annual risk based plan approved by the Audit Committee
- Reports to the Chair of the Audit Committee and also has direct access to Executive Directors

GENERAL COUNSEL

- Responsible for overseeing and managing legal risk within the Group
- Has direct access to Executive Directors and NEDs

OPERATIONAL RISK COMMITTEE

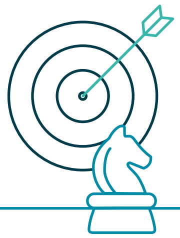
- Remit is to identify and manage potential operational risks and suggest solutions or improvements in process
- Chaired by the CRO and reports its findings to the Operations Steering Committee and the Board Risk Committee

THE BOARD'S YEAR

AREAS OF BOARD FOCUS

STRATEGY, NEW PRODUCTS AND MARKETS

+ Macroeconomic updates, including specific consideration of ongoing geopolitical risks
+ Review of strategic objectives and key deliverables
+ Consideration of new opportunities and business planning



MANAGEMENT AND LEADERSHIP

+ Board composition and skills
+ Succession planning for NEDs and Executive Directors
+ Business unit updates with relevant senior managers
+ Technical training including regulatory matters and other developments

GOVERNANCE, STAKEHOLDERS AND SHAREHOLDERS

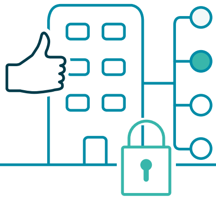
+ Review of feedback from shareholders
+ Oversight of governance framework and risk management
+ Consideration of stakeholder engagement

TIMELINE

	MAY 2018	JULY 2018	SEPTEMBER 2018
KEY ISSUES AND HIGHLIGHTS	+ Key business developments and latest financial reports + Board evaluation actions	+ Business Strategy Review + Financial forecast review + Culture assessment and oversight framework	+ ICG Private Market Index + Key business developments and latest financial reports + Culture update + Charitable giving review
ANNUAL MATTERS	+ Approval of Annual Report and AGM Notice + Insurance renewal + Review of shareholdings of senior managers + NED fee review	+ Review of feedback from shareholders on the year end results announcement + Principal Risks review	+ Matters arising from AGM and shareholder feedback
BUSINESS UNIT REVIEWS, TRAINING AND TECHNICAL UPDATES	+ Asia Pacific Corporate update	+ Fundraising market update + Broker update	+ Real Estate update
OTHER MEETINGS HELD	A N R RK	AGM N	A N RK

COMMITTEE KEY

- AGM ANNUAL GENERAL MEETING
- A AUDIT COMMITTEE
- N NOMINATIONS COMMITTEE
- R REMUNERATION COMMITTEE
- RK RISK COMMITTEE



FINANCIAL PERFORMANCE, OUTLOOK AND CAPITAL

+ Review of financial reporting
+ Review of dividend strategy
+ Review of tax strategy
+ Company valuations
+ Review of balance sheet financing

OPERATIONS, RISK MANAGEMENT AND SYSTEMS

+ Review of fund performance
+ Review of regulatory capital position
+ Enhanced reporting on effectiveness of control framework, including the introduction of ISAE 3402 reporting

CULTURE AND VALUES

+ Ongoing review of succession planning at senior management levels including consideration of cultural fit and capability
+ Interaction with stakeholders
+ Diversity, inclusion and culture workstreams
+ Review of Employee Engagement Survey

NOVEMBER 2018	JANUARY 2019	MARCH 2019
+ Culture and purpose review + Approval of Company's ICAAP + Key business developments and latest financial reports + Employee engagement and charitable giving	+ Valuation update + Brexit planning update + Key business developments and latest financial reports	+ Board evaluation results + Key business developments and latest financial reports
+ Approval of half year reports + Interim dividend	+ Half year results feedback + Confirmation of outside interests of Directors	+ Budget + Annual compliance reports + Committee terms of reference and membership review
+ European Infrastructure update	+ European Corporate update	+ US business update + US regulatory compliance update + ESG programme update
A N R RK	N R	A N R RK

THE BOARD'S YEAR

CONTINUED

BOARD AND COMMITTEE MEETING ATTENDANCE

Director	Board	Audit	Risk	Nominations	Remuneration
Kevin Parry	6/6	(c)	(c)	6/6(b)	4/4
Benoît Durteste	6/6	(c)	(c)	(c)	(c)
Philip Keller	6/6	(c)	(c)	(c)	(c)
Peter Gibbs (a)	2/2	1/1	1/1	1/1	1/1
Virginia Holmes	6/6	(c)	4/4	(c)	4/4
Kathryn Purves (d)	5/6	3/4	3/4	5/6	(c)
Rusty Nelligan	6/6	4/4	4/4	(c)	(c)
Amy Schioldager	6/6	4/4	4/4	(c)	(c)
Andrew Sykes	6/6	4/4	(c)	6/6	4/4
Kim Wahl (a)	1/2	1/1	1/1	1/1	1/1
Stephen Welton	6/6	(c)	(c)	6/6	4/4
Secretary	6/6	4/4	4/4	6/6	4/4

(a) Retired from the Board 26 July 2018.
(b) Recused from all parts of meetings relating to Chairman succession.
(c) Not a member of this Committee but attended part or all of some or all meetings at the invitation of the Committee Chairman.
(d) Unable to attend one set of meetings due to unforeseen circumstances; the Board does not anticipate that this will recur.

INDUCTION AND TRAINING

ONGOING TRAINING AND DEVELOPMENT

The Board recognises the importance of the continued professional development of the Directors in order to build on their existing skills and experience. During the year the main focus of development for the Board has been in continuing to improve their detailed knowledge of the Group's business and the market environment.

Business unit heads present developments in their areas, including risks and opportunities for growth to the Board on a regular basis. Business areas reviewed during the year included Asia Pacific corporate investments, capital market investments, European corporate investments, the US business and Real Estate investments. These sessions give NEDs a deeper understanding of the Group's business, strategies and markets, and an understanding of team structures to assist with succession planning. They also provide greater opportunity for NEDs to challenge Executive Directors and senior management.

The heads of the Group's control and oversight functions and corporate strategy also presented. The Board and its Committees also received technical updates from external advisers.

A regular training programme has also been established. Under this programme, the NEDs receive detailed and more operationally focused presentations from staff members about specialist topics relating to the Group's business. Sessions held have included a review of different investment structures, a discussion on the firm's culture and operational updates in respect of the Fund Administration teams. In addition, the Group monitors other external training undertaken by the NEDs.

The Executive Directors attend Board training and have also undertaken courses on anti-money laundering, anti-bribery and corruption and information security. Each also receives formal and ad hoc updates on statutory and regulatory developments from internal and external parties.

The Executive Directors regularly lead induction and update sessions for all staff on the Group's strategy and markets.

INDUCTION

The objective of the induction process for new Directors is to enable that Director to contribute to Board proceedings from appointment. Each programme is tailored to the incoming Director and includes a series of meetings and presentations supported by relevant documentation and policies.

An induction has been prepared for Vijay Bharadia, including tailored meetings with all relevant department and business unit heads, and key external advisers. Any other new Director appointed will receive a thorough induction in line with that provided for previous joiners, adjusted for any particular individual requirements.

BOARD EVALUATION

BOARD PERFORMANCE

In line with the effective governance requirements of the Code, the Board reviews its own performance annually. The assessment covers the effectiveness and performance of the Board as a whole, an evaluation of individual Directors and the effectiveness of the Board Committees. The NEDs, led by the Senior Independent Director (SID), and taking into account the views of Executive Directors, are responsible for evaluating the performance of the Chairman.

In addition, the Code requires that every three years an external third party performs an evaluation of the Board. This exercise was last carried out in March 2017.

2019 EVALUATION

An extensive self-assessment was completed to evaluate the effectiveness and performance of the Board and each Committee. A report was produced and debated at the Board and each Committee. The Board formally concluded that the Board and each of its Committees continues to function efficiently and effectively.

The Board concluded the following actions are required following the self-assessment:

- A review of proposed new fund strategies should be held to ensure that new areas are given appropriate support and scrutiny
- A mid year review should be held to ensure the incoming CFOO has been appropriately inducted into the Group's processes and that he has an appropriate management structure beneath him
- The Board should receive a full briefing on technology and systems and consider any necessary enhancements
- Formal handover sessions should be held with the incoming and outgoing auditors to ensure an orderly transition
- The Audit Committee should review the Internal Audit function's structure and resourcing as it considers the requirements for the next phase of the Group's growth
- The Risk Committee should continue to work to broaden the risk management coverage of the business
- Management should continue to work to simplify information presented to the Remuneration Committee
- Regular review sessions should be held by the Remuneration Committee chair to ensure that the first full year of new Remuneration advisers is a smooth one
- Regular updates should be provided by the Nomination and Governance Committee as they conduct an orderly and timely search for the Company's new Chair

The Board will work on these matters during the year.

UPDATE ON 2018 EVALUATION

In January 2018 an extensive self-assessment was completed to evaluate the effectiveness and performance of the Board and each Committee. A report was produced and debated at the Board in March 2018. The Board formally concluded that the Board and each of its Committees continued to function efficiently and effectively.

The exercise also highlighted some areas where Board performance, processes or operations could be improved. The Board made progress on each of these matters during the year and has completed the majority of them.

All of the points for improvement outlined in 2018 were reviewed at Board meetings and resolved to the satisfaction of the Board during the course of the year.

ENGAGEMENT WITH STAKEHOLDERS

STAKEHOLDER ENGAGEMENT PROGRAMME

The Company has a comprehensive programme which aims to help existing and potential investors understand and communicate with the Group. The programme is designed to ensure regular engagement with institutional investors, shareholder groups and debt investors. Regular feedback is provided to the Board to ensure that they understand the views of stakeholders. During the year, the programme included:

- Meetings with principal shareholders: Throughout the year, the Chairman, the SID, the Committee Chairs, CEO and CFOO have been available to meet with principal shareholders. Meetings were largely held after the interim and full year results announcements and in the lead up to the AGM. The Chairman has been proactive in meeting a number of large shareholders throughout the year and also hosted a dinner for a number of principal shareholders with the SID and Executive Directors in attendance. The full Board has been kept informed of the issues raised at these meetings and the views of shareholders on a regular basis
- Remuneration Committee Chair feedback: The Chair of the Remuneration Committee has met with principal shareholders and also with shareholder bodies including the Investment Association, Institutional Shareholder Services and Glass Lewis
- SID feedback: The SID engaged with a number of shareholders during the year, particularly on the matter of Chairman succession. He remains available to meet shareholders as required; in particular in respect of any matter that has been previously raised with the Chairman, but not resolved
- Analyst meetings: In addition to presentations to analysts that coincide with the announcement of the Group's full year and half year financial results, the Group's CEO, CFOO and the Head of Investor Relations have regularly met with analysts to enhance the financial community's understanding of the Group. The Executive Directors also hosted a dinner for a number of analysts providing an opportunity for informal discussions and queries
- Engagement with debt investors: The CFOO and Head of Treasury have held regular meetings with the Group's key relationship banks, and have also actively engaged with potential lenders. Update meetings were held with current and potential holders of public and private debt instruments issued by the Group, and with both Standard & Poor's and Fitch rating agencies
- Engagement with fund investors: The Executive Directors and the Group's portfolio managers maintain engagement with clients through regular reporting, investor days and other update meetings
- Engagement with staff: See page 38
- Engagement with suppliers: The Company recognises that supplier relationships are enhanced by prompt payment. We are committed to settling supplier invoices within agreed contractual terms. Where supplier invoices are in dispute we will work with the relevant party to resolve any outstanding issues and facilitate the prompt payment of monies owed. In addition, supplier management processes are a key operational risk of the Group as detailed on page 32. During the year, the procedures used to identify and monitor critical supplier relationships have been further enhanced to mitigate this risk
- Annual General Meeting: At the AGM held in July 2018, the Chairman, CEO and other Directors were available to shareholders for discussion and to answer any questions. All shareholders are welcome to attend the AGM
- Impact on the community and the environment: See pages 49 and 50
- Informal feedback: Executive Directors and the Head of Investor Relations received feedback from analysts and investors during the year, both directly and through the Group's corporate advisers. The Company Secretary also received feedback on governance matters from, and met with, investors and shareholder bodies. This information was shared with the Board to help members develop their understanding of shareholders' views and expectations

We envisage a further programme of engagement during the year, including holding an investor day.

Relationships with shareholders

The Company recognises the importance of communication with its shareholders. Accordingly, the Board is happy to enter into a dialogue with institutional shareholders based on a mutual understanding of objectives, subject to its duties regarding equal treatment of shareholders and the dissemination of inside information. The CEO and the CFOO meet institutional shareholders on a regular basis, and the Chairman and the SID periodically contact the Company's major shareholders and offer to meet with them. When requested to do so, the SID, Committee Chairs and other NEDs are happy to attend meetings with major shareholders.

OUR CULTURE AND PURPOSE

As we celebrate our 30 year anniversary this year we are justifiably proud of our heritage and our ability to attract and retain talented individuals who help us achieve high performance for all our stakeholders"

BENOÎT DURTESTE
CHIEF INVESTMENT OFFICER AND CHIEF EXECUTIVE OFFICER

PROMOTING THE SUCCESS OF THE COMPANY

During the year, ICG's Board has been considering the Group's place in society as a whole. We have taken steps in a number of areas to enhance the positive impact the Group can make.

Culture, values and purpose

The Board discussed the Group's culture, values and purpose at a number of meetings during the year. It was agreed that the culture centres around long term relationships with a wide range of stakeholders; sustainable investment excellence; and a world class team demonstrating integrity, diversity and collaboration. The Board approved the language used to define our purpose, culture and values (see page 2).

The Board will continue to monitor the Group's culture, values and purpose on an ongoing basis through engagement with management and employees, and will also receive update presentations at meetings. We have appointed a NED to seek employee views through meetings in small groups, and intend to convene a staff AGM.

Corporate sponsorship

During the year the Group announced its three and a half year collaboration with BUCS (British Universities and Colleges Sport) as its Women's Hockey Programme Headline Partner.

BUCS is the national governing body for Higher Education sport in the UK, a membership organisation with charitable status, with a vision to create the best university sport experience in the world. The Group chose to partner with BUCS as it considered that sport, and women's hockey in particular, corresponded with the Group's values and ambitions. The partnership is centred on 'working together to deliver performance' – a mutual value between both organisations. The Group strives to develop strong, female leaders and offer talented individuals excellent opportunities across a range of careers.

Diversity and Inclusion

D&I continues to be a priority for the Board, with the Nominations and Governance Committee overseeing and receiving regular reports on the initiatives being conducted by the Group in this area. A D&I strategy plan has been implemented, and progress will be reported to the Board at least annually. This strategy includes the establishment of a D&I Forum to seek employee views and a D&I Steering Committee comprising members of senior management.

In July 2018, ICG was proud to become a signatory to the HM Treasury Women in Finance Charter, joining over 330 other British companies that have pledged to increase the number of women in UK senior management roles. The Board approved a target of increasing the number of women in UK senior management to 30% by 2023 and a new Strategic KPI has been established to report progress on this objective (see page 18).

The Remuneration Committee also incorporated requirements around D&I into the KPIs for the Executive Directors for the first time in FY19, ensuring their remuneration is partly linked to progress in this area.

Employee development and wellbeing

The Nominations and Governance Committee has supported, overseen and challenged management's programmes to develop and support its employees. A number of new initiatives have been launched during the year, including the launch of an enhanced training and development programme (headed by a specialist new hire in the HR function) to ensure employees can reach their full potential, and a health and wellbeing initiative which has included a focus on supporting the mental health of employees. During the year the Group has enhanced its parental policies and established a programme providing additional support to employees with caring responsibilities.

OUR IMPACT ON OTHERS

Charitable giving

During the year, the Board has made a commitment to increase its charitable giving. As well as continuing to support the Group's existing programmes (see page 35) the Board convened a working group (chaired by the SID and including the CFOO and a range of employees from across the business) to investigate how this could be achieved in a manner consistent with our values.

The Group conducted research, including an employee survey, and after holding a number of meetings and discussions (internally and with potential partners), the Working Group recommended to the Board that ICG should partner with a major educational foundation and make a significant commitment to fund initiatives aimed at improving educational outcomes for underprivileged children. In addition they made a number of other recommendations including additional support for employees who wish to volunteer their time to charity and an increase in the level of giving that employees may ask the Company to match.

The Board reviewed and approved the recommendations of the Working Group and ICG is now in detailed discussions with the relevant foundation with a view to finalising its commitment in the coming months.

Environmental, Social and Governance (ESG) Impact

The Group's commitment to environmental improvement was demonstrated through our participation in the Carbon Disclosure Project, initiated following a letter from shareholders to our Chairman. The environmental impact of the Group and its portfolio was rated as B, an improvement from our prior grade of E in 2014, demonstrating improvement in recent years. The Group has committed to participate in the project in 2019.

We were also assessed during the year by FTSE4Good and found to be eligible for inclusion in its index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.

As part of the charitable giving initiative mentioned above, the Board approved a proposal to make a donation to an environmental charity which both encourages entrepreneurship in developing countries and mitigates the impact of carbon emissions.

Responsible investing

The Board continue to see responsible investment as a crucial part of our investment philosophy and has supported management as our responsible investment practices continue to be enhanced. We have been a signatory to the UN Principles of Responsible Investment since April 2013 and implement responsible investment practices across our portfolio as detailed at www.icgam.com. During the year, the Group employed its first Responsible Investment Officer (see page 11) who has presented to the Board on ESG. You can read more about our approach to responsible investing on page 11.

> "We are committed to fostering a culture where responsible investing is fully embedded across ICG"
>
> **ROSINE VITMAN**
> CHIEF INVESTMENT OFFICE

AUDIT COMMITTEE REPORT

I believe the presentation of high quality, understandable financial information enhances shareholder value"

RUSTY NELLIGAN
CHAIR OF THE AUDIT COMMITTEE

The following pages set out the Audit Committee (Committee) report for financial year 2019. The report is structured in five parts:

1. **Committee governance: roles and responsibilities, composition and effectiveness (page 52)**
2. **Review of the year: significant financial reporting and auditing issues we addressed (page 54)**
3. **Internal controls: assessment of the adequacy of the control framework (page 57)**
4. **External auditor: appointment, rotation, independence and effectiveness (page 57)**
5. **Internal audit: review of the audit plan, performance and effectiveness (page 60)**

We oversee the Group's financial reporting and related elements of its accounting, internal controls and regulatory compliance, in addition to the internal and external auditing processes. Our work focuses on the evaluation of significant estimates and judgements underlying the financial statements and the overall fairness and clarity of reported financial information.

DEAR SHAREHOLDER

I am pleased to present the Committee's report for the year ended 31 March 2019. The Committee plays a key role in ensuring that financial information is presented in a fair, balanced and understandable manner and that the related internal controls and audit are effective throughout the period. This also means that critical estimates and judgements are suitably scrutinised and challenged where appropriate.

The financial statements of the Group include the consolidation of funds that the Group controls but its exposure to losses is limited to the capital invested by the Group in each fund. We therefore believe that the presentation of alternative performance measures, which eliminate the impact of the consolidation of these funds, enhances shareholders' understanding of the Group's performance. Our focus is to ensure that where alternative performance measures are used, they do not detract from IFRS GAAP measures, and they are appropriately presented, defined and, where possible, reconciled to relevant IFRS GAAP measures (see page 21).

The balance sheet portfolio remains a significant component of the Group's financial statements and, as in prior years, the valuation of the investment in funds and portfolio companies remains an area of significant judgement and corresponding oversight by the Committee.

Over the past year, the Committee has reviewed and debated critical assumptions and judgements including the change in unit of account assessment and the change technique used to value the Group's investment in CLO subordinated notes.

The Committee routinely evaluates the quality of the Group's financial management and internal controls over financial reporting; the scope, direction and nature of assurance provided by internal audit; and the independence and effectiveness of our external auditors. During the year, the Committee's activity has been focused on this area of its responsibility, notably the work involved in undertaking the external audit tender. As reported in the 2018 Annual Report and Accounts, in order to comply with new regulations on audit tenure we are required to replace Deloitte LLP (Deloitte) as our external auditors by 2022. In January 2019, we announced that Ernst and Young LLP (EY) would replace Deloitte as the Group's auditor for the financial year commencing 1 April 2020 (see page 57). We would like to acknowledge and thank the firms who participated in the audit tender.

For the year ahead, the Committee expects to focus significant time on the preparation for the transition of the external audit to EY. Our objective is for a smooth transition of this important activity, retaining a high level of audit quality as EY take a fresh look at our controls, estimates and judgements in their first year.

AUDIT COMMITTEE REPORT
CONTINUED

The Audit Committee has continued to work closely with the Risk Committee and the Remuneration Committee with the aim of effectively covering pertinent topics in the most suitable forum. The Audit and Risk Committees have worked closely together to enable the Group to prepare its financial accounts on a going concern basis and to issue its viability statement (see page 29), taking into account the Group's ICAAP. The Audit Committee has reviewed the effectiveness of material controls, including material controls over financial reporting (see page 27), supported by the Risk Committee's review of the Group's risk management systems. Further details of the work of the Risk Committee can be found in its report on pages 61 to 65.

I believe the comprehensive reporting of our work is a valuable component of the Annual Report and should reassure shareholders of the importance placed on formal reporting and challenge of executive management by the NEDs. I would therefore be pleased to discuss the Committee's work with any shareholder.

RUSTY NELLIGAN
CHAIRMAN OF THE AUDIT COMMITTEE
21 MAY 2019

COMMITTEE GOVERNANCE

On behalf of the Board, the Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control.

Role and responsibilities

The Committee meets regularly, at least four times a year. The terms of reference are approved and reviewed by the Board on a regular basis, most recently in March 2019. The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary. Under these terms, the Committee is responsible for:

- Selecting and recommending the appointment and reappointment (including conducting any tender) of the external auditor and negotiating and agreeing their fees and scope of audit
- Reviewing the performance of the external auditor in respect of scope of work, quality of opinion and quality of service; and ensuring the successful rotation of the lead audit partner
- Reviewing the independence and remuneration of the external auditor and the relationship between audit and non audit work performed by the external auditor
- Reviewing the annual and interim accounts before they are presented to the Board, in particular addressing any significant issues arising from the audit: accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; and information used in making significant judgements, including provisioning, going concern and viability
- Monitoring the integrity of the financial statements of the Group, including its annual and half yearly reports, trading updates and any other formal announcements relating to its financial performance and advising the Board whether it considers the Annual Report to be fair, balanced and understandable
- Approving the appointment or termination of the Head of Internal Audit; approving the internal audit charter; and monitoring the effectiveness of the internal audit function in the context of the Group's overall risk management framework
- Reviewing and assessing the annual internal audit plan and resources, receiving internal audit reports, and monitoring management's responsiveness to internal audit findings and recommendations

In carrying out its duties, the Committee is authorised by the Board to obtain any information it needs from any Director or employee of the Group. It is also authorised to seek, at the expense of the Group, appropriate external professional advice whenever it considers it necessary. The Committee did not need to take any independent advice during the year.

Composition

The Committee consists of independent NEDs only. The current members are Rusty Nelligan (Chair of the Committee), Kathryn Purves, Amy Schioldager and Andrew Sykes. Biographical details can be found on pages 40 and 41.

The Committee members have a wide range of business and financial experience, including risk management, fund management and investment, regulation and compliance, M&A, tax and international business practices. These skills ensure the Committee has the relevant sector competence to enable it to fulfil its terms of reference in a robust and independent manner. Rusty Nelligan, a US Certified Public Accountant, was previously a partner at PwC working for over 20 years as lead client partner for European-headquartered global companies in financial services and pharmaceutical life sciences. The Board considers that he has competence in accounting and auditing as well as recent and relevant financial experience.

The Executive Directors and Chairman of the Board are not members of the Committee but regularly attend meetings at the invitation of the Chair of the Committee, together with Deloitte, the Company's external auditor, the Head of Internal Audit, the Head of Finance and the Chief Risk Officer.

The Committee meets separately with the external auditors and Head of Internal Audit without management present at least twice a year to ensure that they are receiving full cooperation from management, obtaining all the information they require and are able to raise matters directly with the Audit Committee if they consider it is desirable to do so.

In addition, the Chair of the Committee meets with the external auditors, Head of Internal Audit, Executive Directors, and other members of financial and operational management separately, and as appropriate, throughout the year.

Effectiveness

The Committee reviews its terms of reference and effectiveness annually.

During the year the Committee members and attendees completed a detailed questionnaire to evaluate the Committee's effectiveness. The findings relating to the Committee were discussed by the Committee and shared with the full Board. Overall, the Committee is considered to be performing well, is rigorous and effective in discharging its responsibilities and providing the Board with assurance. In terms of areas for improvement, the Committee agreed that there had been reasonable progress over the year in terms of the development of management reporting and the overall assurance structure, but noted that this would remain an area of focus for further enhancement. This will be further emphasised in connection with the impending changes in financial leadership and external audit.

Summary of meetings in the year

The Committee held four meetings during the year in line with the quarterly reporting dates. The Committee members attending each of the meetings can be found on page 46. In addition, there was one sub-Committee meeting to review key aspects of the report and accounts in April 2019 and a number of informal meetings associated with the audit tender process. The majority of the Committee's time has been spent on financial reporting and presentation and the external and internal audit activities.

AREAS OF COMMITTEE FOCUS

FAIRNESS AND CLARITY OF REPORTED FINANCIAL INFORMATION

+ Content of annual and other periodic financial reporting
+ Annual Report: fair, balanced and understandable

GOVERNANCE

+ Committee governance
+ Best practice developments
+ People and business changes

ACCOUNTING AND FINANCIAL REPORTING

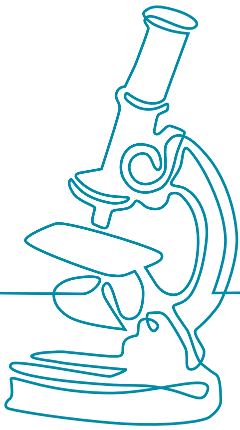
+ Evaluation of significant estimates and judgements (recognition, measurement and disclosure)
+ Assessment of going concern and the viability statement

EXTERNAL AUDIT

+ Appointment and remuneration of auditors
+ Oversight of auditor independence
+ Evaluation of audit scope, quality and effectiveness
+ Audit tender process

INTERNAL CONTROLS AND INTERNAL AUDIT

+ Oversight of internal audit function
+ Evaluation of financial operations
+ Assessment of effectiveness of internal controls over financial reporting
+ Oversight of effectiveness of material controls



AUDIT COMMITTEE REPORT

CONTINUED

REVIEW OF THE YEAR

The agenda of the Committee comprises recurring, seasonal and other business. Over the course of the year, the Committee considered and discussed the following significant matters:

<table>
<tr><th colspan="3">REVIEW OF THE YEAR</th></tr>
<tr><th>THE ISSUE AND ITS SIGNIFICANCE</th><th>WORK UNDERTAKEN</th><th>COMMENTS AND CONCLUSION</th></tr>
<tr><td>Alternative performance measures (non IFRS GAAP) aid understanding of the financial statements but must not detract from IFRS GAAP measures (see KPIs on pages 18 to 20 and the Finance and operating review on pages 21 to 25)</td><td>The Group uses a number of alternative performance measures, including but not limited to:
• Weighted average fee rate
• Operating margin
• Investment portfolio
• Cash generated from operating activities
• Net investment return
• Cash and debt position
• Gearing
A full list can be found in the Glossary on page 173.
We discussed the use of alternative performance measures with the Executive Directors and the external auditor and reviewed their continued appropriateness and consistency with prior years.
We received comfort from internal audit that the alternative performance measures had been prepared on a consistent basis with prior years and were subject to adequate review and validation controls.</td><td>We were satisfied that alternative performance measures, which are widely used in the asset management industry, can provide insight into performance from the perspective of our shareholders and other stakeholders.
We reviewed the alternative performance measures and were satisfied that they did not detract from IFRS GAAP measures and were: sufficiently defined and qualified, where necessary; consistently applied, and, where possible, reconciled to relevant IFRS GAAP measures.</td></tr>
<tr><td>The content of the annual, semi-annual and quarterly financial reporting needs to be appropriate, complying with relevant laws and regulation (see page 100 and the Auditor's Report on pages 102 to 111)</td><td>We reviewed all sections of the Annual Report having particular regard for the Committee's specific responsibilities for the financial statements. We reviewed and challenged the information analysed by management to assess which third party funds, carried interest partnerships, and portfolio companies are either controlled by the Group or over which the Group exercises significant influence. We reviewed all accounting policies for continued appropriateness and consistency in light of business development and changes in accounting standards.
We reviewed and challenged technique and assumptions used to value the Group's investment in CLO subordinated notes. While there are a range of acceptable valuation techniques, we agreed with the Executive Directors' conclusion that the change in valuation technique was appropriate and represented a change in estimate. Following the one off change we do not expect any significant variations between IFRS and internally reported profit and loss before tax in future.
During the year we reviewed and monitored the implementation of IFRS 9 'Financial Instruments: Classification and Measurement' and IFRS 15: 'Revenue from Contracts with Customers'. We agreed with management's impact assessment conclusions and related disclosures.
We also reviewed the effectiveness of the financial control environment, including the controls over financial reporting and the preparation of financial information included in the Annual Report. Our assessment of these controls was taken into account by the Board when undertaking its review of the effectiveness of material controls (see page 27).</td><td>We concluded that the Group controlled 16 credit funds and exercised significant influence over five entities during the financial year. Accordingly the controlled entities have been consolidated into the Group's financial statements, and the entities over which the Group exercises significant influence have been equity accounted. This has had the impact of grossing up the balance sheet, with total assets and total liabilities both increasing by £3.7bn (2018: £3.8bn).
We concluded that the accounting policies (see pages 118 to 171) were appropriate and had been updated to reflect business developments and new accounting standards. Based on our enquiries of the Executive Directors and external auditors, we concluded policies are being properly applied in areas such as assessing control and significant influence, revenue recognition, valuation of financial assets, impairments and taxation provisions.
We concluded that the areas of judgement (see page 119) are properly explained. We gained comfort from the Executive Directors and the external auditors that the Group complied with its reporting requirements.</td></tr>
</table>

REVIEW OF THE YEAR		
THE ISSUE AND ITS SIGNIFICANCE	**WORK UNDERTAKEN**	**COMMENTS AND CONCLUSION**
Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers (see page 100)	We held preparatory discussions with the Executive Directors to determine the format of the Annual Report and reviewed the assigned responsibilities for its content and overall cohesion and clarity. The Executive Directors compared our Annual Report with that of other alternative asset managers and best practice more widely. In light of that work we commented on design and detailed content, ensuring that feedback on the prior year Annual Report had been addressed and examples of best practice had been carefully considered in the context of the Group. A late draft of the Report and Accounts was reviewed by both the Audit Committee and the Board. We used the Executive Directors' and the Committee's collective knowledge to determine the overall fairness, balance and understandability prior to final approval by the Board. In this context, we especially considered judgemental matters such as the key risks (see pages 28 to 33), estimates and the period covered by the viability statement.	We received confirmation that individual responsibilities had been fulfilled and confirmed that the overall report was consistent with the Directors' knowledge and understanding of the Group. This supported the Committee's, and the Board's, assessment that the Annual Report taken as a whole is fair, balanced and understandable. We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure had been included to allow readers to understand the uncertainties surrounding outcomes. We were satisfied that the viability statement should consider a three year time horizon given that 89% of AUM is in closed end funds and reflecting both our internal planning cycle and the timescale over which changes to major regulations and the external landscape affecting our business typically take place. We will continue to monitor feedback and enhance the presentations and disclosures in the Annual Report.
Investments represent 81% of our total assets. As the assets are mainly unquoted and illiquid, considerable professional judgement is required in determining their valuation (see notes 5 and 8 to the financial statements and the Auditor's Report on pages 102 to 111)	We reviewed a detailed report on the valuation process the Executive Directors have undertaken and the judgements made in determining the value of the portfolio. In addition, on adoption of IFRS9 we reviewed the change in unit of account assessment to include the entire investment in a portfolio company for valuation purposes. The Committee agreed with the Executive Directors' conclusions and their assessment that this was a change in accounting estimate to be applied prospectively. We enquired into the realised gains in the income statement as an indicator of the reliability of the valuation process. In addition to the Executive Directors' procedures and the work of the external auditors, internal audit reviews the valuation process and provides the appropriate assurance to the Committee of the Executive Directors' compliance with the Group's valuation policies, process and procedures.	The Committee concurred with the valuations and determined that no adjustments were necessary.
Revenue recognition involves certain estimates and judgements, particularly in respect to the timing of recognising performance fees, which are subject to performance conditions (see note 3 to the financial statements and the Auditor's Report on pages 102 to 111)	We reviewed the revenue recognition of management fees, performance fees and investment income to confirm that the treatments were consistent with the Group's accounting policies.	We concluded that revenue has been properly recognised in the financial statements.

AUDIT COMMITTEE REPORT

CONTINUED

REVIEW OF THE YEAR

THE ISSUE AND ITS SIGNIFICANCE	WORK UNDERTAKEN	COMMENTS AND CONCLUSION
The external auditor needs to be independent of management to report on the consolidated and parent financial statements without conflicts of interest (see the Auditor's Report on pages 102 to 111)	We reviewed the standing policy on services that can be provided by Deloitte (see external auditor on page 57) and approved the provision of non audit services as required in accordance with this policy. We received confirmations from the Executive Directors and Deloitte of adherence to this policy and reviewed and approved the audit fees in the context of the size and complexity of the Group's audit. The Committee also received reports from Deloitte at each meeting on the fees incurred for audit and non audit services relating to the Group and associated entities.	We concluded that our conflicts of interest policy remains appropriate and in line with current guidance. We determined that the Group audit fee of £1.2m (2018: £1.0m) appropriately reflected the scope and complexity of the work undertaken by Deloitte. The Committee determined that any non audit services performed by Deloitte during the period were in compliance with the Group's non audit services policy and applicable regulation, and were not deemed to impair their independence. A detailed analysis of fees paid by the Group and consolidated subsidiaries to Deloitte is shown in note 10 on page 142.
The audit process needs to be effective so that the external auditor's opinion is credible and reliable (see the Auditor's Report on pages 102 to 111)	We discussed the areas of risks that may result in a material misstatement of the financial statements with Deloitte. We determined that we had a shared understanding of these risks. While planning the audit, Deloitte set out for the Audit Committee the key tests that they would perform on the higher-risk areas, and the Committee was satisfied with the proposed scope. The Committee requested detailed feedback on findings and discussed those findings prior to the approval of the Annual Report. Further details on the work the Committee undertook to assess the effectiveness of the audit can be found on page 58.	We were satisfied that the audit is effective and that the approach was directed to provide a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and fraud.
Oversight of the internal audit function	During the year the Committee considered and approved the updated Internal Audit Strategy and Plan including the risk-based plan for FY19 and FY20 and other internal audit activities. The Committee reviewed the delivery of the approved plan receiving audit scopes and final reports. The Committee monitored management's progress in implementing the agreed actions. The Committee monitored the progress of other internal audit activities including the expansion of internal controls reporting. The Committee's review of the work undertaken by internal audit focused on significant risk issues and themes. Further details of the work of internal audit can be found on page 60.	The Committee is satisfied that the delivery of the approved Internal Audit Strategy and Plan is providing timely and appropriate assurance on the controls in place to manage the principal risks to the Group.

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review including the capital strategy, financial and management reporting, risk and treasury management capabilities, relevant people changes, the going concern concept of accounting (see page 95), the viability statement (see page 29), the Auditor's Report (see pages 102 to 111), accounting developments and the auditor's management letter. No issues of significance arose.

INTERNAL CONTROLS

Risk management and internal control matters are the responsibility of the Group's Risk Committee. Its report is set out on pages 61 to 65.

The Committee reviewed the operation of the finance function to ensure it was sufficiently resourced and had the appropriate processes and controls over financial reporting to fulfil its first line of defence duties. The Committee noted the increase in capacity in the finance function during the year and the commitment of executive management to keep this area under review to ensure that the function was appropriately resourced to enable it to meet its responsibilities. The Committee was satisfied with the current level of resourcing and that the continued enhancements being made to the control environment to address regulatory and business developments.

The Group has an established control framework. The framework is designed to manage but not eliminate risks, and is designed to provide reasonable but not absolute assurance against material losses or misstatements. The Board's responsibilities for the management of risk are addressed further in the report of the Risk Committee.

EXTERNAL AUDITOR

Audit appointment

Following the review of the audit for the year ended 31 March 2018, the Committee recommended that Deloitte should be proposed to shareholders as the Group's auditors. The shareholders voted in favour of this reappointment.

Deloitte has been the Company's external auditor since its commencement of trading. In accordance with professional and regulatory standards, the lead audit partner has changed regularly since that time to safeguard the independence and objectivity of the audit process. The most recent audit partner rotation occurred following the conclusion of the 2015 year end audit.

The Group complies with the UK Corporate Governance Code, the Financial Reporting Council (FRC) Guidance on Audit Committees and the EU Regulation on Audit Reform. In addition, we comply with all aspects of the Competition and Markets Authority Statutory Audit Services Order. Accordingly, we are required to change our audit firm for the 2022 year end audit.

Absent any major service or quality issues, the desirability of a change of auditor has been a delicate balance between a 'fresh pair of eyes' and accumulated knowledge applied to produce a robust audit. The Committee is satisfied that David Barnes has the experience, independence and industry knowledge to be an effective lead audit partner until his term as lead audit partner comes to an end with the completion of the 2020 year end audit. The Committee decided that this would be an appropriate point to change auditors.

Audit tender

The Committee was responsible for the tender process and took all key decisions concerning timing, approach, evaluation criteria and recommendations. A Tender Committee was appointed by the Committee to manage the tender process, chaired by the Chair of the Audit Committee, Rusty Nelligan and also including Kathryn Purves, Chair of the Risk Committee and Philip Keller. Deloitte was not invited to participate in the tender process due to their length of tenure as the Group's auditors.

A detailed short listing process considered each firm's independence and ability to effectively manage the external audit of a Group of ICG's scale, complexity and geography. Three mid-tier and the three remaining large-tier firms were included in this process, although the final short list consisted of only the large-tier firms as none of the mid-tier firms were deemed to have the necessary skills and/or experience to make the short list.

Prior to launching the Request for Proposal (RfP), the Committee requested each of the short listed firms to undertake an assessment of non-audit services provided to the Group. At the conclusion of this process the Committee recommended that only two firms would be issued with the RfP as the impact on the Group's business operations of prohibiting PwC from undertaking deal sourcing and other related non audit services was deemed prohibitive.

In line with the FRC guidance the remaining firms were evaluated for their organisation and capability; audit approach and delivery; audit quality; and their resourcing and engagement team. In order to evaluate the firms against these criteria the Committee oversaw an analysis of the RfP responses, presentations, and due diligence, including reviewing Audit Quality Review Team reports published by the FRC.

At the conclusion of the process the Committee recommended to the Board that EY be selected, concluding that they had a strong team with good knowledge and experience of auditing valuations of unquoted, illiquid investments. Furthermore, the Committee felt that throughout the process EY had demonstrated their commitment to providing ICG with a high quality focused audit. Accordingly, the Board agreed to recommend to shareholders the appointment of EY at the 2020 Annual General Meeting.

AUDIT COMMITTEE REPORT

CONTINUED

Audit quality and effectiveness

The Committee places great importance on the quality and effectiveness of the external audit. In assessing quality and effectiveness, the Committee looks to the audit team's objectivity, professional scepticism, continuing professional education and its relationship with the Executive Directors.

The Committee's assessment includes an annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. This assessment is based in part on the results of observation, inquiry and questionnaires completed by the Committee members, the Executive Directors and other relevant senior management. The results of the evaluation were last reported to the Audit Committee in September 2018.

Having completed the review, and discussed its findings with the auditors, the Committee remains content with Deloitte's work, while identifying some areas for service improvement including strengthening their planning and resourcing to improve the efficiency of the audit process. The Audit Committee discussed the output with Deloitte who acknowledged that changes could be made to improve their service delivery, and have responded accordingly.

In addition to the annual evaluation, the Committee undertakes an ongoing assessment of external audit quality and effectiveness in the following ways:

- The Committee discusses and agrees the scope of the audit prior to its commencement. The full scope audit coverage amounted to 96% (2018: 96%) of the Group's profit before tax and 94% (2018: 95%) of the Group's net assets. Specific review procedures were performed on another 25 non significant entities
- The Committee reviewed, and was satisfied with, the content of Deloitte's Audit Transparency Report for the year ended 31 December 2018 which sets out Deloitte's commitment to audit quality and governance
- The Audit Quality Review team (AQRt) of the Financial Reporting Council performs an annual audit of a sample of Deloitte's audits. Following discussion with Deloitte, insofar as the issues might be applicable, the Committee was satisfied that Deloitte had proper and adequate procedures in place for the audit
- The Committee enters into a formal engagement with the auditor, negotiates and agrees its audit fee
- The Committee Chair has at least bi-monthly meetings with the lead audit partner to discuss Group developments
- The Committee receives at every Audit Committee meeting an update of Deloitte's work, compliance with independence and its findings
- The Committee reviewed and discussed the audit findings, including audit differences prior to the approval of the financial statements

In accordance with relevant independence standards, the external auditors do not place direct reliance on the work of internal audit.

Audit materiality

We have discussed the accuracy of financial reporting with Deloitte both as regards accounting errors that will be brought to the Committee's attention and as regards amounts that would need to be adjusted so that the financial statements give a true and fair view. Errors can arise for many reasons ranging from deliberate errors (fraud etc.) to estimates that were made at a point in time that did not consider all available information.

Overall audit materiality was set at £13.9m (2018: £12.2m). This equates to approximately 1% of net assets. A lower materiality of £7.2m (2018: £4.8m) has been applied for fund management revenues. This is within the range that audit opinions are conventionally thought to be reliable. The auditors use the overall materiality combined with their knowledge of the Group, controls environment and assessment of significant risks, to determine which Group entities require full scope audits or specific audit procedures to be performed in order to confirm that the financial statements are free of material misstatement. Further details can be found in the Auditor's Report on page 102.

To manage the risk that aggregate uncorrected errors become material, it was agreed that Deloitte would draw to the Committee's attention all identified uncorrected misstatements greater than £284,000 (2018: £245,000) and for fund management revenues £144,000 (2018: £95,000).

The aggregated net difference between the reported pre-tax profit and the auditor's judgement of pre-tax profit was £0.3m, which was significantly less than audit materiality. The gross differences were attributable to various individual components of the income statement. No audit difference was qualitatively or quantitatively material to any line item in either the income statement or the balance sheet. Accordingly, the Committee did not require any adjustment to be made to the financial statements as a result of the audit differences reported by the auditor.

Non audit services

The Board has an established policy setting out what non audit services can be purchased from the firm appointed as external auditors. The Committee regularly monitors non audit services being provided to the Group by Deloitte to ensure there is no impairment to their independence or objectivity. Procedures are in place to determine that all significant non audit work performed by the auditor in excess of £50,000 is approved in advance by the Committee. Engagements are only approved if they do not, and will not, impair, or appear to impair, the auditor's judgement or independence.

The procedures set out the categories of non audit services which the external auditor is and is not allowed to provide to the Group, including those which are pre-approved by the Committee and those which require specific approval before they are contracted for, subject to de minimis levels. A copy of the policy can be found on the Group's website, www.icgam.com. The policy prohibits the external auditor from being contracted to perform the following work:

- Book-keeping and other services related to accounting records and financial statements
- Internal audit services
- Financial information system design and implementation
- Actuarial services
- Management functions
- Valuation services
- Legal services
- Preparation of tax filings and other services related to tax filings
- Provision of tax advice

In addition, the level of permissible non audit services must not exceed 70% of the average of the statutory audit fees for the previous three years. The cap applies prospectively from 1 April 2017 and will therefore first apply for our financial year beginning 1 April 2020.

During the year the Group paid £0.1m (2018: £0.4m) to Deloitte LLP for the provision of corporate non audit services which is within the 70% audit fees limit that will apply over a rolling three year period. Of this, £0.1m is in respect of services in their capacity as auditor and no fees were incurred for advisory services not related to the audit of the financial statements. All non audit services were approved by the Committee. Deloitte also provides services to funds and portfolio companies that are managed by the Group but over which it does not exercise control.

Deloitte is a leading market participant in the non audit sector, having a reputation for quality, and with a local presence in the countries in which the services were performed. Audit objectivity and independence was safeguarded by all advice being provided by partners and staff that have no involvement in the audit of the financial statements. Advice was not dependent on a particular accounting treatment and the outcome or consequences of the advice did not have a material effect on the Group's financial statements. No services were provided to ICG Group entities pursuant to contingent fee arrangements.

A detailed analysis of fees paid by the Company and consolidated subsidiaries to Deloitte LLP is shown in note 10 on page 142.

Auditor reappointment

Deloitte has reviewed its own and its relevant affiliates' independence in line with its internal criteria and ethical standards. They have confirmed to the Committee that following the review, they are satisfied that they have acted in accordance with relevant regulatory and professional requirements. Deloitte has also confirmed to the Committee that the audit complies with their internal independent review procedures.

The Committee, having considered compliance with its policies on independence, the findings of its quality review and service enquiries is satisfied that Deloitte has demonstrated the skills and service standards to justify a recommendation to shareholders for their reappointment as auditors for the year ending 31 March 2020. Accordingly, a motion to that effect will be put to the 2019 Annual General Meeting.

AUDIT COMMITTEE REPORT
CONTINUED

INTERNAL AUDIT

The Group has a Head of Internal Audit who, alongside her small team, can draw on the services of our outsourced internal audit providers to supplement her capacity. The Head of Internal Audit reports to the Chair of the Audit Committee.

The Group employs an 'enterprise risk based' internal audit approach. The internal audit strategy seeks to align the objectives of internal audit with those of the Group. In line with the Financial Services Code (Guidance on effective internal audit in the financial services sector), a risk based planning process is performed annually. This includes the consideration of the business objectives and focusing on those risks identified as being the most likely to impact delivering the Group's strategy. The resulting plan is reviewed and approved by the Committee, with regular updates provided on delivery against the plan. The plan is kept under review, with any changes recommended to the Committee for approval.

The Group has a number of regulated entities that have specific requirements for internal audit activities. These requirements are taken into account in the planning process and where applicable, audit scopes and findings are shared with the Boards of the regulated subsidiaries.

During the year 14 risk based reviews were completed, responded to by management and reviewed by the Audit Committee. The Committee pays particular attention to remedial actions and timescales and deadlines that are not achieved.

The Committee has monitored the working relationship between the Head of Internal Audit and the CRO, ensuring that the roles are coordinated and optimised to reduce the potential for significant gaps in oversight and unnecessary duplication of efforts. The Committee is satisfied that Internal Audit is independent of the first and second lines of defence.

Internal audit effectiveness

The Committee reviewed the operation of the internal audit function, assessing the qualification, experience, independence and adequacy of resource; oversight of co-source providers and the requirement for external review. The Committee was satisfied that the function was able to meet its relevant responsibilities, that it had successfully implemented all the agreed improvements identified during the prior year review, and that no external review was required at this time. The Committee agreed to continue to monitor the resourcing of the function to ensure it continued to be effective as the business and regulatory environment develops.

The Committee is required under the Financial Services Code to undertake an independent and objective external assessment of the internal audit function at least every five years (which was last undertaken in 2017) and to formally assess the independence of the Head of Internal Audit after seven years, which will be in 2021.

RISK COMMITTEE REPORT

I believe that establishing risk appetites and monitoring key risk indicators supports the business to enhance sustainable shareholder value"

KATHRYN PURVES
CHAIR OF THE RISK COMMITTEE

The following pages set out the Risk Committee (Committee) report for financial year 2019. The report is structured in three parts:

1. **Governance of risk: roles and responsibilities, composition and effectiveness (page 62)**
2. **Review of the year: significant risk areas we addressed (page 64)**

The role of the Committee is to support the Board in identifying and managing risk; complying with regulations; and promoting good conduct.

DEAR SHAREHOLDER

Managing the risks to the Group within the risk appetite set by the Board supports the delivery of the Group's strategic objectives.

One of the most important aspects of the Committee's work is to challenge management to ensure that the Group has established processes to effectively identify, measure and manage risks associated with the Group's activities, including emerging risks. The Group has continued to grow its business; increasing the scale and geographic scope of its existing investment strategies and expanding the range of investment activities undertaken. It is critical that the Group's risk management framework (RMF) keeps pace with the Group's business development and the increasing requirements and demands from external stakeholders. We have challenged management to both further develop the Group's RMF and proactively plan for, and respond to, external emerging risks; the most critical of those being Brexit.

The Committee has monitored the Group's ongoing planning for Brexit, focusing on the further development of the Luxembourg investment management business and reviewing the contingency planning undertaken to ensure that the Group can continue its investment advisory services in the event of a hard or no deal Brexit, including the assessment of regulatory capital requirements at Group and subsidiary level.

One of the principal risks prioritised by the Committee has been the management of people risk, particularly as the Group places a high reliance on a relatively small senior management team. During the year there have been a number of changes at senior levels in the business and the Committee has closely monitored the implementation of succession plans to ensure that any impact in the wider business has been identified and addressed by management.

In July the CFOO indicated to the Board his intention to retire (see page 66). In November the CRO left the Group and, with the support of the Committee, the Executive Directors made an interim appointment, ensuring continuity of risk oversight while the CFOO succession plans were being implemented. This change presented the Group with an opportunity to benchmark the Group's RMF against larger financial services institutions through the experience of the interim CRO. A risk management development plan (RMDP) was agreed and implementation of identified improvements including consolidating the risk management activities under an enterprise wide risk management policy and integrating the various operational risk management activities under a common, technology enabled, process has commenced.

The Board has focused on the Group's culture during the year (see page 49) and the Risk Committee expects to build on that work during the next financial year, to maintain and enhance the Group's risk culture. This work will be integrated into the planning for SMCR. During the year the Committee received regular updates on preparation for this significant regulatory change including detailed presentations on the specific requirements of the regulation and on the Group's readiness.

The Committee continued to work closely with the Audit Committee, the Nominations and Governance Committee and the Remuneration Committee throughout the year with the aim of effectively covering pertinent topics, such as succession planning and ensuring risk management is incorporated into remuneration structures, in the most suitable forum.

RISK COMMITTEE REPORT
CONTINUED

The Committee will continue to focus on maintaining and developing the RMF and monitoring the principal risks faced by the Group in delivering its strategic objectives, particularly emerging and external risks which include the impact of the UK's departure from the EU and other possible political developments.

In the coming year we expect to continue execution of the RMDP; supporting the implementation of the SMCR; more comprehensive management information (MI) and enhanced governance. Additional areas of focus include further developing the Group's risk culture, continued improvement of risk MI, the growing open ended funds business and assessing our cyber resilience.

I would be pleased to discuss the Committee's work with any shareholder.

KATHRYN PURVES
CHAIR OF THE RISK COMMITTEE
21 MAY 2019

GOVERNANCE OF RISK

On behalf of the Board, the Committee encourages, and seeks to safeguard, high standards of risk management and effective internal controls.

Roles and responsibilities

The Committee meets regularly and is responsible for:

- Arranging for periodic reviews of the Committee's performance and, at least annually, reviewing its constitution and terms of reference to ensure it is operating effectively
- Reviewing and approving the risk appetite framework, ensuring its ongoing integrity and suitability to support the Board's strategic objectives in light of changing internal and external circumstances
- Undertaking a robust assessment of the framework of risk management and internal controls that enables the strategic, financial (other than financial reporting), operational and emerging risks of the Group to be assessed and managed
- Reviewing the Company's procedures for identifying, assessing, controlling and mitigating the material risks and emerging risks faced by the Group, ensuring these procedures are proportionate and, where necessary, undertaking independent investigation of risk matters and appropriate follow up action
- Reviewing reports on the effectiveness of the systems of risk management and/or the Group's attitude to and tolerance of risk
- Receiving timely notification of material potential or actual breaches of risk limits and internal control processes and the remedial action taken or proposed
- Reviewing and approving Group's compliance policies and monitoring compliance with those policies
- Annually considering and approving the remit of the risk management and compliance functions and ensuring they have adequate resources and appropriate access to information to enable them to perform their functions effectively and in accordance with relevant professional standards
- Determining and assessing the appropriateness of the risks that the Group proposes to take in executing its strategy and making recommendations to the Board as to appetite and tolerance
- Reviewing and recommending to the Board the ICAAP at least annually and more frequently as necessary
- Recommending to the Board the extent of Directors' and Officers' insurance coverage
- Recommending to the Board the prosecution, defence or settlement of litigation or alternative dispute resolution for material potential liabilities
- Making a regular recommendation to the Board in respect of the effectiveness of the Group's risk management and internal controls systems and of the effectiveness of such systems. Monitoring and review of internal controls covers all controls including financial, operational and compliance controls, investment risk controls and management of other risks
- Confirming to the Remuneration Committee the alignment of the Remuneration policy with risk appetite
- Recommending to the Remuneration Committee adjustments to any employee's remuneration for events that have been detrimental to the Group or events that have exceeded the Board's risk appetite
- Reviewing and recommending to the Audit Committee all notes to the accounts quantifying or describing risk exposures
- Reviewing and recommending to the Audit Committee all statements to be included in the Annual Report, half year report, prospectuses and circulars concerning risk management

Composition

The Committee consists of NEDs only. The current members are Kathryn Purves (Chair of the Committee), Virginia Holmes, Rusty Nelligan, and Amy Schioldager. Biographical details can be found on pages 40 and 41.

The Committee members have a wide range of business and financial experience, including risk management, fund management and investment, regulation and compliance, M&A, tax and international business practices. In particular, Kathryn Purves was the CRO of Partnership Assurance Group plc. These skills enable the Committee to fulfil its terms of reference in a robust and independent manner.

The Executive Directors of the Board are not members of the Committee but attend meetings at the invitation of the Chair of the Committee. The CRO, Group Compliance Officer, Head of Internal Audit and the Company Secretary attend all the meetings.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in March 2019. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

Effectiveness

During the year the Committee members and attendees completed a detailed questionnaire to evaluate the Committee's effectiveness. Overall, the results were positive and confirmed that the implementation of a robust risk management framework continued to progress well and that the Committee was operating effectively by providing a constructive balance of challenge, support and insights. The review highlighted that SMCR would have a significant impact on the activities of the Committee and that, in order to support this and the associated delivery of the RMDP, the scope and remit of the risk function would require review.

Summary of meetings in the year

The Committee held four meetings during the year. In each of its meetings, it received a report from the CRO providing an assessment on each principal risk versus appetite, key risk events, key emerging risks, actions taken or being taken to manage the risks, and from the Group Compliance Officer on global compliance (including the Group's monitoring programme) and implementation of relevant regulatory developments. Other work is undertaken periodically including 'deep dives' into particular risk areas such as cyber risk and global economic and political risks. Over the course of the year the Committee considered and discussed the following significant matters:

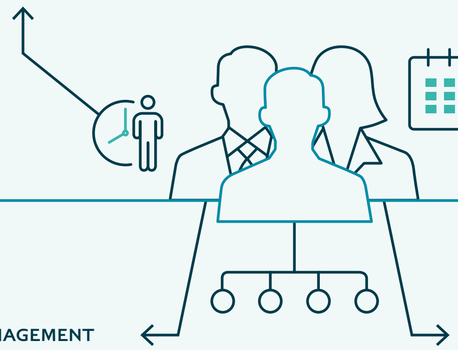
AREAS OF COMMITTEE FOCUS

PRINCIPAL AND EMERGING RISKS

+ Identification and management of principal risks
+ Risk appetite and tolerances
+ Identification of emerging risks

GOVERNANCE

+ Committee governance
+ Oversight of risk and compliance policies
+ Best practice and governance code developments

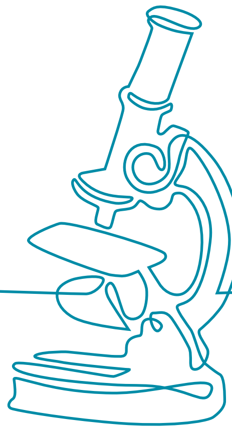


RISK MANAGEMENT FRAMEWORK

+ Effectiveness of risk management systems
+ Review of risk events and remedial actions
+ Risk function resourcing

REGULATORY RISKS

+ Impact and implementation of regulatory change
+ ICAAP
+ Compliance function resourcing



RISK COMMITTEE REPORT

CONTINUED

REVIEW OF THE YEAR		
RISK COMMITTEE ACTIVITY	**WORK UNDERTAKEN**	**COMMENTS AND CONCLUSION**
Review of principal risks (see pages 28 to 33)	The Group uses a principal risk register as a key part of the Group's risk management framework. The register summarises the principal risks faced by the Group and the high level risk appetite and specific risk tolerances. The Committee undertook a full review of the principal risks during the year, their designated executive owners, the key risk indicators identified and the material controls. Financial Reporting Risk was disaggregated from the existing Key Business Processes principal risk and identified as a separate principal risk. The Committee has overseen and challenged the assessment and management of principal risks faced by the Group by reference to a risk scorecard and risk appetite which has been presented to the Committee regularly during the year. Key risk indicators are reviewed periodically for each principal risk to assess the extent to which the risk appetite and tolerances are being approached and where appropriate the associated management actions are being taken.	The Committee considers that the principal risks faced by the Group and the risk appetite and key risk indicators for each principal risk are adequately captured by the processes in place. The ongoing enhancement of risk MI is being monitored by the Committee. The Committee is satisfied that the risk register is an effective mechanism for identifying and monitoring the business risks to which the Group is exposed; and to ensure that management actions are taken where appropriate.
Oversight of emerging risks	The Committee was regularly updated on global economic and political risks. This included, but was not limited to Brexit and its potential impact on the Group's ability to access European clients and to continue to provide investment management services to European funds. The Committee has continued to monitor management's response to Brexit and associated political risks. Key areas of review were: • Scenario development • Forecast regulatory capital requirements • Actions undertaken to mitigate market, credit and liquidity risks • Implementation of contingency planning	The Committee considers that management took appropriate steps to assess and manage, in a timely manner, the various risks associated with Brexit during the year. + Principal risk – see pages 30 to 31
Oversight of business development	During the year the Committee has reviewed a number of opportunities presented by management. In particular its work included an aborted acquisition where concerns regarding potential conflicts and the risk to the existing business of integrating different business cultures was discussed. The Committee was also kept informed of the work undertaken in respect of a significant transaction within the Group's Strategic Secondaries II fund as this presented some Compliance challenges and the Committee sought comfort that these were being effectively addressed.	The Committee is satisfied that management have established appropriate procedures to identify potential conflicts of interest and to ensure that these are managed. The Committee is satisfied that risk management is appropriately engaged in key business decisions. The Committee is further satisfied that the Group's procedures to ensure compliance with financial crime legislation are designed and operating effectively.
Oversight of regulatory risk	The Group is exposed to risk as the regulatory requirements for its activities change. The Committee received regular updates setting out the enacted and expected changes to regulations globally, including the regulatory focus on conduct risk and culture, the FCA Business Plan and SMCR.	The regular updates provide sufficient information to enable the Committee to be satisfied that the Group has appropriate systems and controls to identify and implement regulatory change. + Principal risk – see pages 32 to 33
Enhancing the risk management framework	The Committee oversaw the plans to manage the CRO succession and reviewed the RMDP.	The Committee considered a number of risk reports as part of its review of the Group's risk management framework and concluded that the Group's risk management framework was operating effectively.

REVIEW OF THE YEAR		
RISK COMMITTEE ACTIVITY	**WORK UNDERTAKEN**	**COMMENTS AND CONCLUSION**
Challenging management's risk management activities	The Committee has identified key internal risk events, especially those with conduct features, for additional review. For these events the Committee has challenged management to effectively identify the root cause, considered remediation plans and sought to ensure that any lessons learnt are taken into account across the business. Where long term action plans are put in place to address identified issues the Committee monitors their implementation. The Committee has taken a similar approach to regulatory actions and fines applied to managers of funds with similar characteristics to the ICG funds.	The Committee is satisfied that management have appropriate processes and controls in place to identify, mitigate and manage such events.
ICAAP – the Internal Capital Adequacy Assessment Process	The Committee undertook a detailed review of the ICAAP, with the assistance of our external advisers, reviewing the current and expected future impact of the principal risks facing the Group on the Group's regulatory capital position. As part of this review the Committee received feedback from Deloitte. In addition the Committee challenged the assumptions made relating to stress testing. Thereafter, the ICAAP was updated and following the enhancements made, the Committee approved the revised ICAAP. The Pillar 3 disclosures were reviewed and approved.	The Committee is satisfied that the Group has, and will have, adequate regulatory capital based on its current risk profile. The ICAAP is an important tool and will continue to be used in decision making processes. The updated Pillar 3 disclosures are available on the Company's website at www.icgam.com.
Specific risk reviews Internal risk reviews are initiated by the business and the findings and any associated actions are reported to the Committee. Reviews may be in response to regulatory focus areas or in response to particular risk events	**Key Business Process Risks** An end to end process review within the Group's European liquid fund business was undertaken by the Risk function following the identification of a key risk event. The Committee received the final report and was notified of the actions agreed by management. The Committee will monitor the implementation of the process enhancements identified.	The Committee took the findings of the risk reviews undertaken into account in completing its assessment of the Group's system of internal controls. The Committee concluded that the system of internal controls was operating effectively.
	People risk The Committee considered the implications of staff turnover on the operational risk of the Group and, in particular, where it relates to fund 'key person' clauses. The Committee was briefed on the actions being taken to mitigate the risks, specifically in relation to succession planning for all key roles.	The Committee was satisfied that management's systems to identify, monitor and manage people risk were appropriate. + Principal risk – see pages 32 to 33
	Regulatory and legislative compliance risk The Committee periodically reviewed the detailed plans for all key regulatory and legislative changes during the year.	The Committee was satisfied that appropriate action was being taken to manage the regulatory risk of the Group. + Principal risk – see pages 32 to 33

Other matters considered

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review, including the adequacy of resourcing in the compliance and risk functions, updates on key policies and review of the Money Laundering Officer's annual report. The Committee privately meets with both the Chief Risk Officer and the Group Compliance Officer on a semi-annual basis.

Internal Audit, Risk and Compliance monitoring

Internal Audit, Risk and Compliance work closely together to ensure appropriate coverage of the Group's activities.

The Committee supported the Audit Committee in its oversight of the internal audit programme (see page 60), which is risk based. It is designed to permit changes to the programme in the light of changed circumstances.

In conjunction with the Audit Committee, the Committee reviews and approves the programme of compliance monitoring to be undertaken during the following fiscal year and at each of its subsequent meetings reviews the status and output of compliance monitoring actually undertaken relative to the planned programme.

During the year the Committee ensured that appropriate monitoring was undertaken in accordance with the approved programme for the year. No significant matters of concern were identified.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

"I believe that our work ensures that the Group has a stable Board and senior management team who are able to deliver increased shareholder value"

KEVIN PARRY OBE
CHAIRMAN

The following pages set out the Nominations and Governance Committee (Committee) report for financial year 2019. The report is structured in two parts:

1. **Committee governance: roles and responsibilities, composition and effectiveness (page 68)**
2. **Review of the year: the significant issues we addressed (page 69)**

We oversee the membership of the Board to ensure a balance of skills and experience among the Directors. We also oversee senior management succession planning and the governance practices and processes of the Group. Our work ensures that the Group has a stable Board and senior management team who are able to deliver increased shareholder value.

DEAR SHAREHOLDER

It has been a busy year for the Committee, taking more items onto its agenda; carrying out a comprehensive review of governance; and leading two Board searches.

Following Philip Keller's decision to retire, the Committee carefully considered the skill sets required in a new Chief Financial and Operating Officer to meet the current and future needs of the business. It is a pleasure to welcome Vijay Bharadia as the CFOO with effect from the conclusion of this year's AGM.

We have also devoted Committee time to overseeing the Company's Diversity and inclusion initiatives, including the actions being taken in respect of gender diversity; and to overseeing the Company's talent development and culture programmes.

We continue to place a high priority on executive succession planning for key individuals, and have closely overseen the work of the Group's new Head of Human Resources in this area. We have also sought to ensure that our culture is clearly understood by both current employees and potential joiners.

In order to meet the requirements of the new Corporate Governance Code (Code), the Committee intends to continue to seek employee views on remuneration and other issues affecting our staff; Amy Schioldager has been appointed as the NED responsible for liaising with employees, and employee views will be incorporated into Board discussions through Amy's feedback as well as through a variety of other routes (including regular employee engagement surveys and informal Board sessions meeting small groups of employees).

We reviewed the performance of the Board as a whole and the Nominations and Governance Committee by means of a structured questionnaire. To complement those reviews, I have counselled each of the Directors and am satisfied that they are fulfilling their duties to a good standard, maintaining their professional knowledge and committing sufficient time to the Company.

I would be pleased to respond to any shareholders' questions about the Committee's work either at the AGM or otherwise.

KEVIN PARRY
CHAIR OF THE NOMINATIONS AND GOVERNANCE COMMITTEE
21 MAY 2019

DEAR SHAREHOLDER

Due to the Code requirement that the Chairman should not take part in discussions about his successor, I have been leading the Committee during our succession planning in respect of Kevin Parry.

With the publication of the new Code, there is now a constraint on a Chairman being on a board for more than nine years. Kevin has been on the Board of ICG since 2009 and has been our Chairman since July 2016. He has therefore served on the Board for longer than the period suggested in the new Code.

The Committee is actively engaged in considering a successor for Kevin and anticipates that his successor will be external. While the Committee looks forward to appointing a well qualified and high calibre Chair in due course, it does not believe that the interests of shareholders would be well served for this to take place immediately, for a number of reasons:

- As the appointment will be external, it would be beneficial for the new Chair to be able to join the Board and work alongside Kevin for a period before they step up to become Chair
- ICG is currently transitioning to a new CFOO, and the Committee feels that the CFOO succession will be smoother if a new Chair is not simultaneously settling in to their role
- Following recent appointments to broaden the skills and experience of the Board and the retirement during the past year of the two longest serving NEDs other than Kevin, the average tenure of the current NEDs on the Board of ICG is relatively short
- A search for a high quality candidate necessarily takes time and the Committee does not want to rush this process
- In the Committee's opinion, Kevin remains a very strong and effective Chairman, who is independent of management and provides robust challenge
- Kevin's engagement and contribution has continued to be significant and the Committee has no concerns over his time commitments

Accordingly, the Committee currently expects that Kevin will remain as Chairman for a number of months, and will seek re-election at the 2019 AGM before handing over to his successor at an appropriate point.

The Committee has worked with external recruitment consultants through the year and was delighted with the high quality of the shortlist identified. After members of the Committee interviewed six candidates, three were identified as potential successors and further interviews are being held with these individuals.

The Committee is optimistic that a well qualified successor will shortly be identified to join the Board and serve alongside Kevin for a period as Chair-designate to benefit from his experience of the Company. The Committee will ensure that shareholders are kept up to date on the succession process through public announcements, and that a smooth and orderly handover occurs.

I would be pleased to respond to any shareholders' questions about this matter at the AGM or otherwise.

ANDREW SYKES
SENIOR INDEPENDENT DIRECTOR
21 MAY 2019

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

CONTINUED

GOVERNANCE OF COMMITTEE

Roles and responsibilities

Prior to any appointment to the Board, the Committee considers the balance of skills, experience, independence and knowledge appropriate to determine the requirements and necessary capabilities of the role. In addition, any proposed Director normally meets all existing Directors prior to appointment. The Committee is responsible for:

- Identifying, and nominating for the Board's approval, candidates to fill any Board vacancy
- Succession planning, including the progressive refreshing of the Board, and developing executive talent below the Executive Director level
- Ensuring that all appointments to the Board are made on objective criteria and that candidates have sufficient time to devote to their prospective responsibilities
- Regularly reviewing the appropriateness of the size, structure and skills of the Board
- Considering the composition of the Board to ensure that the balance of its membership between Executive Directors and NEDs is appropriate
- Overseeing diversity, inclusiveness, culture, employee engagement and other governance related matters within the Group
- Ensuring the Group is managed to high standards of corporate governance

Composition

The Nominations and Governance Committee consists of four NEDs: Kevin Parry (Chairman of the Committee), Kathryn Purves, Andrew Sykes and Stephen Welton. Biographical details can be found on pages 40 to 41.

AREAS OF COMMITTEE FOCUS

DIRECTOR SKILLS AND EXPERIENCE

+ Ongoing Director Training
+ Skills and experience of each Director

DIVERSITY, INCLUSIVENESS AND CULTURE

+ D&I updates
+ Gender pay considerations

SUCCESSION PLANNING

+ General succession planning and talent development
+ Emergency succession workshop

NON-EXECUTIVE APPOINTMENTS

+ Chairman succession

EXECUTIVE APPOINTMENTS

+ Appointment of new CFOO
+ Consideration of CRO remit

The Company Secretary acts as Secretary to the Committee. Peter Gibbs and Kim Wahl were members of the Committee until they both retired on 26 July 2018.

Appointments of Executive Directors and NEDs are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or re-election at a General Meeting of the shareholders.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in March 2019. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

Effectiveness

During the year the Committee members and attendees completed a detailed questionnaire to evaluate the Committee's effectiveness. This concluded that more progress was needed on medium term succession planning and full induction programmes need to be overseen for the new CFOO and the new Chairman.

The 2018 review concluded that refreshing succession planning in respect of the wider executive team should be a priority, as should long term planning for Chairman succession. These matters have been priorities for the Committee during the year and significant progress has been made in both areas.

REVIEW OF THE YEAR		
ISSUE	**WORK UNDERTAKEN**	**COMMENTS AND CONCLUSION**
CFOO succession	The Committee agreed a job description for the CFOO appointment. A sub-committee led by the Chairman was appointed to conduct a search. An external search firm was engaged which identified male and female candidates from the UK, US and Continental Europe. This was reduced to a smaller number after review by the sub-committee. The Committee received regular reports on progress and provided input and direction at each stage of the search. All Committee members, the CEO and the head of HR interviewed the shortlisted candidates.	The consideration of a range of candidates against an agreed job specification enabled the Committee to be satisfied that a thorough and diverse search had been conducted. After considering a number of candidates, Vijay Bharadia was judged by the Committee to be the outstanding choice for the role and his appointment was recommended to the Board.
Chairman succession	The 2019 version of the Code introduced a recommendation that the Chair of a company should not serve as a director for more than nine years in total (aggregating any previous service with the period as Chair). Kevin Parry has served on the Board since 2009. Accordingly the Committee (excluding the Chairman and led by the SID) considered the appropriate timing for Chair succession, and launched a search for a potential successor with an external search firm.	As set out in the letter on page 66, the Committee concluded that the best interests of shareholders would not be served by an immediate change of Chair. The search for the Chairman's successor is progressing well and it is anticipated that an announcement will be made in the near future.
Wider executive succession	During the year, the Committee considered Executive succession. There was also an extensive amount of time spent at Committee meetings on succession planning, covering several tiers of management, including an emergency succession scenario exercise. The various reports considered potential successors in key positions, gave details of the proposed approach for those persons who do not have possible internal successors, and discussed how talented individuals can be identified early in their careers and given an appropriate career path. The Committee also provided input into several specific succession processes in respect of senior management.	In order to ensure that we have a high quality pipeline of talent for succession to vacant roles, the Committee has begun to put more focus on succession planning below the Executive Director layer. This will improve management in general as it will ensure that the Committee is well appraised of the available talent. In addition, the adoption of bespoke development programmes for talented individuals is being considered, and there is also a focus on increasing diversity in the senior talent pool. The Committee has debated the reports presented to it and has agreed that while there are no material concerns in respect of succession, further work should be undertaken to ensure that appropriate succession planning is in place for key individuals in senior management roles and that talented individuals are retained.
Diversity, inclusion and culture	The Committee has responsibility for overseeing the Group's initiatives in the areas of diversity, inclusion and culture. As the current wider environment continues to focus on these areas, we will develop our thinking and practices to ensure we are meeting appropriate governance standards. The Committee developed a bespoke plan with the Executive Directors and the Head of Human Resources to help drive improvement in this area, and has received regular updates on progress during the year. The Committee has also continued its work to study and understand the culture of the Group.	Diversity is a significant focus for the Committee. As is typical in our industry, women are under-represented at more senior levels of management and a programme is underway to resolve this and other diversity points. However, we recognise that this effort will take some years to have full effect. The Committee will support management in the interim to ensure that as much as possible is being done to change the current balance. The Committee continues to support management in its efforts to improve diversity across the Group. Following the hire of Vijay Bharadia to our Board, we are in compliance with the recommendations of the Parker Review as to ethnic diversity of Boards. We will continue to seek all forms of diversity (including diversity of thought) as future hires are made. The culture of the Group remains an area of focus for the Committee and a number of engagement programmes are being conducted to ensure that the Committee (and the Board as a whole) can best understand and support this culture.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT
CONTINUED

REVIEW OF THE YEAR		
ISSUE	WORK UNDERTAKEN	COMMENTS AND CONCLUSION
Gender pay disclosures	During the year we voluntarily conducted an externally led review of our gender pay practices.	As part of this initiative, gender pay matters were considered. No disclosure in this area is legally required as we have not yet reached the number of employees at which we are obliged to disclose this data. However, we make disclosure on a voluntary basis (see page 81). We can state with confidence that we do not have 'equal pay' issues (i.e. men and women being paid differently for the same job). We have already begun to take action to enhance our ability to recruit and retain a more diverse talent pool and will report on this in full in future annual reports.
Employee engagement	In line with the 2019 version of the Corporate Governance Code, the Committee considered how best to seek direct feedback from employees and improve engagement between NEDs and employees of the Group, with the goal of incorporating their views in proceedings at the Board and its Committees.	It was agreed that a NED should be appointed to seek direct employee feedback and engage with employees across the Group. The Committee also agreed that an employee general meeting would be convened at least annually with NEDs present to seek feedback from all staff. Other routes for obtaining feedback (such as a staff engagement survey and a woman's network) are already in place, and further enhancements are being considered.
Director training and continuing development	The Committee reviews training records to ensure that all Directors are keeping their skills up to date and continuing to develop. It also oversees a formal review exercise to ascertain whether each Director remains appropriate for re-election.	The Committee is satisfied that all Directors have continued their training and development and remain appropriately skilled to act as members of the Board.
Size, structure and composition of the Board	The Committee keeps the size, structure and composition of the Board under regular review during the year. While relative recent NED appointments provide a diversity of experience, the Committee is keen to ensure that the overall skill set of the Board accurately reflects that of the Group's business.	The Committee is satisfied that the membership of the Board is coherent and mutually complementary, and should support the Group's development over the next few years. However, given the recent change of CFOO and forthcoming change of Chair, the Committee will monitor the balance of the Board to ensure that broad enough insight and expertise is available from the existing members, and will recommend further appointments if desirable. The table on page details the experience each NED currently brings to the Board. As a result of appointments made over the last two years, the Committee believes that the previously identified areas where additional expertise was needed are now well covered.

Proposed election and re-election of Directors

The Chairman has met with each NED individually and conducted a formal review of their performance. In the case of the Chairman this was conducted by the SID. The CEO was appraised by the Chairman after input from the NEDs, and the CFOO was appraised by the CEO after input from the Board.

In addition the Committee has also reviewed the time commitments and training records of NEDs and concluded that each of them is able to devote sufficient time to their role, and is undertaking sufficient continued professional development. The Committee has therefore recommended to the Board that all Board members (save Philip Keller, who is retiring) should be proposed to shareholders for re-election at the AGM.

Diversity Policy

The Committee has a standing policy on the background and diversity of Board members. The policy provides that, prior to any appointment to the Board, the Committee considers the balance of skills, experience, independence and knowledge appropriate to the role. In considering candidates, appointments are made with regard to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skills, experience and expertise.

Non Executive range of experience

Name	Asset Management	Investment	UK Corporate Governance	International	Risk Management	Financial	Remuneration Committee	Audit Committee
Kevin Parry (Chairman)	x	x	x	x	x	x	x	x
Virginia Holmes	x	x	x	x			x	
Rusty Nelligan				x	x	x		x
Kathryn Purves		x	x	x	x			x
Amy Schioldager	x	x		x	x			x
Andrew Sykes (SID)	x	x	x		x	x	x	x
Stephen Welton	x	x			x	x		

Kathryn Purves is approaching five years of service on the Board. Taking account of her important role as Chair of the Risk Committee, her deep subject matter expertise and the need for continuity from longer serving Directors, the Committee has asked her to plan on serving a total of nine years on the Board.

REMUNERATION COMMITTEE REPORT

Aligning remuneration principles with strategic objectives enhances shareholder value"

VIRGINIA HOLMES
CHAIR OF THE REMUNERATION COMMITTEE

The following pages set out the Remuneration Committee (Committee) report and associated disclosures for financial year 2019. The report is structured into five parts:

We oversee the Group's Remuneration policy and its application to senior employees, including the Executive Directors.

DEAR SHAREHOLDER

I am pleased to report on the decisions on Directors' remuneration made by the Remuneration Committee for the FY2019 financial year.

Our Directors' Remuneration Policy was approved by shareholders in 2017, and there have been no changes to the structure of remuneration for Executive Directors since the Policy was approved. The Directors' Remuneration Policy will be due for renewal by shareholders at the 2020 AGM and the Committee will shortly undertake a detailed review of the Policy, to ensure that it continues to meet the needs of the business and its stakeholders. As part of this review process, we will be considering the recent changes to the UK Corporate Governance Code and other disclosure requirements, as well as the views expressed by our employees and shareholders, to ensure that the new policy remains fit for purpose. We have already begun to adapt our approach by adopting certain principles early, including disclosure of our CEO pay ratio (see page 80), ensuring that the pension level for our new Executive Director is in line with our general workforce and the appointment of a NED, Amy Schioldager, to engage with the employees. We will integrate the new corporate governance requirements into our remuneration approach.

We proactively engage with our biggest shareholders and the investor representative bodies, to ensure that we are alert to their perspectives, and that the context to our remuneration structure and practices is well understood. We have sought to improve further the clarity of reporting on remuneration and trust that you will find this report informative.

The Committee remains mindful of its responsibility to take into account the remuneration practices for ICG's wider workforce. As in previous years, we include in section 4 of this report an explanation of how our principles for Executive Director remuneration are consistent with those for other employees, and how the Committee considers wider workforce policies when determining Executive Director pay awards.

The Committee ensures that the remuneration of the Group's employees in general, and of the Executive Directors in particular, reflects performance relative to the Group's strategic objectives and is aligned with shareholders' interests.

A summary of our Directors' Remuneration Policy, how it is aligned with ICG's corporate strategic objectives, and its cascade to other employees, is set out in section 3 of this report.

2019 Business Performance

This has been another successful year for the business with €10.0bn in new funds raised and 91.7% of realisations above the hurdle rate. We generated record FMC profits, and deployed a record €5.9bn (a 19% increase on the prior year). Pre-incentive cash profit (PICP) in the year was £336.6m, significantly higher than in the prior year.

In accordance with our long standing policy, 30% of PICP is available for use in the Annual Award Pool (AAP). In recognition of the very successful year, the Committee has determined that £78.0m should be awarded to eligible employees under the AAP in the form of annual cash bonuses, Deferred Share Awards, Balance Sheet Carry and PLC Equity awards. This represents 23.2% of PICP for 2019 and means that the Committee has allocated 23.6% of PICP on a five year rolling average basis.

Our spend on incentives remains well within the amount available in the AAP on a five year rolling average basis, as we maintain a buffer that allows us to continue to reward our staff and develop our business even in years of lower cash profit.

In addition to the AAP spend, the Group has committed £1.7m of the shareholder-approved Business Growth Pool to support the development of new strategies during the year.

AVERAGE AAP SPEND

£m	FY15	FY16	FY17	FY18	FY19	**Cumulative**
PICP	182.6	184.2	407.5	254.9	336.6	**1,365.8**
AAP, being 30% of PICP	54.8	55.3	122.2	76.5	101.0	**409.8**
Spend on incentives	48.6	51.5	65.9	77.7	78.0	**321.7**
Cumulative rolling percentage of cash profit spent	22.3%	23.5%	21.6%	21.5%	23.6%	**23.6%**

Allocation of AAP

The allocation of awards between different staff categories is based on their involvement in the delivery of PICP.

Of the total amount of variable awards, 7.6% were made to Executive Directors, of which 90% will be deferred into shares in the form of PLC Equity. The PLC Equity awards vest in equal tranches over three, four and five years, and are subject to malus and clawback provisions for a further two years from the date of receipt (up to seven years in total).

The Executive Directors' awards for the year under the AAP are based on the achievement of a number of quantitative and qualitative KPIs that support our corporate strategy (see page 84).

ALLOCATION OF THE AAP AND BUSINESS GROWTH POOL

TOTAL VARIABLE AWARDS FY19
£79.7m

VARIABLE AWARDS TO EXECUTIVE DIRECTORS	VARIABLE AWARDS TO OTHER STAFF
£6.1m	**£73.6m**
7.6%	92.4%

REMUNERATION COMMITTEE REPORT
CONTINUED

Remuneration for FY19

The total remuneration for the year for the two Executive Directors who were in office throughout the financial year is set out below. The statutory single total figure of remuneration table can be found on page 83.

£000	Salary	Benefits	Pension allowance	Short term incentives: Cash	Short term incentives: PLC Equity	Total
Benoît Durteste, CEO/CIO	394.0	13.8	59.1	480.0	4,320.0	5,266.9
Philip Keller, CFOO	394.0	9.4	59.1	125.0	1,125.0	1,712.5

Our company-wide Remuneration policy delivers reward based on performance. As a result of our inclusive and progressive remuneration structure, the CEO to median employee pay ratio is lower than most comparable UK companies. Additional information on the pay ratio calculations is provided on page 80. We strive to reward all our employees fairly and appropriately, reflecting their contribution to the business. We need to pay competitively in the context of the specialist asset management industry in which we operate and the Committee maintains oversight of relevant benchmarks.

More detail of our target positioning against the various global comparator groups can be found on page 81.

Under our policy, fixed pay, cash bonus and deferred equity is subject to a cap of £6m for the CEO/CIO and £2m for the CFOO, reduced from £3m, to reflect current job responsibilities (see below). More information on how the Executive Directors' key performance indicators (KPIs) are aligned with the business strategy can be found on page 84. All KPIs were either met or exceeded during the year.

Awards for FY19

Benoît Durteste was awarded a total of £4.8m, of which 90% was deferred into shares. The level of award reflects the achievements of objectives set both in respect of his CEO role and his CIO role, in particular continued success in fundraising, sustained strong investment performance and excellence in investment deployment.

In determining the award to be made to Philip Keller, the Committee considered the changing nature of the CFOO role. Given the change in scope of the role, which is outlined in further detail on page 85, and noting that the CFOO is no longer a member of Investment Committees, the Committee felt that an 'on-target' variable award of £2m was no longer warranted and the Committee set an 'on-target' amount of £1m for the variable award for FY20 onwards. In the year of transition, it was considered appropriate to reduce Mr Keller's award for FY19 heavily in the direction of the reduced future maximum. Accordingly, Mr Keller has been awarded £1.25m for FY2019 of which 90% was deferred into shares.

The Committee is satisfied that the AAP outcome is commensurate with the performance for the year and our approved Policy. Further details of the Executive Directors' objectives and performance against them during the year can be found on page 84.

Outperforming	8
On target	3
Underperforming	0

Directors' interests in shares

	Shares held outright	Shareholding requirement met	Maximum rights to shares	Total share exposure	Value at share price on 31 March 2019 (£)	Consequence +/- 10% share price change (£)
Benoît Durteste	529,265	Yes	1,646,072	2,175,337	23,167,339	2,316,734
Philip Keller	441,438	Yes	1,049,942	1,491,380	15,833,197	1,588,320

Our Executive Directors are strongly aligned with shareholder interests through the high percentage of variable pay delivered in shares and the Executive Directors' shareholding requirement. They have significantly exceeded the 200% of salary shareholding requirement. More details of the share interests of all Directors who held office during the year are included on page 87.

The Executive Directors have a very substantial interest in maintaining and growing the ICG share price, as illustrated above. We have considered the impact of a 10% share price movement in either direction on the overall share exposure of each of the Executive Directors.

Retirement of Philip Keller

Mr Keller will be retiring from the Board at the 2019 AGM.

Mr Keller will receive salary, benefits and pension up to the date of his departure and will not receive an award under the AAP for the period worked during FY20.

It is the current intention of the Committee that Mr Keller's outstanding PLC Equity awards and BSC interests earned for performance in previous years, will vest at the normal vesting dates in accordance with the applicable rules for leavers. In recognition that he is retiring from full time employment, has undertaken not to compete, and to be consistent with the treatment applied to other employees below the Board, the Committee exercised its discretion to allow his remaining Deferred Share Awards to vest on their normal vesting dates subject to ongoing compliance with his undertakings. These are awards earned for performance in previous years.

Details of the outstanding awards are disclosed in the Annual Report on Remuneration.

It is the current intention of the Committee that Mr Keller will retain Third Party Carry pro-rata to the invested amounts of the relevant fund at the time of his departure (with the exception of certain US funds which award carry on a deal-by-deal basis, where points will be retained only to the extent they are vested). The remaining Third Party Carry will be forfeited.

The treatment of Mr Keller's deferred awards will be finally determined by the Committee in July 2019.

Appointment of Vijay Bharadia

Mr Bharadia will be appointed as CFOO in July 2019 and will be proposed for shareholder approval at the AGM. Mr Bharadia was appointed on a base salary of £500,000 and will be eligible for discretionary bonus of up to £2m (with on target performance to be rewarded by a target bonus of £1m) with any bonus to be made up solely of PLC Equity and cash. Due to the changed nature of the CFOO role, Mr Bharadia's maximum bonus, and total remuneration, is lower than that of his predecessor. His base salary has been benchmarked to market, and his pension contribution rate has been aligned with the arrangements for other UK based employees (at 10% of salary).

It will be necessary to replace and replicate as closely as possible in accordance with our policy outstanding deferred bonus and equity awards Mr Bharadia forfeited on leaving his previous employer. The replacement awards will be for a total sum of £802,262 and will be made in the form of deferred ICG shares, vesting on the same timetable as the awards to be forfeited, over the next 4 years.

Conclusion

I would like to thank our shareholders for their support over the years. In particular, in recognising the unique nature of the Group's business as a listed entity which competes for talent against other asset managers, and listed and unlisted private equity employers as well as investment banks. Hence while we do consider other listed financial services companies in our benchmarking, they are therefore not the only relevant comparator. I look forward to further engagement with our shareholders as we review the Directors' Remuneration Policy over the coming year ahead of its renewal at the 2020 AGM.

VIRGINIA HOLMES
CHAIR OF THE REMUNERATION COMMITTEE
21 MAY 2019

GOVERNANCE OF REMUNERATION

The Committee is authorised by the Board to determine and agree the framework for the remuneration of the Chairman of the Company, the Executive Directors and such other members of the executive management as it is instructed by the Board to consider.

REMIT AND RESPONSIBILITIES

The Committee is responsible for:

- Determining the total individual remuneration package of each Executive Director, having given due regard to regulatory requirements
- Determining targets for any performance related pay schemes operated by the Company as well as the policy for pension arrangements for each Executive Director
- The overall Remuneration policy for all the Group's staff taking into account the requirement that the remuneration arrangements should:
  - Be consistent with and promote sound and effective risk management, and not encourage excessive risk taking
  - Be in line with the strategic priorities, objectives, values and long term interests of the Group
  - Include measures to avoid conflicts of interest
  - Take into account the long term interests of shareholders, investors and other stakeholders
  - Be formulated on the basis of advice from the Group's compliance function, particularly in relation to performance measurement
- Overseeing the awards made to certain other senior employees as required by regulation and good practice

COMPOSITION

The Committee consists entirely of NEDs. During the year, the members of the Committee were Virginia Holmes (Chair of the Committee), Kevin Parry, Andrew Sykes and Stephen Welton. Peter Gibbs and Kim Wahl also served as members from the start of the year until their retirement on 26 July 2018.

Kathryn Purves and Rusty Nelligan have attended meetings of the Committee during the year at the invitation of the Chairman to ensure that risk and audit matters are taken into account in determining the remuneration of Directors.

+ Biographical details can be found on pages 40 to 41

None of the Committee members have any personal financial interests (other than as shareholders in ICG) which would lead to a conflict of interests or conflicts arising from cross directorships or day to day involvement in running the business. The Company therefore complies with the Corporate Governance Code recommendations regarding the composition of the Committee.

The Committee meets at least three times a year and more frequently if necessary. Executive Directors attend the meetings by invitation and the Committee consults the Executive Directors about its proposals and has access to professional advice from outside the Company. The Head of Human Resources and the Head of Reward also attend meetings, and the Company Secretary attends as Secretary. No Director is involved in any decisions as to their own remuneration.

A table showing the number of Committee meetings held during the year and the attendance record of individual Directors can be found in the Corporate Governance section.

+ Committee meetings attendance table page 46

TERMS OF REFERENCE

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in March 2019. The terms of reference are available on the Group's website or by contacting the Company Secretary.

EFFECTIVENESS

During the year the Committee members and attendees completed a detailed questionnaire to evaluate the Committee's effectiveness. The findings related to the Committee were discussed by the Committee and shared with the Board. Overall it was concluded that the Committee continues to operate effectively. The Committee noted that during the coming year it should continue to closely oversee its new advisers to ensure that they are fully conversant with all aspects of the Group's business and agreed to work with management to simplify the presentation of some of the information provided to it.

REVIEW OF THE YEAR

The Committee held four meetings during the year. In each of its meetings it discusses people risk, reviews leavers and receives reports on other employee relations matters. Other work is undertaken periodically.

REMUNERATION POLICY

+ Discussing shareholder feedback on the Remuneration Policy
+ Policy implementation

KEY PERFORMANCE INDICATORS

+ Setting objectives for the Executive Directors
+ Monitoring performance

GOVERNANCE, STAKEHOLDERS AND SHAREHOLDERS

+ Updating of Committee Terms of Reference to reflect Corporate Governance Code and FCA requirements
+ Consideration of feedback from shareholders
+ Consideration of regulatory requirements
+ Tender of advisory role

OVERSIGHT OF AWARDS

+ Review of the calculation of Pre-Incentive Cash Profit
+ Review of market data
+ Oversight of Third Party Carry entitlements

EXECUTIVE REMUNERATION

+ Approving the terms of appointment for the incoming CFOO
+ Approving the terms of the retiring CFOO
+ Determine Executive Directors' awards

ADVISERS TO THE COMMITTEE

During the year the Committee undertook a tender process to benchmark its activities. Following a detailed and thorough review of a long list of potential advisers, three (including the incumbent) were invited to deliver a more in depth presentation to a sub-committee of the Remuneration Committee. After these presentations it was agreed that Aon had demonstrated excellent market knowledge, strong understanding of the business and a balanced approach to risk. Accordingly Aon were appointed by the Committee as advisers to replace PwC. Aon advises the Committee and management on remuneration matters, and may also provide advice to the Committee on other issues on request. Legal advisers have been available to the Committee during the year to 31 March 2019, and PwC remains available for advice on certain taxation and other matters. Advisers are selected on the basis of their expertise in the area and with a view to ensuring independence from other advisers to the Group. The Committee is therefore confident that independent and objective advice is received from their advisers.

The fees charged for advice to the Committee were £133,340 payable to PwC and £60,398 payable to Aon. Fees are charged on the basis of time spent. PwC also provides tax and due diligence services to the Company.

SUMMARY OF REMUNERATION POLICY

AN OVERVIEW OF OUR REMUNERATION ARRANGEMENTS

Remuneration principles

Five guiding principles are reflected in the design of the staff compensation arrangements.

Our remuneration principles are fully aligned with our strategy – to maximise shareholder returns by growing our fund management business and optimising the use of our balance sheet. Returns to shareholders and variable remuneration are both paid out of PICP, thereby directly linking the motivations of our staff and our shareholders.

Alignment between staff and shareholders

The value of awards is capped at 30% of PICP to ensure long term affordability. To incentivise growth, a separate shareholder-approved Business Growth Pool is available to support the establishment of new business strategies until they become profitable.

Support the long term corporate strategy

Awards under the AAP are funded by cash profits, which includes realisations from investments made over a number of years. Further, awards for executives are linked to the achievement of specific KPIs designed to support the long term strategy and a significant proportion of variable pay is delivered in deferred equity to provide a long term perspective.

Promote staff equity ownership

The majority of executive remuneration is in the form of equity and shareholding guidelines are in place for senior employees.

Transparent

All aspects of remuneration are clear to employees and openly communicated to employees and shareholders.

Reward on cash

Awards are based on cash profit which ensures employees are only rewarded for realised gains.

Directors' Remuneration policy

This section describes the Remuneration policy adopted from the date of the 2017 AGM. A full copy of the Directors' Remuneration Policy approved by shareholders at the 2017 AGM on 25 July 2017 is available in the shareholder centre on the ICG website at www.icgam.com.

Annual Award Pool (AAP)

The central feature of ICG's Remuneration policy is the AAP. All incentives awarded across the Group under:

- The Omnibus Plan
- The Balance Sheet Carry Plan
- Any performance fees paid to the FMC that are distributed to employees

are governed by an overall limit that is 30% of cash profit over a rolling five year period.

This percentage may be exceeded in any year but must not be exceeded on an average basis over five years. Managing the AAP by reference to a five year rolling average ensures that variable awards to employees are made in a considered long term way rather than as a reaction to a single year's exceptional performance.

The AAP is funded by pre-incentive cash profit (PICP). Cash profit is generated by realising investments and receiving fund management fees. Cash profit is defined as profit before tax and incentive schemes, adjusted so that:

- Interest income and capital gains are only recognised on a cash basis
- Net impairments are only recognised to the extent they are against principal investment
- Fair value movement of derivatives is excluded

The holding period for investments is typically four to eight years. This means that the AAP is long term in nature as it includes realisations from a number of investment vintages and by generating the award pool in this way, we ensure that staff are only rewarded when returns are crystallised.

Allocation of the award pool

Each year 30% of PICP is added to the AAP. The Committee exercises discretion over the actual amount to be awarded in variable compensation each year, based on an assessment of market levels of pay, Group KPIs, and individual performance (subject to the overall cap on the AAP).

In a strong cash profit year, the Committee may choose not to distribute the full AAP but can instead retain some of it for potential use in future years, while in a lower cash profit year the Committee may distribute some of the retained AAP from previous years.

The ongoing appropriateness of the 30% limit for the existing business will be kept under review. Should it be determined that the limit should be amended, the Committee will engage with shareholders.

Awards to the Executive Directors are paid as a mix of cash bonus and PLC equity. A significant proportion is made in the form of deferred shares, with 70%–90% of the total awarded in the form of PLC equity.

Cash bonuses for the Executive Directors are subject to clawback which will apply for two years post award.

PLC equity awards normally vest in equal tranches over three, four and five years following the year of grant unless the Executive leaves for cause or to join a competitor, in which case the awards lapse. PLC Equity awards are subject to both malus and clawback applying for two years post vesting. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract.

Business Growth Pool (BGP)

Following shareholder consultation and approval in 2017 a separate BGP was introduced. The BGP is capped at 3% of the five year rolling average PICP and is designed to support the establishment of new business strategies. The BGP is used to fund the incentives of particular teams, is ring-fenced and is limited in duration to the period when the new strategy is in start up mode. Any awards made from the BGP are overseen by the Committee, and the Executive Directors do not participate in any such awards.

The first awards were made from the BGP in respect of FY19. These were made in respect of Infrastructure Equity and Sale and Leaseback and were a total of £1.7m.

Third Party Carry (TPC)

Third Party Carry (TPC) and similar arrangements in respect of the Group's direct investment funds or business acquisitions that do not give rise to a cost or liability to the Company and are outside the AAP. The breakdown of carry payments received during the year is included in note 3 to the financial statements.

Mr Durteste is eligible to participate in TPC arrangements. It is not currently anticipated that Mr Bharadia will participate in such arrangements.

Legacy remuneration arrangements – Balance Sheet Carry (BSC)

A remuneration scheme known as BSC formed part of the Company's Remuneration policy for Executive Directors until July 2017. No new awards are made to Executive Directors but some awards granted in earlier years and held by Executive Directors have matured and will mature in future years. BSC remains available for awards to investment executives.

BSC takes the form of an 'in house' carry arrangement (i.e. on the returns from investments made by the Group on its balance sheet). Awards will pay out by reference to the overall outcome for a year of investment (vintage) and therefore take losses into account. Awards vest one third on 1 June following each of the first, second and third anniversaries of the start of the vintage year subject to continuing service. Payment is made on the realisation of investments, once a hurdle rate of return has been achieved on these investments. After repayment of capital and the payment of the related hurdle rate of return to the Group, participants become entitled to receive catch up payments until they have received up to 20% of the aggregate returns on investments in that vintage. Thereafter, participants are entitled to receive up to 20% of any further returns on that vintage. The hurdle rate is fixed by the Committee, at its discretion, prior to making the first awards in each vintage. The Committee has never set a hurdle rate lower than 5% per annum.

Shareholding requirements

To align the interests of the Company's Executive Directors with those of shareholders, Executive Directors are required to acquire ownership of a number of ordinary shares in the Company with a market value equal to two times the Director's annual base salary. Current share ownership levels are on page 87; both of the Executive Directors who served during the year materially exceed this amount.

EMPLOYEE CONTEXT

REMUNERATION POLICY FOR ALL EMPLOYEES

All employees of ICG are entitled to a base salary, benefits and, in the UK and most locations, pension. The variable compensation for all employees is drawn from the AAP and is allocated by reference to role, responsibility and performance and with regard to regulatory requirements. Awards to individuals may be made up of different types of award as appropriate to incentivise them depending on their role within the business.

	Awards made from Annual Award Pool				Awards from Third Party Funds		
Position	Annual Bonus	Deferred Equity Award	Performance Fees	Balance Sheet Carry	Third Party Carry	Shadow Carry	Performance Fees on Third Party Funds
Executive Director	•	•			•		
Investment Executives	•	•	•	•	•	•	•
Marketing Executive, Business Infrastructure Partner or Director	•	•					
Other employees	•						

The variable compensation mix may be varied from the above if required by law or regulation.

The quantum of each of these awards is determined by the size of the AAP, an individual's seniority, contribution and their individual performance as determined by the annual appraisal process. In addition, all UK employees are eligible to join the Intermediate Capital Group plc SAYE Plan 2014.

Statement of consideration of employment conditions elsewhere in the Company and employee views

The Remuneration Committee considers the employment conditions and the remuneration structures in place for all employees of the Group when setting the Directors' Remuneration Policy. The Remuneration Committee also reviews the remuneration arrangements of senior investment and marketing staff and senior management and control function employees and oversees the remuneration structure and market positioning for other roles. The overall and average salary increase across the Group is approved by the Remuneration Committee each year. During the year, the Board has established a process which will be used to seek the opinions of employees when setting the Directors' Remuneration Policy by seeking feedback through a designated NED (see page 72 for further details). In addition employees' views are represented at Remuneration Committee meetings through the Head of HR and Head of Reward.

CEO pay ratio

Ratio of Chief Executive to:	Employee at 75th percentile	Median Employee	Employee at 25th percentile
ICG	30:1	63:1	108:1

Our ratio is lower than many FTSE companies due to an inclusive Remuneration policy. The ratio is higher this year than the long term average due to the realisation of legacy awards by the CEO. Excluding the impact of awards made in FY12 and earlier (being the awards made before the CEO was an Executive Director), the ratio to median employee would be 43:1.

Remuneration for quartile employees	Employee at 75th percentile	Median Employee	Employee at 25th percentile
Salary	190,000	85,900	66,300
Total pay and benefits	317,393	151,777	88,496

Percentage change in remuneration of Director undertaking the role of chief executive

The table below details how changes to the CEO's pay compare with the change in the average pay across all employees of the Group. Each figure is a percentage change of the values between the previous financial year and the financial year under review. The total permanent workforce has been selected as the comparator for salaries and fees and short term incentives. The comparison of the increase in taxable benefits has been made for UK permanent employees only as their remuneration packages are most directly comparable to that of the Chief Executive.

Percentage change	Salaries	Taxable benefits	Short term incentives
Chief Executive Officer	2.1%	4.5%	12.9%
All employees	3.9%	-5.0%	-20.0%

Excludes taxable expenses for both the CEO and all employees

The difference in the percentage change in respect of taxable benefits and short term incentives arises from demographic changes in the employee population with a larger cohort of more junior employees (with a corresponding reduction in the absolute value of short term incentives) and an increase in the number of younger people (who typically elect not to receive certain benefits such as family health insurance).

Gender pay

Employers with more than 250 UK based staff are required by law to publish data on the following:

- Gender pay gap (mean and median)
- Gender bonus gap (mean and median)
- Proportion of men and women in each quartile of the organisation's pay structure
- Proportion of men and women receiving bonuses

Gender pay gap is a UK comparison, across the pay of all men and all women regardless of their level or role. This is different from an equal pay gap, an individual measure comparing the pay of a man and a woman in the same or a similar role.

Although the Group falls below the current threshold of more than 250 staff in the UK, we have decided to publish our data. At ICG we have equal pay for equal work regardless of gender.

Pay gaps at ICG have fallen during the financial year and are now in line with market averages for the sector, while bonus gaps remain above average, reflecting the gender disparity in senior management and senior investment roles. The decline in the mean pay gap is caused by a higher proportion of women moving into more senior roles, as illustrated by the gender diversity KPI (see page 18).

	2019	2018	2017
Mean pay gap	**28.9%**	33.6%	39.8%
Mean bonus gap	**78.3%**	67.7%	81.7%

The Group is committed to addressing our gender pay gap with a number of initiatives underway to increase talent diversity and foster a culture of inclusivity through:

- Running unconscious bias training for managers and interviewers to ensure all our people are equally supported in their career progression
- Extending the reach of our search and selection activities to bring in the best talent regardless of demographic or background
- Pressing for balanced candidate short lists for all roles and are maximising diversity on our interview panels

We are delighted to have achieved balanced recruitment of senior management roles within the UK this year with women representing 50% of new recruits.

Benchmarking

Remuneration awards are benchmarked against the following peers in the major jurisdictions where the Group operates:

- Listed financial service companies
- Listed private equity firms
- Investment banks
- Listed asset managers
- Unlisted asset managers
- Unlisted private equity firms
- Other organisations as appropriate for the individual role

The Group carries out an extensive annual exercise to benchmark proposed salaries and deferred awards for all employees globally. This covers employees at all levels and shows how a particular employee is remunerated compared with their market and where appropriate, employees are benchmarked against the market on a global basis.

Our Executive Directors are compared to equivalent individuals at a wide range of public and private companies globally. While it is extremely challenging to obtain publicly available data on many private companies, we are able to gain insight into this area by commissioning bespoke research by leading external recruitment consultants and other independent providers of compensation data. Our most recent market wide review identified median pay and upper/lower quartile pay at a range of leading asset management and private equity firms, as well as listed financial services firms. The data gathered was used to create the banding ranges for the maximum, on target and minimum awards used for our Executive Directors.

The benchmarking exercise draws on a wide variety of sources including information from recognised independent market data providers, insight from dealing with recruitment consultants and other advisers, experience from our own recruitment and staff turnover, and our understanding of market competitors. In recent years ICG has commissioned two separate third party providers to undertake comprehensive reviews of the competitor landscape to benchmark our Executive Directors and to advise on the appropriateness of our publicly stated compensation target and cap over the medium term.

Due to the unique nature of the Group's business as a listed entity which competes for talent against other asset managers and listed and unlisted private equity employers as well as investment banks, it is necessary to obtain a wide range of comparison sets. Hence, while we do consider other listed financial service companies in our benchmarking, they are not the only relevant comparator.

ANNUAL REPORT ON REMUNERATION

Determination of the AAP (audited)

The AAP is governed by limits expressed in terms of cash profit (see page 80). Cash profit provides a link between income generation for shareholders and employee compensation, ensuring that excessive awards to employees are not made and that any awards that are made are affordable on a cash basis. Managing the AAP by reference to a five year rolling average is a shareholder protection to ensure that variable awards to employees are made in a considered long term way rather than as a reaction to a single year's exceptional performance. In a lower cash profit year the Committee may distribute some of the retained AAP, this ensures that employees can still be appropriately incentivised to protect the long term interests of the business and mitigate the risk of undesirable loss of talent.

Management information is provided to the Executive Directors and Remuneration Committee on performance to ensure that financial results are put into the context of wider performance and risk appetite.

The amounts awarded therefore may not fully correlate to annual variations in cash profit, but this reflects the multi-year approach taken by the Committee. The Committee is mindful each year of the appropriate level of compensation to ensure the retention of employees at all levels, and seeks to ensure that employees are rewarded against appropriate benchmarks.

The table on page 73 sets out the cost of incentives drawn from the AAP for the financial year under review and the four previous years.

Long term nature of cash profit

Pre-incentive cash profit (PICP) is generated by receiving fund management fees and realising investments. The holding period for investments is typically four to eight years. This characteristic means that the AAP is inherently deferred as it includes realisations from a number of investment vintages. By generating the award pool in this way we ensure that staff are only rewarded when returns are crystallised.

ANNUAL AWARD POOL (AAP)

The allocation of AAP in the current year is below 30% of PICP and remains well below the limit on a five year rolling basis due to prudent management of the AAP over the medium term.

In addition to the AAP awards the Committee approved an allocation of £1.7m from the shareholder-approved BGP in support of new strategies. This is included within the Total Variable Compensation Spend.

The FY19 Total Dividend is the value of the ordinary dividend per share of 45p , with the final dividend for the financial year to be paid on 6 August 2019.

ADJUSTED CASH PROFIT FY19
£336.6m

AVAILABLE TO SHAREHOLDERS
£233.9m
69.5%

ANNUAL AWARD POOL
£101.0m
30%

BUSINESS GROWTH POOL
£1.7m
0.5%

FY19 TOTAL DIVIDEND
£127.4m

RETAINED PROFIT
£108.2m

TOTAL VARIABLE COMPENSATION
£79.7m

SINGLE TOTAL FIGURE OF REMUNERATION TABLE (AUDITED)

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 March 2019 for each Executive Director who served during the year, together with comparative figures for the previous financial year:

	Remuneration in respect of the financial years 2019 and 2018[5]								
Executive Directors	Salaries and fees £000	Benefits[1] £000	Pension allowance £000	Short term incentives, available as cash[2] £000	Total emoluments £000	Short term incentives, deferred[3] £000	Total remuneration in respect of the financial years 2019 and 2018 £000	Long term Incentives[4] vested from prior years (legacy awards) £000	Single total figure of remuneration £000
Benoît Durteste									
2019	**394.0**	**13.8**	**59.1**	**480.0**	**946.9**	**4,320.0**	**5,266.9**	4,259.0	9,525.9
2018	386.0	10.7	57.9	425.0	879.6	3,825.0	4,704.6	251.7	4,956.3
Philip Keller									
2019	**394.0**	**9.4**	**59.1**	**125.0**	**587.5**	**1,125.0**	**1,712.5**	1,140.0	2,852.5
2018	386.0	8.4	57.9	250.0	702.3	2,250.0	2,952.3	38.2	2,990.5

Total emoluments paid to all Directors were £2,477,500 (2018: £2,566,000). See page 90 for details of payments to NEDs.

Notes

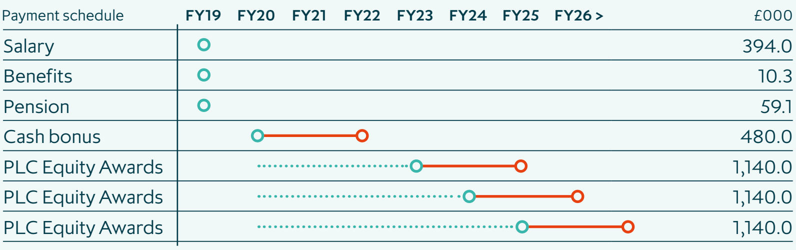
1. Each Executive Director's benefits includes medical insurance (taxable), life assurance (not taxable) and income protection (not taxable).
2. This figure represents the cash element of the annual bonus paid in cash.
3. This figure represents the PLC Equity Awards made for the year ended 31 March 2019 and deferred for 3-5 years.
4. The long term incentive amounts are legacy award payments received during the year in respect of BSC awards no longer available to Executive Directors. These awards were made in prior years (see page 79). In the case of Mr Durteste, 71 % (£3.0m)of the long term incentive payments received in the period relate to awards made prior to his appointment as an Executive Director. These are in respect of investments completed in FY11 and FY12, on which weighted annual rates of return of 18% and 14.2% were achieved, respectively.
5. Individuals are invited to participate in TPC and must pay the fair market value for their share in the TPC partnership and therefore there is no remuneration value. The percentage of the total distributable TPC by fund awarded to the Executive Directors is shown on page 89.

Additional information in respect of the single total figure (audited)

In the financial year under review, in line with the Directors' Remuneration policy, the base salary payable to each Executive Director was increased to £394,000 per annum from £386,000 per annum, a 2.1 % increase. The percentage increase received was in line with other employees.

CHIEF EXECUTIVE OFFICER'S AWARDS

AWARDS IN RESPECT OF FY19 PERFORMANCE



100%

of variable awards to Executive Directors in respect of FY19 are at risk of clawback

Deferral period
At risk of clawback
Payment

ANNUAL REPORT ON REMUNERATION
CONTINUED

EXECUTIVE DIRECTORS – KEY PERFORMANCE INDICATORS AND PERFORMANCE IN THE YEAR

An Executive Director's annual incentive award is governed by the size of the AAP and their individual performance as determined by the annual appraisal process. At the beginning of the financial year under review, the Committee assigned the Executive Directors a number of KPIs broadly in the areas of fundraising and growth, investment portfolio performance, operational and risk management measures, performance management and financial performance.

A summary of the KPIs, and the outcome against these objectives is set out below. The targets and ranges are set annually for each KPI.

Quantitative KPIs	Link to Strategic Objectives	Weighting		Performance outcome			FY19 Outcome
		CEO	CFOO	Underperforming	Target	Outperforming	
Fundraising – long term		10%	7.50%	€6.5bn	€6.9bn	€7.3bn	€7.3bn
Fundraising – current year		10%	7.50%	€7.4bn	€8.4bn	€10.0bn	€10.0bn
FMC operating margin		7.50%	10%	43.0%	45.2%	48.0%	52.3%
Weighted average fee rate		10%	10%	0.8%	0.82%	0.87%	0.86%
Fund deployment in line with expectations		7.50%	5%		€4.3bn[a]		€6.0bn
% of full realisations above fund hurdle rate		10%	5%	70.0%	80.0%	98.0%	91.7%
Return on equity	N/A	7.50%	12.50%	13.0%	15.1%	16.0%	20.0%
Long term gearing	N/A	7.50%	12.50%		0.8-1.2x[b]		0.9x
Qualitative KPIs[c]							
Risk management and regulatory compliance	N/A	12.50%	n/a				FY19 Outcome Note 1
Strategic Development	N/A	10%	n/a				FY19 Outcome Note 2
Culture and Diversity	N/A	7.50%	n/a				FY19 Outcome Note 3

(a) Expected to be within +/- 10% of the linear investment pace, subject to macroeconomic conditions.
(b) Expected to be within the target range, other than for the short term.
(c) Due to the forward looking nature of these targets, after Mr Keller notified the Board of his intention to retire it was felt appropriate that he should not be rewarded with regard to them. Instead, Mr Keller was assessed relating to the in-year quantitative KPIs, with an overlying assessment by the Board as to the effectiveness of his contribution to the Group's development.

FY19 Outcome Note 1: Maintenance of regulatory capital surplus above internal target; led successful appointment process for new CFOO, and development of personnel strength beneath CFOO; timely and effective completion of Brexit preparedness project.
FY19 Outcome Note 2: Achieved launch of several new fund strategies, which are important to future growth potential; directed transition to new fund managers in two key strategies.
FY19 Outcome Note 3: Led development of new purpose and values statement for ICG; established a programme for a nominated NED to engage with employees; implemented the Women In Finance Charter and adapted the senior recruitment and selection process to enhance diversity of appointments.

LINK TO STRATEGY:

GROW ASSETS UNDER MANAGEMENT

INVEST SELECTIVELY

MANAGE PORTFOLIOS TO MAXIMISE VALUE

+ You can read more about our strategic objectives on page 2

EXECUTIVE DIRECTORS – SETTING THE LEVEL OF AWARD

In considering the awards to be made for FY19, the Committee noted that PICP for the year of £336.6m was significantly increased compared to £254.9m in the prior year and, as shown in the table opposite and throughout the Annual Report, overall delivery against the Group's strategic objectives has been extremely strong. The Group's strategy is to grow our specialist asset manager and this has been an outstanding year with fundraising, capital deployment and fund management profits all at new highs for ICG, and well ahead of the targets set.

In addition to the quantitative KPIs, qualitative KPIs have been set by the Board to embrace longer term objectives and/or objectives that are not easily quantified. The qualitative KPIs set in FY19 addressed 3-5 year strategic objectives, the maturing of newer investment strategies, managerial excellence, compliance with risk (including regulatory) appetite, succession planning, diversity and inclusion and culture. The objectives, which are weighted to represent 30% of performance appraisal, are medium term in nature and stretching. Some of the medium term targets are commercially sensitive and so are not fully disclosed at this time; their nature will be clarified in future years.

The awards to Benoît Durteste reflect his outstanding performance in his roles as both Chief Executive Officer and Chief Investment Officer of the Group, with the quantum reflecting this dual responsibility and the strong outcomes that he has delivered in both parts of his role. Mr Durteste has made a significant contribution to increasing long term shareholder value by maximising the profitability of existing strategies and actively pursuing the addition of a number of new, scalable strategies to the portfolio. This success is particularly reflected in the excellent performance in respect of the quantitative KPIs. The Committee also recognised the fact that Mr Durteste had maintained the investment discipline of the Group which is vital to its track record and long term success while still ensuring that the Group is able to deploy funds at an appropriate pace. The Committee was also pleased to note the progress being made against qualitative KPIs such as diversity and culture. Accordingly, the award made to Mr Durteste was £4.8m, comprising an annual cash bonus of £480,000 and PLC Equity awards of £4,320,000 in respect of FY19.

In considering the awards to be made to Philip Keller, the Committee took into account the changing nature of the CFOO role. In previous years, the Executive Committee (comprised of all Executive Directors) jointly managed the Group. Changes to the Group's executive governance structure have been made in the last 12-18 months with management of the Group delegated individually to the CEO (assisted by a steering committee of senior executives, including the CFOO) rather than to an Executive Committee. Mr Keller was a member of a number of the Group's Investment Committees; in the last year, to reflect the evolving nature of the balance sheet, Mr Keller ceased to be involved in Investment Committees for new funds.

Given the nature of the changes to the CFOO's role, the Committee felt that an 'on target' variable award of £2m (with a maximum of £2.5m) was in excess of what is warranted for the position, and has set an 'on target' amount of £1m for the variable award for Vijay Bharadia, Mr Keller's successor (with a maximum of £2m). In the light of the above transition of role, Mr Keller's award for the current year was considered in line with this new target. Although the Group's performance and quantitative KPI achievement was strong, and ahead of 'on target', the Committee noted that Mr Keller's retirement had been announced during the year and accordingly it became less relevant for him to be appraised or rewarded against the forward-looking qualitative KPIs. Therefore Mr Keller's variable pay was assessed on the quantitative KPIs and his contribution towards their achievement. On this basis, the Committee made an award to Mr Keller of £1.25m, comprising an annual cash bonus of £125,000 and PLC Equity awards of £1,125,000 in respect of FY19.

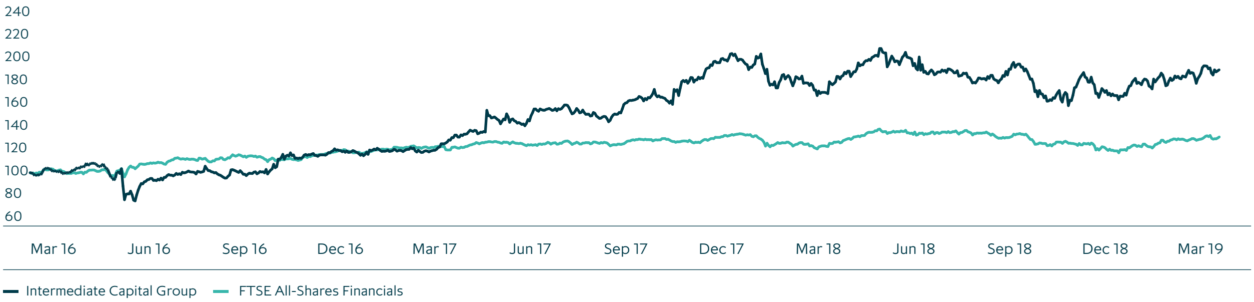
The Executive Directors' KPIs for FY20 have been set in similar categories to those described above.

ANNUAL REPORT ON REMUNERATION

CONTINUED

THREE YEAR TOTAL SHAREHOLDER RETURN

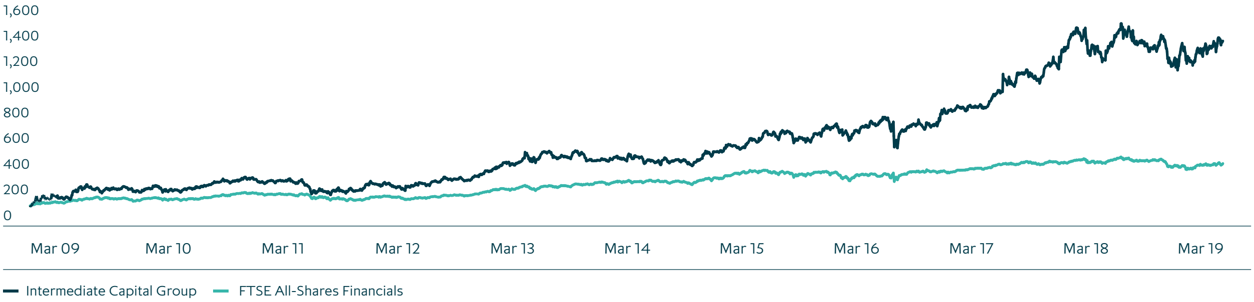
The graph compares the value, at 31 March 2016 of £100 invested in Intermediate Capital Group plc with the FTSE All Share Financial Index over the subsequent three years. This index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other major financial services companies.



The total shareholder return for the year to 31 March 2019 was 12% compared with the FTSE All Share Financial Index return of 6%.

PERFORMANCE GRAPH OF TOTAL SHAREHOLDER RETURN (TEN YEARS)

The graph below shows a comparison between the Company's total shareholder return performance and the total shareholder return for all the financial services companies in the FTSE All Share index. The graph compares the value, at 31 March 2009 of £100 invested in Intermediate Capital Group plc with the FTSE All Share Financial Index over the subsequent ten years. This index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other major financial services companies.



DIRECTORS' INTERESTS IN SHARES (AUDITED)

The Directors and their connected persons held the following interests in shares of the Company:

		All as at 31 March 2019		
Directors	Shares held outright as at 31 March 2018	**Shares held outright as at 31 March 2019**	**Unvested DSA and PLC Equity Award interests**	**Shareholding requirement met?**
Benoît Durteste	398,777	**529,265**	**1,646,072**	**Yes**
Philip Keller	726,637	**441,438**	**1,049,942**	**Yes**
Kevin Parry	20,000	**40,092**	**N/A**	**N/A**
Virginia Holmes	10,000	**10,000**	**N/A**	**N/A**
Rusty Nelligan	106,042	**130,042**	**N/A**	**N/A**
Kathryn Purves	2,237	**10,737**	**N/A**	**N/A**
Amy Schioldager	–	**10,000**	**N/A**	**N/A**
Andrew Sykes	–	**10,000**	**N/A**	**N/A**
Stephen Welton	40,000	**40,000**	**N/A**	**N/A**

The Executive Directors are each required to hold 73,991 shares, being 200% of their annual salary at the share price prevailing on 31 March 2019. There are no set shareholding requirements for NEDs, although all are encouraged to purchase a holding to align themselves with small shareholders.

Subsequently, PLC Equity Awards were made on 22 May 2019 to Executive Directors in respect of their prior year performance. A total of 360,601 interests over shares were awarded to Benoît Durteste and a total of 93,906 interests over shares were awarded to Philip Keller. Other than these awards, there were no changes to the shareholdings between the year end and the date of this report.

TOTAL PENSION ENTITLEMENTS (AUDITED)

No Executive Directors had a prospective entitlement to a defined benefit pension by reason of qualifying services.

ANNUAL REPORT ON REMUNERATION
CONTINUED

EXECUTIVE DIRECTORS' CO-INVESTMENT IN THIRD PARTY FUNDS

Fund investors expect Executive Directors to co-invest in funds. The following amounts have been committed by current Executive Directors from their own resources into third party funds managed by ICG:

Executive Director		Benoît Durteste	Philip Keller
ICG EF06 B	€000	617	428
ICG RF 08B	€000	1,000	508
ICG Europe Fund V	€000	2,250	500
ICG Europe Fund VI	€000	2,000	750
ICG Europe Fund VII	€000	3,300	500
ICAP III	$000	1,000	400
Velocity Co-invest	$000	8	1
Strategic Secondaries Carbon Fund I	$000	522	385
Strategic Secondaries Fund II	$000	1,131	396
North America Private Debt Fund I	$000	1,132	500
ICG Longbow III	£000	–	200
ICG Senior Debt Partners I	€000	250	–

CARRIED INTEREST ON THIRD PARTY FUNDS

Certain investment professionals (including Executive Directors) may be invited to participate in carried interest arrangements under which between 50% and 90% of the carried interest in respect of certain managed funds is available for allocation to investment professionals. Those investment professionals who participate in such arrangements pay full market value for the interests at the time of acquisition. Carried interest on third party funds is not remuneration for services provided to ICG PLC. The allocation of carried interest entitlements in funds in which Executive Directors participate as at 31 March 2019 was as follows:

Fund	ICG PLC	Current Executive Directors	Former Executive Directors	Other current and former employees	Total
Mezzanine Fund 2003	25.0%	5.0%	32.5%	37.5%	**100.0%**
ICG Europe Fund V	20.0%	13.7%	10.2%	56.1%	**100.0%**
ICG EF 2006B	20.0%	20.3%	10.0%	49.7%	**100.0%**
ICG Europe Fund VI [(a)]	20.0%	19.2%	5.5%	55.3%	**100.0%**
Domus Co-investment Fund [(b)]	20.0%	17.0%	0.0%	63.0%	**100.0%**
Trio Co-investment Fund [(b)]	20.0%	17.0%	0.0%	63.0%	**100.0%**
ICG Europe Fund VII [(a) (b)]	20.0%	15.0%	0.0%	65.0%	**100.0%**
ICG MXV Co-investment II [(b)]	20.0%	20.0%	0.0%	60.0%	**100.0%**
Intermediate Capital Asia Pacific Mezzanine Fund I 2005	25.0%	3.1%	28.0%	43.9%	**100.0%**
Intermediate Capital Asia Pacific Fund 2008	20.0%	12.8%	12.8%	54.4%	**100.0%**
Intermediate Capital Asia Pacific Fund III [(a)]	20.0%	16.3%	3.7%	60.0%	**100.0%**
ICG Recovery Fund 2008B	20.0%	32.0%	0.0%	48.0%	**100.0%**
ICG Senior Debt Partners I	20.0%	11.9%	8.1%	60.0%	**100.0%**
ICG Senior Debt Partners II	20.0%	10.7%	5.9%	63.4%	**100.0%**
ICG Senior Debt Partners III [(a) (b)]	20.0%	11.0%	0.0%	69.0%	**100.0%**
ICG Senior Debt Partners III – Vintage Period 2017 [(a) (b)]	20.0%	10.8%	0.0%	69.2%	**100.0%**
North America Private Debt Fund [(a)]	20.0%	14.4%	5.1%	60.5%	**100.0%**
Strategic Secondaries Carbon Fund I	20.0%	10.7%	7.3%	62.0%	**100.0%**
Secondaries Velocity	20.0%	9.5%	8.2%	62.3%	**100.0%**
Strategic Secondaries Fund II [(a)]	20.0%	14.0%	2.9%	63.1%	**100.0%**
ICG-Longbow UK Real Estate Debt Investment IV	10.0%	11.1% [(b)]	2.0%	76.9%	**100.0%**
ICG Longbow Development Fund	20.0%	4.3% [(b)]	1.7%	74.0%	**100.0%**

(a) Certain fund terms include contractual provisions that may provide for adjustments in the share of carried interest held by participants post initial subscription. These provisions apply across all participants in that fund and do not represent new purchases of TPC.
(b) New interest purchased during the year.

These carry holdings include TPC and shadow carry.

Further details of each of these funds can be found on pages 170 and 171. Total payments from TPC interests during the year are shown on page 143.

ANNUAL REPORT ON REMUNERATION

CONTINUED

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED)

On 22 May 2018 PLC Equity awards were granted to Executive Directors in relation to their performance in FY18, representing the deferral of 90% of short term incentives awarded in respect of that year. These were based on performance in that year. Awards vest one third at the end of the third, fourth and fifth years following the year of grant. There are no further performance conditions subject to continued employment. There was no set percentage of award for minimum performance. The face value of the awards was, for Mr Durteste, £3,825,000 and for Mr Keller, £2,250,000. The share price on the date of award of PLC Equity was £11.64. This was the middle market quotation for the five dealing days prior to 22 May 2018.

TOTAL REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The table below details the total remuneration of the Director holding the position of CEO of Intermediate Capital Group plc for the past ten years. The figures are presented on the basis of the Single Total Figure of Remuneration Table (see page 83) and include some deferred compensation awarded in previous years but reported in the year received.

	Financial year	Total remuneration £000	Percentage of maximum opportunity of short term incentives awarded	Percentage of maximum opportunity of long term incentives awarded
Benoît Durteste	2019	9,526	87%	N/A
	2018[1]	3,412	77%	N/A
Christophe Evain	2018[1]	183	0%	N/A
	2017	6,888	102%	160%
	2016	4,295	76%	98%
	2015	5,103	80%	98%
	2014	4,797	97%	20%
	2013	1,492	24%	1%
	2012	2,973	43%	97%
	2011	5,941	44%	100%
Tom Attwood	2010	4,631	44%	100%

1. The figures above have been pro-rated to reflect the transition of the CEO role from Christophe Evain to Benoît Durteste on 25 July 2017.

A comparison of the change of pay of the CEO to that of all employees of the Group is shown on page 80.

FEES PAID TO NON EXECUTIVE DIRECTORS (AUDITED)

In the financial year under review, NEDs' fees were as follows:

Non Executive Directors	Date appointed	Board membership fees £000	Board and Committee Chairman fees £000	Senior Independent Director fee £000	Audit Committee £000	Remuneration Committee £000	Risk Committee £000	**Total for year ending 2019 £000**	Total for year ending 2018 £000
Kevin Parry (Chairman)[(b)]	June 2009		241.3					**241.3**	236.5
Peter Gibbs[(a)]		24.7		5.0	4.0	4.0		**37.6**	122.0
Virginia Holmes	March 2017	76.5	20.5				12.3	**109.3**	85.8
Rusty Nelligan	September 2016	76.5	20.5				12.3	**109.3**	107.0
Kathryn Purves	October 2014	76.5	20.5		12.3			**109.3**	107.0
Amy Schioldager	January 2018	76.5			12.3		12.3	**101.0**	14.8
Andrew Sykes	March 2018	76.5		10.6	12.3	12.3		**111.7**	2.0
Kim Wahl[(a)]		24.7			4.0	4.0		**32.6**	99.0
Stephen Welton	September 2017	76.5				12.3		**88.8**	42.4

(a) Peter Gibbs and Kim Wahl retired from the Board on 25 July 2018.
(b) The Chairman does not receive a fee in respect of his membership of the Remuneration Committee.

NEDs do not have contracts of service and are not eligible to join the designated Group pension plan or receive payment for loss of office. All NEDs have a three month notice period, are re-elected annually and were last re-elected in July 2018.

PAYMENTS MADE TO PAST DIRECTORS (AUDITED)

In the financial year ended 31 March 2019, the following payments were made to former Directors in respect of BSC awards made while they were Executive Directors.

Employee	£
Christophe Evain	1,702,581
Tom Attwood	186,142
François de Mitry	467,209

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN FOLLOWING FINANCIAL YEAR

ICG's fees have been benchmarked against fees in the upper half of the financial sector for FTSE 250 companies. Fees have not been increased save for the Chairman's fee which has been increased towards the market rate for a company of this size and to take account of the increasing time commitment and responsibilities of the role.

The proposed salaries for the Executive Directors and fees for the NEDs for FY20 are set out below.

	Annual salaries and fees £000	
Role	Y/E 31 March 2020	Y/E 31 March 2019
Executive Director (Benoît Durteste and Philip Keller)	394.0	394.0
CFOO (Vijay Bharadia)	500.0	–
Chairman	275.0	241.3
Non Executive Director (other than Chairman)	76.5	76.5
Senior Independent Director	15.5	15.5
Remuneration Committee Chair	20.5	20.5
Audit Committee Chair	20.5	20.5
Risk Committee Chair	20.5	20.5
Member of the Audit Committee, Risk Committee or Remuneration Committee	12.3	12.3
Board Director for Employee Engagement	20.5	–

Committee composition is set out on page 46 and in the relevant Committee reports on pages 51 to 92.

For FY20, the AAP will be calculated as described in the Directors' Remuneration policy. All incentives (excluding TPC and certain arrangements in respect of business acquisitions or ICG direct investment funds to the extent that such do not give rise to a cost or liability to the Group) payable to employees of the Group will be funded out of the AAP. The Executive Directors' annual bonus and other incentives will be dependent on their achieving specific objectives as set out on page 84 which will be updated for FY20.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit (namely distributions to shareholders) for the financial year under review and the previous financial year. The movement in staff costs reflects the increased headcount supporting the growth of the Group and the higher cost of awards due to a strong performance year.

	FY18	FY19	Percentage change
Ordinary dividend (£m)	85.4	**113.2**	**33%**
Permanent headcount	297	**336**	**13%**
Employee costs (£m)	158.0	**166.0**	**5%**

ANNUAL REPORT ON REMUNERATION

CONTINUED

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

At the last AGM, votes were cast as follows:

	Votes for	Votes against	Abstentions	Reasons for votes against, if known and actions taken by the Committee
Directors' Remuneration Report	89.76%	10.24%	388,712	No consistent concerns were raised by shareholders last year and the Committee has continued to engage with shareholders and their feedback will be incorporated into the Policy review.

At the 2017 AGM, votes were cast as follows:

	Votes for	Votes against	Abstentions	Reasons for votes against, if known and actions taken by the Committee
Remuneration Policy	84.97%	15.03%	493,438	Directors of the Company met with a number of shareholders in the period subsequent to the vote and no material concerns in respect of the Policy were raised.

The Company recognises the importance of communication with its shareholders, particularly through interim and annual reports, and the AGM. During the year, the Remuneration Committee Chair and Company Secretary contacted the Company's major shareholders to offer a meeting or call to discuss the Company's remuneration practices. Where shareholders accepted the offer, after discussions they were generally supportive of the Committee's approach. The Remuneration Committee Chair and the Company Secretary also met with a number of shareholder advisory groups, including the Investment Association, ISS and Glass Lewis, to seek their input. The Chief Executive, CFOO and the Chairs of the Board and all Committees will be available to answer shareholders' questions at the AGM. When requested to do so, NEDs will attend meetings with major shareholders.

SERVICE CONTRACTS

Executive Directors

The Company's policy is for Executive Directors to have one year rolling contracts which are deemed appropriate for the nature of the Company's business. Service contracts are held, and are available for inspection, at the Company's registered office. The details of the service contracts for Executive Directors serving during the year and the treatment of long term incentive awards to Executive Directors are shown below.

<table>
<tr><th>Executive Director</th><th>Date of service contract</th><th>Last re-elected</th><th>Re-election frequency</th><th>Notice period</th><th>Non-compete provisions</th><th>Compensation on termination by the Company without notice or cause</th></tr>
<tr><td>Benoît Durteste</td><td>21 May 2012</td><td rowspan="2">July 2018</td><td rowspan="3">Annual</td><td rowspan="3">12 months</td><td rowspan="2">Restraint period of 12 months</td><td rowspan="3">The salary for any unexpired period of notice plus the cost to the Company (excluding NI contributions) of providing insurance benefits for the same period</td></tr>
<tr><td>Philip Keller</td><td>12 October 2006</td></tr>
<tr><td>Vijay Bharadia</td><td>1 January 2019</td><td>Proposed July 2019</td><td>Restraint period of 9 months</td></tr>
</table>

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No payments were made for loss of office in the financial year under review.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the financial year ended 31 March 2019. The risks to which the Group is subject, and the policies in respect of such risks, are set out on pages 26 to 33 and are incorporated into this report by reference. The Corporate Governance section set out on pages 38 to 92 is incorporated into this report by reference. The Strategic Report section set out on pages 2 to 36 is also incorporated by reference.

Throughout the financial year ended 31 March 2019 the Group was in compliance with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council. A copy of the Code is available on the Financial Reporting Council's website: www.frc.org.uk.

Significant shareholdings

As at 31 March 2019 the Company had been notified or otherwise become aware of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3% or more of the issued share capital of the Company. There have been no notifications made subsequent to the year end.

Institution	Number of shares	Percentage of voting rights
Aviva Investors	25,115,755	8.65%
Jupiter Asset Management Limited	14,325,371	4.93%
BlackRock Inc	12,501,336	4.31%
Ameriprise Financial Inc	11,385,015	3.92%
Schroders Plc	11,023,903	3.80%
Standard Life Aberdeen	10,265,412	3.54%
The Vanguard Group Inc	9,937,136	3.43%
J.P. Morgan Asset Management	8,966,943	3.09%
Employee Share Scheme Trustees	8,936,758	3.08%

The Company is a public company limited by shares.

DIRECTORS

The profiles of the Directors currently serving are shown on pages 40 and 41; those details are incorporated into this report by reference. In addition, Peter Gibbs and Kim Wahl served as NEDs during the year, each stepping down on 26 July 2018.

The composition of each of the Committees of the Board and the Chair of each Committee are detailed in the report of each Committee, found on pages 51 to 92.

Directors' interests

The interests of Directors who held office at 31 March 2019 and their connected persons, as defined by the Companies Act 2006, are disclosed in the report of the Remuneration Committee on page 87.

Details of Directors' share options are provided in the report of the Remuneration Committee on page 87. During the financial year ended 31 March 2019, the Directors had no options over or other interests in the shares of any subsidiary company.

The roles of the Chairman and Chief Executive

In accordance with the Code, the Board has adopted a formal division of responsibilities between the Chairman and the CEO, so as to establish a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

The current Chairman, Kevin Parry, was considered independent at the date of his appointment as Chairman.

DIRECTORS' REPORT
CONTINUED

The Board has delegated the following responsibilities to the Executive Directors:

- The development and recommendation of strategic plans for consideration by the Board
- Delivery of objectives and priorities determined by the Board
- Implementation of the strategies and policies of the Group as determined by the Board
- Monitoring of operating and financial results against plans and budgets
- Monitoring the quality of the investment process
- Developing and maintaining risk management systems

Disclosure documents

The terms of reference of each of the Board Committees, together with the Directors' service agreements, the terms and conditions of appointment of NEDs and Directors' deeds of indemnity, are available for inspection at the Company's registered office during normal business hours.

Committee proceedings

Each Committee has access to such external advice as it may consider appropriate. The terms of reference of each Committee are considered regularly by the respective Committee and referred to the Board for approval.

Delegation to Executive Directors

The Company has two Executive Directors, each of whom has a specific area of responsibility. Benoît Durteste is CEO and in addition to his strategic and operational remit, oversees the Group's Investment Committees in his role as the Chief Investment Officer. Philip Keller is Chief Finance and Operating Officer and is currently responsible for finance, operations, IT, human resources, risk, compliance and legal. Philip is retiring from the Board in summer 2019. Vijay Bharadia, who joined the Company on 20 May 2019, will assume this role from Philip's retirement.

Two additional Steering Committees are in place to support, assist and challenge the Executive Directors in the exercise of their authority. These Committees are made up of other individuals from the senior management team of the Group and respectively focus on ongoing business operations and business development opportunities.

Board process

Each Board member receives a comprehensive Board pack at least five days prior to each meeting which incorporates a formal agenda together with supporting papers for items to be discussed at the meeting. Further information is obtained by the Board from the Executive Directors and other relevant members of senior management, as the Board, particularly its NEDs, consider appropriate. A similar process is followed for each Committee.

Advice for Directors

All Directors have access to the advice and services of the Company Secretary and the Secretaries to each of the Committees on which they serve, and may take independent professional advice at the Company's expense in the furtherance of their duties. The appointment or removal of the Company Secretary would be a matter for the Board.

Meetings with the Chairman

The NEDs regularly hold meetings in the absence of the Executive Directors (at least five times per year and usually before or after each Board meeting) and, separately, in the absence of the Chairman (at least twice per year).

Senior Independent Director

Andrew Sykes currently holds the position of SID of the Company, with his appointment taking effect from 26 July 2018. In accordance with the Code, any shareholder concerns not resolved through the usual mechanisms for investor communication can be conveyed to the SID. The SID acts as a sounding board for the Chairman and also leads the annual appraisal of the Chairman.

Directors' indemnity

The Company has entered into standard contractual indemnities with each of the Directors. The Company also provides Directors' and Officers' insurance for the Directors.

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy and effective procedures for managing and, where appropriate, approving potential conflicts of interest. No material conflicts of interest exist.

Internal control

The Board has overall responsibility for the Company's internal control system and monitoring of risk management, the effectiveness of which is reviewed at least annually. Internal controls include giving reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are prevented or detected within a timely period.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Board annually considers and approves a strategic plan and budget. In addition there are established procedures and processes in place for the making and monitoring of investments and the planning and controlling of expenditure. The Board also receives regular reports from Executive Directors and other members of senior management on the Company's operational and financial performance, measured against the annual budget as well as regulatory and compliance matters.

The Company has in place arrangements whereby individuals may raise matters of concern in confidence about possible improprieties in matters of financial reporting or other matters.

The rationale for the system of internal control is to maximise effectiveness for the commercial management of the business and to provide the Board with regular and effective reporting on the identified significant risk factors. The Board is responsible for determining strategies and policies for risk control, and management is responsible for implementing such strategies and policies.

The Board confirms that an ongoing process for identifying, evaluating and managing the Group's significant risks has operated throughout the year and up to the date of the approval of the Directors' report and financial statements. For further details of the risks relating to the Group, please see pages 26 to 33 and the report of the Risk Committee on pages 61 to 65.

Going concern statement

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they have adopted the going concern basis of preparing the financial statements.

The Directors have made this assessment after reviewing the Group's latest forecasts for a period of three years, noting the £572.7m cash and unutilised committed debt facilities as at the end of FY19. There are currently no drawings under ICG's committed bank facilities and there is no maturity of such facilities within two years.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 36. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance and Operating Review on pages 21 to 25. In addition, note 5 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors believe that the Group and Company are well placed to manage the business risks successfully in the current economic environment.

Forward-looking statements

This Annual Report includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Directors, the Company and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Many of these factors are beyond the control of the Directors, the Company and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Annual Report. Except to the extent required by laws and regulations, the Directors, the Company and the Group do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Annual Report.

DIRECTORS' REPORT
CONTINUED

Change of control agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group, other than:

1. The Private Placement arrangements $150m dated 8 May 2013, $279m, £13m and €79m dated 11 May 2015, $292m and €74m dated 29 September 2016, and $350m and €44m dated 26 March and 24 April 2019, where a change of control of the Company gives rise to a prepayment offer, whereby the Company must make an offer to all holders of the Private Placement notes to prepay the entire unpaid principal amount of the Private Placement notes, together with accrued interest thereon.
2. The £500m committed syndicated loan facilities agreement entered into on 4 April 2018 and £50m bilateral loan facility entered into on 6 November 2018 each contain a change of control provision which provides, upon the occurrence of a change of control of the Company, for a 30 day negotiation period with the syndicate lenders to agree terms and conditions which are acceptable to syndicate lenders and the Company for continuing the facilities. If, at the end of the negotiation period, no such agreement is reached, the facilities agreement gives each lender the right, but not the obligation, upon applicable notice, to cancel their commitments under the facilities agreement and declare their participation in the loans then outstanding repayable on demand, together with accrued interest and all other amounts payable thereon.
3. The terms and conditions of the £80m retail bond issue which took place in September 2012 and the £160m bond issue which took place in March 2015, each of which set out that following a change of control event, investors have the right but not the obligation to sell their notes to the Company if the change of control results in either a credit ratings downgrade from investment grade to sub-investment grade or withdrawal, or a downgrade of one or more notches (or withdrawal of the rating) if already sub-investment grade.
4. The employee share schemes, details of which can be found in the Report of the Remuneration Committee on pages 72 to 92, awards and options under the 2001 Approved and Unapproved Executive Share Option Schemes and SAYE Plan 2004 become exercisable for a limited period following a change of control. Awards and options under the Omnibus Plan and the BSC Plan vest immediately on a change of control.
5. Carried interest arrangements in respect of a number of funds vest fully in favour of the Company and certain of its employees following a change of control event.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from those described above and the usual payment in lieu of notice.

Dividend

The Directors recommend a final net ordinary dividend payment in respect of the ordinary shares of the Company at a rate of 35p per share (2018: 21p), which when added to the interim net dividend of 10p per share (2018: 9p), gives a total net dividend for the year of 45p per share (2018: 30.0p). The recommendation is subject to the approval of shareholders at the Company's AGM on 25 July 2019.

The amount of ordinary dividend paid in the year was £88.3m (2018: £80.7m).

Distributable reserves

The distributable reserves of the Parent Company at 31 March 2019 were £853.2m.

Disclosures required under UK Listing Rule 9.8.4

Dividend waivers have been issued in respect of shares which are held by the Group's Employee Benefit Trust (EBT), or held as treasury shares; other than this, there are no disclosures required to be made under UK Listing Rule 9.8.4.

Non UK branches

A subsidiary of the Company, Intermediate Capital Managers Limited, operates a branch in France.

Auditor

A resolution for the reappointment of the current auditor, Deloitte, will be proposed at the forthcoming AGM. Details of auditor's remuneration for audit and non-audit work are disclosed in note 10 to the accounts. It has been agreed by the Board and the Audit Committee that EY will be proposed to shareholders in due course to be appointed as auditors with effect from the 2020 Annual General Meeting.

Further details are set out in the Audit Committee report on pages 51 to 60.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

a. So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware

b. The Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

Material events since the balance sheet date are described in note 32 and form part of the Directors' report disclosures.

Political contributions

No contributions were made during the current and prior year for political purposes.

Greenhouse gas emissions

All disclosures concerning the Group's GHG emissions are detailed on page 36 which forms part of the Directors' report disclosures.

Acquisition of shares by EBT

Acquisitions of shares by the Intermediate Capital Group EBT 2015 purchased during the year are as described in note 22 to the financial statements.

Share capital and rights attaching to the Company's shares

As at 31 March 2019 the issued share capital of the Company was 294,084,351 ordinary shares of 26¼p each (including 3,733,333 shares held in treasury). Certain key matters regarding the Company's share capital are noted below:

- Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or, in the absence of any such determination, as the Board may determine. All shares currently in issue are ordinary shares of 26¼p each carrying equal rights. The Articles of Association of the Company cannot be amended without shareholder approval
- At a General Meeting of the Company every member present in person or by a duly appointed proxy has one vote on a show of hands and on a poll one vote for each share held
- The Intermediate Capital Group EBT 2015 holds shares which may be used to satisfy options and awards granted under the Company's employee share schemes including its long term incentive plans. The voting rights of these shares are exercisable by the trustees in accordance with their fiduciary duties
- The notice of any general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting
- No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if:
  – They or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (section 793 notice) (which confers upon public companies the power to require information with respect to interests in their voting shares)
  – They or any interested person has failed to supply the Company with the information requested within 14 days where the shares subject to the notice (the 'default shares') represent at least 0.25% of their class or in any other case 28 days after delivery of the notice. Where the default shares represent 0.25% of their class, unless the Board decides otherwise, no dividend is payable in respect of those default shares and no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier
- The Directors may refuse to register any transfer of any share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws or the UK Takeover Code)
- Pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

DIRECTORS' REPORT

CONTINUED

At the 2018 Annual General Meeting the Directors were given the power to allot shares and grant rights to subscribe for, or convert any security into, shares: up to an aggregate nominal amount of £25,403,183.31 and, in the case of a fully pre-emptive rights issue only, up to a total amount of £50,806,366.62.

A resolution will be proposed to renew the Company's authority to allot further new shares at the forthcoming AGM. In accordance with applicable institutional guidelines, the proposed new authority will allow the Directors to allot ordinary shares equal to an amount of up to one third of the Company's issued ordinary share capital as at 21 May 2019 plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one third of the Company's issued share capital as at 21 May 2019. The authority for Directors to allot shares in the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

The Directors' authority to effect purchases of the Company's shares on the Company's behalf is conferred by resolution of shareholders. At the 2018 AGM the Company was granted authority to purchase its own shares up to an aggregate value of approximately 10% of the issued ordinary share capital of the Company as at 21 May 2018. During the year no shares were bought back. The authority to effect purchases of the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

Powers of Directors

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not.

The Company's Articles of Association give power to the Board to appoint Directors. The Articles also require any Directors appointed by the Board to submit themselves for election at the first AGM following their appointment and for one third of the Company's Directors to retire by rotation at each AGM. Directors may resign or be removed by an ordinary resolution of shareholders. Notwithstanding the above, the Company has elected, in accordance with the UK Corporate Governance Code, to have all Directors reappointed on an annual basis (other than any who have decided to retire at the relevant AGM).

In relation to the Directors who are standing for election or re-election, the Chairman is satisfied that, following the formal performance evaluation described above, each of the other Directors continues to be effective and demonstrates commitment to their role. In the case of the Chairman, the NEDs are satisfied that he continues to be effective and demonstrates commitment to his role.

RESULTS OF RESOLUTIONS PROPOSED AT 2018 ANNUAL GENERAL MEETING

	Resolution	Votes for	Votes against	Votes withheld
To receive the financial statements and reports of the Directors and auditors for the financial year ended 31 March 2018.	1	231,424,200	166,797	655,332
To approve the Directors' Remuneration Report for the financial year ended 31 March 2018.	2	208,111,294	23,746,323	388,712
To reappoint Deloitte LLP as auditors of the Company to hold office as the Company's auditors until the conclusion of the Company's Annual General Meeting in 2018.	3	226,702,686	5,542,818	825
To authorise the Directors to set the remuneration of the auditors.	4	229,540,433	2,695,871	10,026
To declare a final dividend of 21.0 pence per ordinary share for the financial year ended 31 March 2018.	5	232,246,261	69	0
To reappoint Kevin Parry as a Director.	6	226,566,814	5,213,337	466,179
To reappoint Benoît Durteste as a Director.	7	232,206,843	39,487	0
To reappoint Virginia Holmes as a Director.	8	232,191,407	54,923	0
To reappoint Philip Keller as a Director.	9	230,655,545	1,590,785	0
To reappoint Michael 'Rusty' Nelligan as a Director.	10	228,897,300	3,349,029	0
To reappoint Kathryn Purves as a Director.	11	231,517,017	729,313	0
To appoint Amy Schioldager as a Director.	12	232,105,227	140,037	1,066
To appoint Andrew Sykes as a Director.	13	232,108,684	136,580	1,066
To appoint Stephen Welton as a Director.	14	232,208,502	37,828	0
To grant the Directors authority to allot shares pursuant to section 551 of the Companies Act 2006.	15	223,175,806	9,070,524	0
Subject to the passing of resolution 15, to authorise the Directors to allot equity securities and to sell ordinary shares pursuant to sections 570 (1) and 573 of the Companies Act 2006.	16	232,205,837	39,434	1,059
In addition to the authority granted under resolution 16 and subject to the passing of resolution 15, to authorise the Directors to allot equity securities.	17	217,739,745	14,505,525	1,059
To authorise the Company to make market purchases of its ordinary shares.	18	229,046,773	2,772,671	426,680
To approve that a general meeting of the Company (other than the Annual General Meeting) may be called on less than 14 clear days' notice.	19	225,949,078	6,297,252	0

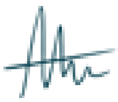
The issued share capital of the Company at the date of the Annual General Meeting was 294,081,414 ordinary shares of 26¼p each (including 3,733,333 treasury shares).

2019 ANNUAL GENERAL MEETING

The AGM of the Company will take place at the Head Office of the Company on 25 July 2019 at 9:00am. Details of the resolutions to be proposed at the AGM along with explanatory notes are set out in the circular to be posted to shareholders in June 2019 convening the meeting. In line with market practice, if votes of more than 20% of those voting are cast against a resolution, the Company will make a statement when announcing the results of the vote to explain any actions it intends to take to understand the reasons behind the vote result.

BY ORDER OF THE BOARD

ANDREW LEWIS
COMPANY SECRETARY
21 MAY 2019



DIRECTORS' RESPONSIBILITIES

BENOÎT DURTESTE
CHIEF EXECUTIVE OFFICER

PHILIP KELLER
CHIEF FINANCE AND OPERATING OFFICER

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRS as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, IAS 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions or the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Directors consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy

BENOÎT DURTESTE
CHIEF EXECUTIVE OFFICER
21 MAY 2018

PHILIP KELLER
CHIEF FINANCE AND OPERATING OFFICER
21 MAY 2018

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AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERMEDIATE CAPITAL GROUP PLC

Report on the audit of the financial statements

In our opinion:

- the financial statements of Intermediate Capital Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and Parent Company statements of comprehensive income;
- the consolidated and Parent Company statements of financial position;
- the consolidated and Parent Company statements of cash flow;
- the consolidated and Parent Company statements of changes in equity; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH	
Key audit matters	The key audit matters that we identified in the current year were: • Valuation of illiquid portfolio company investments • Valuation and accounting of Collateralised Loan Obligation ('CLO') investments • Valuation and accounting of Real Estate strategy investments • Management fee recognition Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used for the group financial statements was £13.9 million (2018: £12.2 million) which was determined on the basis of 1% of Net Assets (2018: 1% Net Assets). A lower materiality of £7.2 million (2018: £4.8 million) has been applied for the fund management revenue stream.
Scoping	We performed a full scope audit on components representing 96% (2018: 96%) of the Group's profit before tax and 94% (2018: 95%) of the Group's net assets.
Significant changes in our approach	New key audit matters identified in the current year were: • Valuation and accounting for investments in CLO vehicles, and • Valuation and accounting of Real Estate strategy investments. The following are no longer applicable to the Group and have therefore been removed: • Impairment of loans and equity investments classified as available for sale, and • Tax provisions. There have been no other significant changes in our audit approach in the current year.

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

Going concern
We have reviewed the Directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting and their identification of any material uncertainties to the Group and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered, as part of our risk assessment, the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement
Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group and Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 28–33 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 26 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 29 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

AUDITOR'S REPORT
CONTINUED

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

The Group's adoption of IFRS 9 Financial Instruments ('IFRS 9') during the year has led us to amend our key audit matter on the 'valuation of unquoted equities, warrants and CLO Loan Notes' and the 'Impairment of loans and equity investments classified as available for sale' that we reported on in the prior year. These key audit matters have been superseded by the 'valuation of illiquid portfolio company investments' and the 'valuation and accounting of CLO investments' in the current year. The key audit matter for 'tax provisions' that we reported on in the prior year has been removed in the current year as it was not a significant matter.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF ILLIQUID PORTFOLIO COMPANY INVESTMENTS	
Key audit matter description	Illiquid portfolio company investments are valued at £370.3million (2018: £168.8million), 26.6% of Group net assets at 31 March 2019 (2018: 12.8%). The Group's accounting policy for portfolio company investments is disclosed in note 5. The investments in portfolio companies are accounted for at Fair Value Through Profit and Loss ('FVTPL') in accordance with IFRS 9, a new accounting standard adopted by the Group during the year. Valuing illiquid portfolio company investments requires management to make a number of judgements. These can include the valuation methodology and inputs used (such as EBITDA and trading multiples). The Group predominantly apply an earnings based valuation technique, therefore this is a risk that changes in key assumptions can have a significant impact on fair value and the related gains on investments. The Audit Committee Report identifies the valuation of unquoted and illiquid assets as an area of focus on page *55*. The key sources of estimation uncertainty in relation to valuations and valuation techniques and inputs, as well as the significant unobservable inputs, are disclosed in note *5* to the financial statements.
How the scope of our audit responded to the key audit matter	We assessed the Group's valuation methodology and challenged its appropriateness. We evaluated the design and implementation of related controls to determine that appropriate oversight from senior investment executives had been exercised within the valuations process. We also tested the operating effectiveness of controls around illiquid portfolio company investments. We have assessed the appropriateness of management's adoption of IFRS 9 by considering the Group's business model for its investments and how portfolio company performance is monitored and evaluated. We tested a sample of illiquid portfolio company investments by determining the appropriateness of the underlying data and assumptions, specifically including the trading multiples of comparable companies and any adjustments made to these and the portfolio company's EBITDA. We verified the relevant inputs to the valuations, such as EBITDA and net debt, to the portfolio company's management accounts and where relevant, the latest audited financial statements. To further assess the reasonableness of management estimates we reviewed independent information, such as news items, to identify any impact on derived valuations and performed a retrospective review to benchmark latest valuations to portfolio sales during the year.
Key observations	Management's adoption of IFRS 9 is appropriate. We are satisfied that valuation methodology applied and the assumptions that have been made are appropriate. The portfolio company investment valuation is within a reasonable range.

VALUATION AND ACCOUNTING OF INVESTMENTS IN CLOS

Key audit matter description	CLO investments are accounted at FVTPL, except where the Group is deemed to control the CLO under the requirements of IFRS 10 *Consolidated Financial Statements* ('IFRS 10'). There a risk that the CLOs are valued or accounted for incorrectly. Key judgements include the valuation methodology and assumptions used to estimate the fair value of the CLO investments and determining whether ICG control the CLO vehicle. The Group has valued its non-consolidated investments in loan notes issued by CLOs ('CLO Investments') at £128million (2018: £79.2million), 9.2% of Group net assets at 31 March 2019 (2018: 6.4%). The Group's accounting policy for the accounting and valuation of CLO investments are disclosed in notes 1, 5 and 27. A CLO is deemed to be controlled by the Group under IFRS 10 when the Group has the ability to significantly impact its returns from the vehicle. As an Investment Manager, ICG can control a fund or a CLO vehicle where its exposure to returns is significant. As at 31 March 2019, 16 credit funds, CLOs and funds (2018: fourteen) are consolidated into the Group's IFRS results, but have been internally accounted for as investments in credit funds valued at £412.3million (2018:£265.1million). The consolidation of credit funds has increased the Group assets and liabilities by £4,061.7million and £3,624.8million respectively. The overall difference between the internally reported to IFRS balances is an increase in net assets by £4.6million and a decrease in profit before tax of £91.7million. A range of assumptions and methodologies can be used to estimate the fair value of CLO investments, including the risk of the borrower of an underlying loan in the CLO vehicle defaulting, and/or the timing of the repayment of a loan. The valuation methodology and assumptions for measuring the fair value of CLO investments were aligned across the Group during the year resulting in a change in accounting estimate which has decreased the Group's profit before tax for the year by £91.7million (£83.9million profit after tax). The Audit Committee Report identifies the valuation of CLO investments as an area of focus on page 54. The key sources of estimation uncertainty in relation to valuations and valuation techniques and inputs, as well as the significant unobservable inputs are disclosed in note 5 to the financial statements. Key judgements made to determine the control of CLO vehicles are outlined in note 27.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of related controls to determine that appropriate oversight from senior investment executives had been exercised within the valuation and accounting process. We selected a sample of CLO investments and used a discounted cash flow approach to recalculate the fair value. With involvement from our internal valuation specialists we challenged the significant valuation assumptions with reference to independent sources; specifically the risk of the borrower defaulting and the timing of the repayments. We assessed the appropriateness of the change in estimate noted above during the year by considering the suitability of the valuation methodology and assumptions applied to value the CLO investments. We also considered whether the change constituted a change in accounting policy or a change in estimate. To assess control, we considered the power ICG has when acting as Investment Manager and whether that power can significantly impact the Group's exposure to returns. Determining the Group's exposure to returns included considered the credit quality of the CLO investment held by the Group.
Key observations	The CLO investment valuations are subjective in nature. A range of valuation methodologies and assumptions can be used by market participants to estimate fair value. We are satisfied that the change in methodology applied to the valuation of the CLO loan notes during the year is a change in estimate, leading to a more consistent valuation methodology and assumptions across the Group. The valuation methodology and assumptions to estimate the fair value of the CLO investments are reasonable, and the valuation is within the range we view as acceptable. Judgements made to determine the control of CLO vehicles are appropriate.

AUDITOR'S REPORT
CONTINUED

VALUATION AND ACCOUNTING OF REAL ESTATE STRATEGY INVESTMENTS

Key audit matter description	The Group holds five investments (2018: two) related to Real Estate investment strategies. These represent £106.8million, 7.6% of the Group's net assets (2018: £37 million and 2.8%). Of the five investments, two are controlled by the Group, two are joint ventures and one is an investment. The joint venture and investment are accounted for at FVTPL, whilst the controlled undertakings are accounted for as a Disposal Group Held for Sale. There is a risk that transactions in relation to Real Estate strategy investment structures are accounted and/or valued incorrectly as they relate to assets that are complex in structure. Judgement is applied by management in determining ICG's control over the structures, in addition to the valuation methodology and inputs applied to estimate the fair value of the underlying real estate properties. The key sources of estimation uncertainty in relation to Real Estate valuations are disclosed in note 5 to the financial statements. Key judgements made to determine the control of Real Estate structures are outlined in notes 27 and 29. The two investments classified as Disposal Groups Held for Sale are disclosed in note 28.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of key controls around the valuation and accounting for Real Estate investment structures. Significant judgements made in determining control were challenged by reviewing deal related contracts to understand the Group's legal rights. We considered the impact our conclusions had on held for sale classification in the financial statements and reviewed fund marketing documents to evidence that management had an active plan to dispose of the assets at the year end. Real estate specialists were used to challenge the valuation methodology and key assumptions used in the valuation of the underlying Real Estate properties. This included a review of the valuation reports prepared by management's independent valuation expert, where we assessed compliance with the Royal Institute of Chartered Surveyors Valuation – Global Standards 2017 (the 'Red Book') and sourced independent data to support key assumptions, such as sales values and development costs.
Key observations	The Real Estate investment structures have been appropriately accounted for. We consider management's conclusions regarding control to be reasonable and note that the significant judgements have been appropriately disclosed in note 27 and 29 to the financial statements. The valuation methodology for underlying real estate investments is appropriate and we are satisfied that the assumptions management have made are reasonable. The underlying real estate investment valuation is within a reasonable range.

MANAGEMENT FEE RECOGNITION

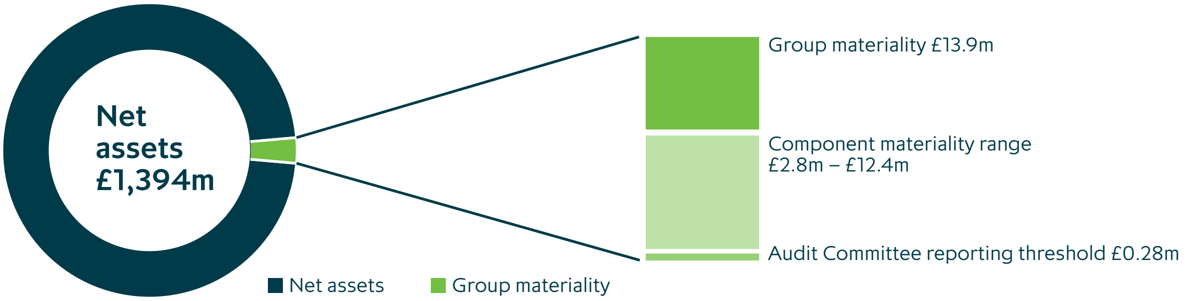
Key audit matter description	Management fees represent £199.1million (2018: £147.5million), 43% of the Group's revenue (2018: 24.6%). The Group adopted IFRS 15 *Revenue from Contracts with Customers* ('IFRS 15'), a new revenue accounting standard during the year. The Group's revenue accounting policy is disclosed in note 3 to the financial statements. Management fees require the accurate interpretation and implementation of methodologies set out in the governing documents for each fund. The methodology can change depending on the life cycle of the fund, increasing the risk of material misstatement. The description of this risk should be read conjunction with the significant issues considered by the Audit Committee discussed on page 55.
How the scope of our audit responded to the key audit matter	We performed walkthroughs of the management fee process and assessed the design and implementation of key controls. We independently confirmed a sample of management fees to fund governing documents, assessing the appropriateness of the methodology applied and the inputs used in the calculation of management fees. We assessed the appropriateness of management's adoption of IFRS 15 during the year.
Key observations	Based on our procedures, the management fees recognised during the year are appropriate, and IFRS 15 has been adopted satisfactorily.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
Materiality	£13.9 million (2018: £12.2 million) A lower materiality threshold of £7.2 million (2018: £4.8 million) has been applied to the Fund Management Company (FMC) management fee income and FMC administrative expense account balances, transactions and disclosures.	£12.4 million (2018: £8.6 million)
Basis for determining materiality	1% of Net Assets (2018: 1% Net assets). The lower materiality for FMC activities has been based on 5% of profit before tax of the FMC segment, as for 2018.	1% Net Assets capped at 90% of Group Materiality (2018: 1% Net Assets, capped at 70% of Group Materiality).
Rationale for the benchmark applied	We considered these measures to be suitable having compared to industry benchmarks. They are the key measures that the users of the financial statements consider when assessing the Group performance.	As an investment company, net assets is a key benchmark used to assess the performance of the company.



Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, we set performance materiality to 50% (2018: 70%) of our materiality, namely £7 million (2018: £8.5m). In arriving at 50%, we considered the judgemental nature of the valuations in the Consolidated Statement of Financial Position and the relative value of transactions recorded in the other primary statements. In the current year, we decreased our performance materiality to 50% in response to increasing growth and complexity of the Group's operations.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £279,000 (2018: £245,000) for all items except FMC management fee income, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. For the FMC management fee income and administrative expense, we report all misstatements above £144,000 (2018: £95,000). We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AUDITOR'S REPORT
CONTINUED

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group operates across Europe, Asia and America. All the key accounting records are maintained in the UK. We perform our Group scoping on an individual entity by entity basis to determine the significant components or specific balances which may be subject to testing. In performing this scoping we perform both a quantitative and qualitative assessment of all the entities consolidated into the Group. Group materiality is used for setting audit scope and the assessment of uncorrected misstatements. Component materialities, which are lower than Group materiality, are set for work on significant components. Audit testing for the significant components, was performed at component materiality ranging from £2.8 million – £12.4 million. (2018: £1.9 million – £10.4 million).

Our qualitative scoping is based on our understanding of the Group and its environment, including group-wide controls, current year events and our assessment of the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope on eight significant components (2018: nine) which were subject to full scope audits for the year ended 31 March 2019.

We also performed full scope audits on an additional 10 non-significant components (2018: 12) as we perform our statutory audit work on these entities at the same time as the Group audit.

Specified audit procedures were performed on another 25 (2018: 17) non-significant components where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations within the components.

The full scope components represent the most significant subsidiaries of the Group, and account for approximately 94% (2018: 95%) of the Group's net assets and 96% (2018: 96%) of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The audit work on components was carried out by the Group engagement team.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Strategic Report, Governance Report and the Other Information section, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the Audit Committee , including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team and other relevant internal specialists, including tax, valuations, IT, and real estate specialists how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this, we discussed fraud risk factors and considered the level of segregation of duties in the Group. We considered the low volume, high value nature of the business and the risk to financial reporting. We assessed whether there is an incentive or opportunity for management to manipulate highly judgemental areas in the financial statements, such as investment valuation. To understand how staff are incentivised, we considered the remuneration schemes in place for the Group. As a result we identified the potential for fraud in the valuation of illiquid investments ant the recognition of management fees; and
- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, and tax legislation. In addition compliance with the Group operating license and regulatory solvency requirements issued by local regulators were fundamental to the Group's ability to continue as a going concern.

AUDITOR'S REPORT
CONTINUED

Audit response to risks identified
As a result of performing the above, we identified key audit matters regarding the accounting estimates made by management in the valuation of CLO investments, illiquid portfolio companies and real estate as well as the recognition of management fees. Judgements and decisions made by management regarding the accounting estimates have the potential for bias which represents a risk of material misstatement due to fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls – testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION	
Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**

OTHER MATTERS

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders at the Annual General Meeting in 1988 to audit the financial statements for the year ending 31 March 1988 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 32 years, covering the years ending 31 March 1988 to 31 March 2019. The Group's plans to appoint successor auditors are set out in the Audit Committee report.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DAVID BARNES (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF DELOITTE LLP
SENIOR STATUTORY AUDITOR
LONDON, UNITED KINGDOM
21 MAY 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £m	2018 £m
Fee and other operating income	3	**212.6**	157.2
Finance and dividend income	7	**25.6**	189.8
Net gains on investments	8	**225.9**	253.0
Total revenue		**464.1**	600.0
Finance costs	9	**(53.9)**	(166.4)
Impairments	2	**–**	(18.8)
Administrative expenses	10	**(227.9)**	(216.0)
Share of results of joint ventures accounted for using equity method	29	**0.6**	0.3
Profit before tax		**182.9**	199.1
Tax credit	12	**1.6**	51.7
Profit for the year		**184.5**	250.8
Attributable to:			
Equity holders of the parent		**180.1**	251.0
Non controlling interests		**4.4**	(0.2)
		184.5	250.8
Earnings per share	14	**63.4p**	88.8p
Diluted earnings per share	14	**63.4p**	88.8p

The Group has adopted IFRS 15 and IFRS 9 from 1 April 2018. As permitted under the transition rules the prior period comparatives have not been restated in the primary statements. Further information can be found in note 2.

All activities represent continuing operations.

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Group	Notes	2019 £m	2018 £m
Profit for the year		**184.5**	250.8
Items that may be reclassified subsequently to profit or loss			
Available for sale financial assets:			
– Losses arising in the year		**–**	(14.6)
– Reclassification adjustment for net gains recycled to profit		**–**	4.6
– Tax on items taken directly to or transferred from equity		**–**	3.0
		–	(7.0)
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**8.8**	(19.6)
Tax on items taken directly to or transferred from equity		**(1.5)**	4.9
		7.3	(14.7)
Total comprehensive income for the year		**191.8**	229.1
Attributable to:			
Equity holders of the parent		**187.4**	229.3
Non controlling interests		**4.4**	(0.2)
		191.8	229.1

Company	Notes	2019 £m	2018 £m
Profit for the year	6	**231.1**	406.5
Items that may be reclassified subsequently to profit or loss			
Available for sale financial assets:			
– Gains arising in the year		**–**	3.2
– Reclassification adjustment for net gains recycled to profit		**–**	(2.0)
– Tax on items taken directly to or transferred from equity		**–**	(0.2)
		–	1.0
Items that will not be reclassified subsequently to profit or loss			
Tax on items taken directly to or transferred from equity		**0.2**	4.9
Total comprehensive income for the year		**231.3**	412.4

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 Group £m	2018 Group £m	2019 Company £m	2018 Company £m
NON CURRENT ASSETS					
Intangible assets	15	**15.4**	18.0	**11.1**	13.6
Property, plant and equipment	16	**12.6**	10.5	**11.8**	9.8
Investment in subsidiaries	27	**–**	–	**1,462.2**	1,175.4
Investment in joint venture accounted for under the equity method	29	**1.8**	1.7	**–**	–
Financial assets at fair value	5	**5,647.1**	5,068.5	**607.4**	366.9
Financial assets measured at amortised cost	5	**–**	171.1	**–**	170.7
Derivative financial assets	5	**3.1**	3.2	**1.5**	0.2
Deferred tax asset	12	**12.8**	–	**11.7**	5.6
		5,692.8	5,273.0	**2,105.7**	1,742.2
CURRENT ASSETS					
Trade and other receivables	17	**227.1**	312.1	**1,023.6**	764.1
Financial assets at fair value	5	**77.3**	107.2	**60.0**	100.1
Derivative financial assets	5	**51.6**	80.0	**51.6**	80.0
Current tax debtor		**8.4**	13.4	**11.2**	9.0
Cash and cash equivalents	5	**354.0**	520.7	**96.8**	214.8
		718.4	1,033.4	**1,243.2**	1,168.0
Disposal groups held for sale	28	**107.1**	–	**–**	–
Total assets		**6,518.3**	6,306.4	**3,348.9**	2,910.2
EQUITY AND RESERVES					
Called up share capital	21	**77.2**	77.2	**77.2**	77.2
Share premium account	21	**179.5**	179.4	**179.5**	179.4
Other reserves		**(3.5)**	6.2	**48.0**	48.9
Retained earnings including Company profit of £231.1m (2018: £406.5m)		**1,130.2**	1,054.8	**935.8**	785.2
Equity attributable to owners of the Company		**1,383.4**	1,317.6	**1,240.5**	1,090.7
Non controlling interest		**10.9**	0.5	**–**	–
Total equity		**1,394.3**	1,318.1	**1,240.5**	1,090.7
NON CURRENT LIABILITIES					
Provisions	19	**0.9**	1.2	**0.9**	1.2
Financial liabilities at fair value	5	**3,449.0**	3,309.1	**–**	–
Financial liabilities at amortised cost	5	**1,183.5**	840.5	**1,183.5**	840.5
Derivative financial liabilities	5	**45.8**	76.8	**45.8**	76.8
Deferred tax liabilities	12	**0.2**	8.9	**–**	–
		4,679.4	4,236.5	**1,230.2**	918.5
CURRENT LIABILITIES					
Provisions	19	**0.4**	0.5	**0.4**	0.5
Trade and other payables	18	**350.5**	555.3	**862.1**	715.3
Other financial liabilities	5	**–**	183.7	**–**	183.7
Current tax creditor		**2.7**	10.8	**1.6**	–
Derivative financial liabilities	5	**14.1**	1.5	**14.1**	1.5
		367.7	751.8	**878.2**	901.0
Liabilities directly associated with disposal groups held for sale	28	**76.9**	–	**–**	–
Total liabilities		**5,124.0**	4,988.3	**2,108.4**	1,819.5
Total equity and liabilities		**6,518.3**	6,306.4	**3,348.9**	2,910.2

Company Registration Number: 02234775. The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 21 May 2019 and were signed on its behalf by:

KEVIN PARRY
DIRECTOR

PHILIP KELLER
DIRECTOR

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 Group £m	2018 Group £m	2019 Company £m	2018 Company £m
Operating activities					
Interest received		**220.8**	191.1	**12.1**	30.9
Fees received		**184.7**	139.1	**16.8**	12.1
Dividends received		**3.3**	154.5	**4.8**	5.2
Payments to suppliers and employees		**(174.6)**	(190.3)	**(128.1)**	(133.0)
Proceeds from sale of current financial assets and disposal groups		**200.1**	276.8	**171.7**	276.8
Purchase of current financial assets and disposal groups		**(306.9)**	(368.0)	**(252.5)**	(361.8)
Proceeds from sale of non current financial assets		**2,475.3**	3,378.6	**165.8**	194.5
Purchase of non current financial assets		**(2,666.0)**	(3,914.3)	**(92.3)**	(165.5)
Recoveries on previously impaired assets		**–**	2.4	**–**	–
Net cash inflow/(outflow) from derivative contracts		**55.4**	(28.7)	**48.0**	(27.6)
Cash used in operating activities		**(7.9)**	(358.8)	**(53.7)**	(168.4)
Taxes (paid)/received		**(20.2)**	12.5	**(14.1)**	17.6
Net cash used in operating activities		**(28.1)**	(346.3)	**(67.8)**	(150.8)
Investing activities					
Cash flow on behalf of subsidiary undertakings		**–**	–	**(12.0)**	73.1
Purchase of property, plant and equipment	16	**(5.2)**	(4.2)	**(4.9)**	(4.2)
Change in control of subsidiary		**12.9**	–	**–**	–
Net cash generated from/(used in) investing activities		**7.7**	(4.2)	**(16.9)**	68.9
Financing activities					
Dividends paid	13	**(88.3)**	(80.7)	**(88.3)**	(80.7)
Interest paid		**(181.4)**	(188.5)	**(52.9)**	(53.3)
Increase in long term borrowings		**2,338.2**	1,578.3	**308.3**	(44.8)
Repayment of long term borrowings		**(2,152.3)**	(1,208.9)	**(181.8)**	–
Purchase of own shares		**(49.3)**	(26.2)	**–**	–
Proceeds on issue of shares		**–**	0.6	**–**	0.6
Net cash (used in)/generated from financing activities		**(133.1)**	74.6	**(14.7)**	(178.2)
Net decrease in cash		**(153.5)**	(275.9)	**(99.4)**	(260.1)
Cash and cash equivalents at beginning of year		**520.7**	780.9	**214.8**	443.9
Effect of foreign exchange rate changes		**(13.2)**	15.7	**(18.6)**	31.0
Net cash and cash equivalents at end of year		**354.0**	520.7	**96.8**	214.8
Presented on the statements of financial position as:					
Cash and cash equivalents	5	**354.0**	520.7	**96.8**	214.8

The accompanying notes are an integral part of these financial statements.

The Group's cash and cash equivalents includes £191.3m (2018: £273.1m) of restricted cash held principally by structured entities controlled by the Group.

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Group	Share capital (note 21) £m	Share premium (note 21) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 23) £m	Available for sale reserve £m	Own shares (note 22) £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non controlling interest £m	**Total equity £m**
Balance at 1 April 2018	77.2	179.4	5.0	61.9	5.7	(77.6)	11.2	1,054.8	**1,317.6**	0.5	**1,318.1**
Adjustment on initial application of IFRS 9 (note 2)	–	–	–	–	(5.5)	–	–	5.5	**–**	–	**–**
Adjustment on initial application of IFRS 15 (note 2)	–	–	–	–	–	–	–	(5.1)	**(5.1)**	–	**(5.1)**
Profit for the year	–	–	–	–	–	–	–	180.1	**180.1**	4.4	**184.5**
Exchange differences on translation of foreign operations	–	–	–	–	–	–	8.8	–	**8.8**	–	**8.8**
Tax on items taken directly to or transferred from equity	–	–	–	(1.3)	(0.2)	–	–	–	**(1.5)**	–	**(1.5)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(1.3)**	**(0.2)**	**–**	**8.8**	**180.1**	**187.4**	**4.4**	**191.8**
Movement in control of subsidiary	–	–	–	–	–	–	–	(6.0)	**(6.0)**	6.0	**–**
Own shares acquired in the year	–	–	–	–	–	(49.3)	–	–	**(49.3)**	–	**(49.3)**
Options/awards exercised	–	0.1	–	(23.3)	–	34.1	–	(10.8)	**0.1**	–	**0.1**
Credit for equity settled share schemes	–	–	–	27.0	–	–	–	–	**27.0**	–	**27.0**
Dividends paid	–	–	–	–	–	–	–	(88.3)	**(88.3)**	–	**(88.3)**
Balance at 31 March 2019	**77.2**	**179.5**	**5.0**	**64.3**	**–**	**(92.8)**	**20.0**	**1,130.2**	**1,383.4**	**10.9**	**1,394.3**

Company	Share capital (note 21) £m	Share premium (note 21) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 23) £m	Available for sale reserve £m	Own shares (note 22) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2018	77.2	179.4	5.0	58.9	6.3	(21.3)	785.2	**1,090.7**
Adjustment on initial application of IFRS 9 (note 2)	–	–	–	–	(7.8)	–	7.8	**–**
Profit for the year	–	–	–	–	–	–	231.1	**231.1**
Tax on items taken directly to or transferred from equity	–	–	–	(1.3)	1.5	–	–	**0.2**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(1.3)**	**1.5**	**–**	**231.1**	**231.3**
Options/awards exercised	–	0.1	–	(23.3)	–	–	–	**(23.2)**
Credit for equity settled share schemes	–	–	–	30.0	–	–	–	**30.0**
Dividends paid	–	–	–	–	–	–	(88.3)	**(88.3)**
Balance at 31 March 2019	**77.2**	**179.5**	**5.0**	**64.3**	**–**	**(21.3)**	**935.8**	**1,240.5**

1 The capital redemption reserve is a reserve created when a company buys it owns shares which reduces its share capital. This reserve is not distributable to shareholders. £1.4m of the balance relates to the conversion of A ordinary shares and convertible shares into ordinary shares in 1994. The remaining £3.6m relates to the cancellation of treasury shares in 2015.

2 Other comprehensive (expense)/income reported in the foreign currency translation reserve represent foreign exchange gains and losses on the translation of foreign operations.

The accompanying notes are an integral part of these financial statements.

Group	Share capital (note 21) £m	Share premium (note 21) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 23) £m	Available for sale reserve £m	Own shares (note 22) £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non controlling interest £m	**Total equity £m**
Balance at 1 April 2017	77.1	179.0	5.0	53.8	12.7	(82.2)	30.8	896.4	**1,172.6**	0.7	**1,173.3**
Profit for the year	–	–	–	–	–	–	–	251.0	**251.0**	(0.2)	**250.8**
Available for sale financial assets	–	–	–	–	(10.0)	–	–	–	**(10.0)**	–	**(10.0)**
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(19.6)	–	**(19.6)**	–	**(19.6)**
Tax on items taken directly to or transferred from equity	–	–	–	4.9	3.0	–	–	–	**7.9**	–	**7.9**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**4.9**	**(7.0)**	**–**	**(19.6)**	**251.0**	**229.3**	**(0.2)**	**229.1**
Own shares acquired in the year	–	–	–	–	–	(26.2)	–	–	**(26.2)**	–	**(26.2)**
Options/awards exercised	0.1	0.4	–	(18.9)	–	30.8	–	(11.9)	**0.5**	–	**0.5**
Credit for equity settled share schemes	–	–	–	22.1	–	–	–	–	**22.1**	–	**22.1**
Dividends paid	–	–	–	–	–	–	–	(80.7)	**(80.7)**	–	**(80.7)**
Balance at 31 March 2018	**77.2**	**179.4**	**5.0**	**61.9**	**5.7**	**(77.6)**	**11.2**	**1,054.8**	**1,317.6**	**0.5**	**1,318.1**

Company	Share capital (note 21) £m	Share premium (note 21) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 23) £m	Available for sale reserve £m	Own shares (note 22) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2017	77.1	179.0	5.0	51.0	5.3	(21.3)	459.4	**755.5**
Profit for the year	–	–	–	–	–	–	406.5	**406.5**
Available for sale financial assets	–	–	–	–	1.2	–	–	**1.2**
Tax on items taken directly to or transferred from equity	–	–	–	4.9	(0.2)	–	–	**4.7**
Total comprehensive income for the year	**–**	**–**	**–**	**4.9**	**1.0**	**–**	**406.5**	**412.4**
Options/awards exercised	0.1	0.4	–	(18.1)	–	–	–	**(17.6)**
Credit for equity settled share schemes	–	–	–	21.1	–	–	–	**21.1**
Dividends paid	–	–	–	–	–	–	(80.7)	**(80.7)**
Balance at 31 March 2018	**77.2**	**179.4**	**5.0**	**58.9**	**6.3**	**(21.3)**	**785.2**	**1,090.7**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

General Information

Intermediate Capital Group plc is a public Company limited by shares, incorporated in England and Wales under the Companies Act, with the Company registration number 02234775. The registered office is Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and the EU and in compliance with Article 4 of the EU IAS Regulation.

The financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair value at the end of the reporting period, as detailed in note 5.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of the critical judgements made and key sources of estimation uncertainty are included in the note to which they relate.

The accounting policies as set out in the notes to the accounts have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's financial statements consolidate the results of Intermediate Capital Group plc and entities controlled by the Company for the period to 31 March each year. Control is achieved when the Company controls an investee when it has power over the relevant activities, exposure to variable returns from the investee, and the ability to affect those returns through its power over the investee.

The assessment of control is based on all relevant facts and circumstances and the Company reassesses its conclusion if there is an indication that there are changes in facts and circumstances. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. See note 27.

Each component of other comprehensive income and profit or loss is attributed to the owners of the Company and to the non controlling interests.

Adjustments are made to the financial statements of subsidiaries for consistency with the accounting policies of the Group. All intra-group transactions, balances, unrealised income and expenses are eliminated on consolidation.

Foreign currencies

As the Group and Company operate primarily in the United Kingdom, the functional and presentational currency of both the Group and Company is Sterling.

Transactions denominated in foreign currencies are translated using the exchange rates prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities denominated in a foreign currency are retranslated at the rates prevailing at the reporting date. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date the fair value was determined. Non monetary items that are measured at historical cost are translated using rates prevailing at the date of the transaction.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the year. Exchange differences arising from the translation of foreign operations are taken directly to the translation reserve.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of preparing the financial statements, as detailed in the Directors' report and viability statement on pages 95 and 29.

Critical judgements in the application of accounting policies and key sources of estimation uncertainty

Critical judgements, apart from those involving estimations, that the Directors have made in the application of the accounting policies, primarily comes from the Group's assessment as to whether it controls certain investees and is required to consolidate the investee, as detailed above. The Group's assessment of this critical judgement is discussed further in notes 27 and 28.

The key sources of estimation uncertainty at reporting, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, results from the Group's assessment of fair value of its financial assets and liabilities and is discussed in note 5.

The Group have considered the potential impact of Brexit in preparation of the financial statements and in its assessment of areas of critical judgment and estimation uncertainty, based on the current available information, the Group expect a minimal impact.

Critical judgements and estimates are reviewed in the Audit Committee during the year and its involvement in the process is included in its report on page 51.

2. ADOPTION OF NEW AND REVISED STANDARDS

At the date of signing these financial statements, certain new standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group. The Directors are in the process of assessing the impact of the forthcoming standards on the operations of the Group.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

International Financial Reporting Standards (IAS/IFRS)

		Accounting periods commencing on or after
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IAS 19	Employee Benefits (Amendment)	1 January 2019
IAS 28	Investments in Associates and Joint Ventures (Amendment)	1 January 2019

IFRS 16 is effective for implementation during the financial year ending 31 March 2020 and will supersede the current lease guidance including IAS 17 Leases. IFRS 16 introduces changes to lease accounting by removing the distinction between operating and finance leases and requiring operating leases where the Group is a leasee to be included in the Group's balance sheet, recognising a 'right-of-use' asset ('ROU') and a related lease liability at commencement for all leases. The ROU asset will be assessed for impairment annually and depreciated on a straight line basis, except for short term leases and leases of low value, which will be fully expensed at the point of acquisition. The lease liability will represent the present value obligation to make future lease payments and will be subsequently adjusted for lease payments and interest payments. The rental expense which is currently recognised within administrative expenses in the Group's Statement of Comprehensive Income will no longer be incurred and instead a depreciation expense of the ROU asset, and interest expense of the lease liability will be recognised. This will result in a different expense profile under the new standard, with the expense being frontloaded in the earlier years of the lease term, as the lease liability will reduce over time.

The implementation of IFRS 16 is expected to have an impact on the amounts recognised in the Group's consolidated financial statements and management are currently assessing its potential impact.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

2. ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

Changes in significant accounting policies

Aside from the adoption of IFRS 15 and 9 detailed in the following pages no other changes to accounting standards during the current year had a material impact to the Group.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. As permitted under the transition rules, comparative figures for the year ended 31 March 2018 have not been restated. The impact of adopting these new accounting standards on the Group's significant accounting policies are outlined below.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised from contracts with customers and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The new standard establishes a five step model to identify and account for revenue streams arising from contracts with customers, and is more prescriptive in terms of its recognition criteria. The Group earns revenue from customers through its investment management activities in the form of management fees and performance fees. There are specific requirements in respects of variable fee income, such as performance fees earned from fund management contracts, such that it is only recognised where the amount of revenue would not be subject to significant future reversals.

The Group has applied this standard from the date of initial application, 1 April 2018, and has not restated comparative information. There has been no impact on the Group's revenue recognition policy and no material adjustments have been made on transition. Immaterial adjustments of £5.1m are shown in the Statement of Changes in Equity on page 118.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instrument: Recognition and Measurement'. The new standard has eliminated the classification categories for financial assets held to maturity, loans and receivables and available for sale ('AFS') and replaces them with three classification categories: Amortised cost, Fair Value Through Profit and Loss ('FVTPL') and Fair Value Through Other Comprehensive Income ('FVOCI').

The classification and measurement requirements of IFRS 9 have been adopted prospectively as of the date of initial application, 1 April 2018; therefore there has been no restatements of comparatives. As detailed below there are no differences in the carrying amounts of financial assets and financial liabilities resulting from adoption, with the impact being only to presentation.

As at 31 March 2018 the Group held £60.7m of AFS financial assets measured at fair value on the balance sheet. Under IAS 39 these were measured at fair value on initial recognition and at each balance sheet date, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and the AFS reserve. At 31 March 2018 the aggregate net gains in the reserve were £5.5m. On adoption of IFRS 9 these assets were re-designated as fair value through the profit or loss, with the balance of the AFS reserve transferred to retained earnings, and subsequently all changes in fair value will be recognised through gains on investments in the Consolidated Income Statement as incurred.

Financial assets at FVTPL within structured entities controlled by the Group are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest received on the financial instruments recognised through net gains on investments in the Consolidated Income Statement. This is a change from IAS 39 where interest received on the financial instruments was recognised separately within finance income.

The table below shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 April 2018. Cash, trade and other receivables and trade and other payables are excluded as they continue to be measured at amortised cost.

Financial assets in scope of IFRS 9

1 April 2018	IAS 39 classification	IAS 39 measurement £m	IFRS 9 classification	IFRS 9 measurement £m
Direct investment in portfolio companies	FVTPL	121.5	FVTPL	121.5
	Amortised cost	171.1	FVTPL	171.1
	AFS – FVOCI	47.3	FVTPL	47.3
Investment in funds	FVTPL	1,203.9	FVTPL	1,203.9
	AFS – FVOCI	10.4	FVTPL	10.4
Investment in CLO loan notes	FVTPL	76.2	FVTPL	76.2
	AFS – FVOCI	3.0	FVTPL	3.0
Investment in loans held in credit funds	FVTPL	3,606.2	FVTPL	3,606.2
Non current financial assets in scope of IFRS 9		5,239.6		5,239.6
Investment in equity accounted joint venture (IFRS 11)	N/A	1.7	N/A	1.7
Total non current financial assets		**5,241.3**		**5,241.3**
Current financial assets	FVTPL	91.4	FVTPL	91.4
	Amortised cost	15.8	FVTPL	15.8
Total current financial assets		**107.2**		**107.2**
Non current derivative financial assets	FVTPL	3.2	FVTPL	3.2
Current derivative financial assets	FVTPL	80.0	FVTPL	80.0
Total derivative financial assets		**83.2**		**83.2**

Financial liabilities in scope of IFRS 9

1 April 2018	IAS 39 classification	IAS 39 measurement £m	IFRS 9 classification	IFRS 9 measurement £m
Financial liabilities within structured entities controlled by the Group	FVTPL	3,309.1	FVTPL	3,309.1
Financial liabilities excluding structured entities controlled by the Group	Amortised cost	840.5	Amortised cost	840.5
Derivative financial liabilities	FVTPL	78.3	FVTPL	78.3

Financial liabilities

Financial liabilities, with the exception of financial liabilities designated as FVTPL, are measured at amortised cost using the effective interest rate method, with interest expense recognised within finance costs. This is unchanged under IFRS 9.

Financial liabilities at FVTPL within structured entities controlled by the Group are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through net gains on investments in the Consolidated Income Statement. This is a change from IAS 39 where interest paid on the financial instruments was recognised separately within finance costs.

Financial statement	Presentation 31 March 2018	Presentation 1 April 2018
Consolidated Statement of Financial Position	Financial liabilities at FVTPL	Financial liabilities at FVTPL
Consolidated Statement of Comprehensive Income	Finance costs	Gains on investments

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

2. ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

Impairments

The Group has not classified any invested assets at amortised cost or at FVOCI and as such all invested financial assets are held at FVTPL with any gains and losses recognised through net gains on investments in the Consolidated Income Statement. Given this classification, the Group has not recognised any impairments during the period and is not expected to recognise impairments on financial assets in the future.

Changes in accounting estimate

Valuation of investments in CLO loan notes

During the year, the Group was prompted by IFRS 9 to reassess its methodology for estimating the fair value of all its investment in CLO loan notes. The CLO loan notes are financial assets with low liquidity and are subjective in nature. This subjectivity enables multiple valuation methodologies and assumptions to be applied to estimate a fair value, all of which can fall within an acceptable valuation range. The Group has introduced a more consistent valuation methodology during the year which has resulted in a change in estimate. Further disclosure on the valuation methodology and assumptions in relation to the valuation of the CLO loan notes is disclosed in note 5.

Consolidated Income Statement

For the year ended 31 March

The following table summarises the impact of the adoption of IFRS 9 and the change in accounting estimate for direct investment in portfolio companies. This is presented in order to aid the reader in comparing the Consolidated Statement of Comprehensive Income as presented in the year to 31 March 2018 to that presented during the current year, applying the newly adopted accounting estimates and standards.

	As reported 2018 £m	Reclassification on adoption of IFRS 9 £m	Revised presentation for illustration 2018 £m	**As reported 2019 £m**
Fee and other operating income	157.2	–	157.2	212.6
Finance and dividend income	189.8	(189.8)	–	25.6
Gains on investments	253.0	66.8	319.8	225.9
Total revenue	**600.0**	**(123.0)**	**477.0**	**464.1**
Finance costs	(166.4)	104.2	(62.2)	(53.9)
Impairments	(18.8)	18.8	–	–
Administrative expenses	(216.0)	–	(216.0)	(227.9)
Share of results of joint ventures accounted for using equity method	0.3	–	0.3	0.6
Profit before tax	**199.1**	**–**	**199.1**	**182.9**
Tax credit	51.7	–	51.7	1.6
Profit for the period	**250.8**	**–**	**250.8**	**184.5**
Attributable to:				
Equity holders of the parent	251.0	–	251.0	180.1
Non controlling interests	(0.2)	–	(0.2)	4.4
	250.8	**–**	**250.8**	**184.5**

3. REVENUE

Revenue and its related cashflows, within the scope of IFRS 15, are all derived from the Group's fund management company activities. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	**Year ended 31 March 2019 £m**	Year ended 31 March 2018 £m
Management fees*	**199.1**	147.5
Other income	**13.5**	9.7
Fee and other operating income	**212.6**	157.2

* Included within management fees is £21.9m (2018: £23.1m) of performance related fees.

Management fees

The Group earns management fees from its performance of investment management services. Management fees are charged on third party money managed by ICG and are based on an agreed percentage of either committed money, invested money or net asset value ('NAV'), dependent on the fund. Management fees are variable fee revenue streams which relate to one performance obligation and contain a non-performance and performance related fee element. Non-performance related management fees for the year of £177.2m (2018: £124.4m) are charged in arrears and are recognised in the year services are performed.

Performance related fees are recognised only where it is highly probable that the revenue will not be reversed in the future. This is generally near the end of the performance period or upon early liquidation of a fund. Performance related fees will only be crystallised when a performance hurdle is met and portfolio liquidations are made. The estimate of performance fees is made with reference to the liquidation profile for the fund, which factors in portfolio exits and timeframes. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees are recognised as the services are performed, with time elapsed being the measure of progress. Performance fees of £21.9m (2018: £23.1m) have been recognised for services performed during the year. The Group has adopted a full retrospective method of IFRS 15 and there have been no material impacts to the opening reserves upon adoption.

Depending on the strategy of a fund, the Group have contracted fees based on committed and invested funds. The quantum of the committed fees cannot be reliably forecast, without making significant assumptions around the investment rate, realisation pace and the amount and weighted average fee rate of new funds raised. Assuming no new funds are raised, using current weighted average fee rates throughout and standard investment and realisation profiles, the Group has estimated these would be in the region of £1.3bn.

IFRS 15 brings into scope contract costs and the incremental costs of obtaining a contract. The Group pays placement fees as compensation to an agent or intermediary for the promotion of a new fund. The standard notes that an entity shall recognise the cost of satisfying a performance obligation as incurred. Placement fees are paid at a point in time after raising a new fund; therefore the performance obligation of the agent or intermediary will have passed and the expense recorded at that point.

This marks a change in accounting policy as in prior periods ICG's policy was to amortise placement fees over the investment period of the underlying fund. IFRS 15 allows for a change in accounting policy, resulting from a standard to be adjusted through opening reserves as a practical expedient. On 1 April 2018 brought forward amortised placement fees totalling £5.1m were adjusted through opening reserves.

There are no other individually significant components of revenue from contracts with customers.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is currently organised into the Fund Management Company (FMC) and the Investment Company (IC). Segment information about these businesses is presented below and is reviewed by the Executive Directors.

The Group reports the profit of the FMC separately from the profits generated by the IC. The FMC is defined as the operating unit and as such incurs the majority of the Group's costs, including the cost of the investment network, i.e. the Investment Executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing.

The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as fee income. The costs of finance, treasury and portfolio administration teams, and the costs related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC. It is the Group's policy not to allocate the cost of capital between the FMC and the IC.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

Analysis of income and profit before tax

Year ended 31 March 2019	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Internally Reported Total £m
External fee income	131.1	42.8	22.4	23.5	219.8	–	219.8
Inter-segmental fee	13.3	3.4	2.0	1.8	20.5	(20.5)	–
Fund management fee income	**144.4**	**46.2**	**24.4**	**25.3**	**240.3**	**(20.5)**	**219.8**
Net investment returns					–	275.1	275.1
Dividend income					34.4	–	34.4
Total revenue					**274.7**	**254.6**	**529.3**
Interest expense					–	(53.9)	(53.9)
Net fair value gain on derivatives					–	17.2	17.2
Staff costs					(47.3)	(7.8)	(55.1)
Incentive scheme costs					(44.5)	(66.4)	(110.9)
Other administrative expenses					(39.1)	(9.2)	(48.3)
Profit before tax					**143.8**	**134.5**	**278.3**

Year ended 31 March 2018	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Internally Reported Total £m
External fee income	93.0	34.9	18.5	20.7	167.1	–	167.1
Inter-segmental fee	11.9	3.2	1.3	1.4	17.8	(17.8)	–
Fund management fee income	**104.9**	**38.1**	**19.8**	**22.1**	**184.9**	**(17.8)**	**167.1**
Net investment returns					–	240.1	240.1
Dividend income					25.2	–	25.2
Total revenue					**210.1**	**222.3**	**432.4**
Interest expense					–	(56.6)	(56.6)
Net fair value loss on derivatives					–	(6.5)	(6.5)
Staff costs					(42.1)	(11.1)	(53.2)
Incentive scheme costs					(40.8)	(64.0)	(104.8)
Other administrative expenses					(31.9)	(11.1)	(43.0)
Profit before tax					**95.3**	**73.0**	**168.3**

Reconciliation of financial statements reported to the Executive Directors to the position reported under IFRS

Included in the table below are statutory adjustments made from internally reported numbers to IFRS:

- The primary reconciling item impacting profit after tax is £83.9m in respect of the valuation of the CLO loan notes which has been treated as a change in estimate during the year, see page 21. Other items are principally presentational in nature and relate to the consolidated structured entities. The consolidation of structured entities gross up the consolidated income statement and consolidated statement of financial position, and have no material impact on the Group's profit before tax and net assets.
- In the current year, all income generated from Investment Company investments is presented as net investment returns for internal reporting purposes whereas under IFRS it is presented within net gains on investments and other operating income. The prior year is presented on the same basis to aid comparability. The prior year as originally presented can be found on page 172.

Consolidated income statement

Year ended 31 March 2019	Internally reported £m	Consolidated structured entities £m	Financial statements £m
– Fund management fee income	219.8	(20.7)	199.1
– Other operating income	–	13.5	13.5
Fee and other operating income	**219.8**	**(7.2)**	**212.6**
– Interest income	–	0.1	0.1
– Dividend income	34.4	(34.4)	–
– Net fair value gain on derivatives	–	25.5	25.5
Finance and dividend income	**34.4**	**(8.8)**	**25.6**
Net investment returns/Gains on investments	**275.1**	**(49.2)**	**225.9**
Total revenue	**529.3**	**(65.2)**	**464.1**
– Interest expense	(53.9)	–	(53.9)
– Net fair value gain/(loss) on derivatives	17.2	(17.2)	–
Finance costs	**(36.7)**	**(17.2)**	**(53.9)**
– Staff costs	(55.1)	0.6	(54.5)
– Incentive scheme costs	(110.9)	–	(110.9)
– Other administrative expenses	(48.3)	(14.2)	(62.5)
Administrative expenses	**(214.3)**	**(13.6)**	**(227.9)**
Share of results of joint venture accounted for using equity method	**–**	**0.6**	**0.6**
Profit before tax	**278.3**	**(95.4)**	**182.9**
Tax (charge)/credit	(9.0)	10.6	1.6
Profit after tax	**269.3**	**(84.8)**	**184.5**

Year ended 31 March 2018	Internally reported £m	Consolidated structured entities £m	Financial statements £m
– Fund management fee income	167.1	(19.6)	147.5
– Other operating income	–	9.7	9.7
Fee and other operating income	**167.1**	**(9.9)**	**157.2**
– Dividend income	25.2	(25.2)	–
Finance and dividend income	**25.2**	**(25.2)**	**–**
Net investment returns/Gains on investments	**240.1**	**79.7**	**319.8**
Total revenue	**432.4**	**44.6**	**477.0**
– Interest expense	(56.6)	–	(56.6)
– Net fair value (loss)/gain on derivatives	(6.5)	0.9	(5.6)
Finance costs	**(63.1)**	**0.9**	**(62.2)**
– Staff costs	(53.2)	2.1	(51.1)
– Incentive scheme costs	(104.8)	–	(104.8)
– Other administrative expenses	(43.0)	(17.1)	(60.1)
Administrative expenses	**(201.0)**	**(15.0)**	**(216.0)**
Share of results of joint venture accounted for using equity method	**–**	**0.3**	**0.3**
Profit before tax	**168.3**	**30.8**	**199.1**
Tax credit/(charge)	55.7	(4.0)	51.7
Profit after tax	**224.0**	**26.8**	**250.8**

The table above presents the financial statement balances under the revised presentation as detailed on page 124. The prior period as originally presented can be found on page 172.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

Consolidated statement of financial position

	2019		
	Internally reported £m	**Consolidated structured entities £m**	**Financial statements £m**
Non current financial assets	2,255.7	3,393.2	5,648.9
Other non current assets	36.1	7.8	43.9
Cash	163.2	190.8	354.0
Current financial assets	110.7	(33.4)	77.3
Other current assets	215.7	71.4	287.1
Disposal groups held for sale	–	107.1	107.1
Total assets	**2,781.4**	**3,736.9**	**6,518.3**
Non current financial liabilities	1,183.5	3,449.0	4,632.5
Other non current liabilities	46.7	0.2	46.9
Other current liabilities	161.5	206.2	367.7
Liabilities directly associated with disposal groups held for sale	–	76.9	76.9
Total liabilities	**1,391.7**	**3,732.3**	**5,124.0**
Equity	1,389.7	4.6	1,394.3
Total equity and liabilities	**2,781.4**	**3,736.9**	**6,518.3**

	2018		
	Internally reported £m	Consolidated structured entities £m	Financial statements £m
Non current financial assets	1,898.5	3,342.8	5,241.3
Other non current assets	28.8	2.9	31.7
Cash	248.0	272.7	520.7
Current financial assets	107.2	–	107.2
Other current assets	244.7	160.8	405.5
Total assets	**2,527.2**	**3,779.2**	**6,306.4**
Non current financial liabilities	840.5	3,309.1	4,149.6
Other non current liabilities	81.9	5.0	86.9
Financial liabilities	183.7	–	183.7
Other current liabilities	188.1	380.0	568.1
Total liabilities	**1,294.2**	**3,694.1**	**4,988.3**
Equity	1,233.0	85.1	1,318.1
Total equity and liabilities	**2,527.2**	**3,779.2**	**6,306.4**

Consolidated statement of cash flows

	2019		
	Internally reported £m	Consolidated structured entities £m	Financial statements £m
Interest received	21.5	199.3	220.8
Fees received	185.0	(0.3)	184.7
Dividends received	35.6	(32.3)	3.3
Payments to suppliers and employees	(167.8)	(6.8)	(174.6)
Proceeds from sale of current financial assets and disposal groups	201.8	(1.7)	200.1
Purchase of current financial assets and disposal groups	(345.4)	38.5	(306.9)
Proceeds from sale of non current financial assets	643.9	1,831.4	2,475.3
Purchase of non current financial assets	(603.1)	(2,062.9)	(2,666.0)
Net cash inflow from derivative contracts	48.0	7.4	55.4
Cash generated from/(used in) operating activities	**19.5**	**(27.4)**	**(7.9)**
Taxes paid	(16.3)	(3.9)	(20.2)
Net cash generated from/(used in) operating activities	**3.2**	**(31.3)**	**(28.1)**
Net cash (used in)/generated from investing activities	**(5.3)**	**13.0**	**7.7**
Dividends paid	(88.3)	–	(88.3)
Interest paid	(51.3)	(130.1)	(181.4)
Increase in long term borrowings	308.3	2,029.9	2,338.2
Repayment of long term borrowings	(181.8)	(1,970.5)	(2,152.3)
Net purchase of own shares	(49.3)	–	(49.3)
Net cash used in financing activities	**(62.4)**	**(70.7)**	**(133.1)**
Net decrease in cash	**(64.5)**	**(89.0)**	**(153.5)**
Cash and cash equivalents at beginning of year	247.9	272.8	520.7
Effect of foreign exchange rate changes	(20.2)	7.0	(13.2)
Cash and cash equivalents at end of year	**163.2**	**190.8**	**354.0**

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

	2018		
	Internally reported £m	Consolidated structured entities £m	Financial statements £m
Interest received	73.0	118.1	191.1
Fees received	151.1	(12.0)	139.1
Dividends received	25.8	128.7	154.5
Payments to suppliers and employees	(172.1)	(18.2)	(190.3)
Proceeds from sale of current financial assets	276.8	–	276.8
Purchase of current financial assets	(368.0)	–	(368.0)
Proceeds from sale of non current financial assets	534.8	2,843.8	3,378.6
Purchase of non current financial assets	(572.4)	(3,341.9)	(3,914.3)
Recoveries on previously impaired assets	2.4	–	2.4
Net cash (outflow)/inflow from derivative contracts	(29.2)	0.5	(28.7)
Cash used in operating activities	**(77.8)**	**(281.0)**	**(358.8)**
Taxes received	12.5	–	12.5
Net cash used in operating activities	**(65.3)**	**(281.0)**	**(346.3)**
Net cash used in investing activities	**(4.2)**	**–**	**(4.2)**
Dividends paid	(80.7)	–	(80.7)
Interest paid	(54.7)	(133.8)	(188.5)
Increase in long term borrowings	(45.8)	1,624.1	1,578.3
Repayment of long term borrowings	–	(1,208.9)	(1,208.9)
Purchase of own shares	(26.2)	–	(26.2)
Proceeds on issue of shares	0.6	–	0.6
Net cash (used in)/generated from financing activities	**(206.8)**	**281.4**	**74.6**
Net (decrease)/increase in cash	**(276.3)**	**0.4**	**(275.9)**
Cash and cash equivalents at beginning of year	490.3	290.6	780.9
Effect of foreign exchange rate changes	33.9	(18.2)	15.7
Cash and cash equivalents at end of year	**247.9**	**272.8**	**520.7**

Analysis of non current financial assets by geographical segment

	2019 £m	2018 £m
Europe	**2,678.2**	2,451.4
Asia Pacific	**205.9**	176.2
North America	**2,764.8**	2,613.7
	5,648.9	5,241.3

Group revenue by geographical segment

	2019 £m	2018 £m
Europe	**382.2**	402.0
Asia Pacific	**16.3**	28.8
North America	**65.6**	169.2
	464.1	600.0

5. FINANCIAL ASSETS

Accounting policy

Financial assets

Financial assets are classified into the following categories: amortised cost, Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI). With the implementation of IFRS 9 'Financial Instruments' the Group has elected to irrevocably designate all invested financial assets at FVTPL, see note 2.

Financial assets at FVTPL are initially recognised and subsequently measured at fair value. A valuation assessment is performed on a recurring basis with gains or losses arising from changes in fair value recognised through net gains on investments in the Consolidated Income Statement. Dividends, premiums, discounts or interest earned on the financial assets, are included in the net gains on investments.

Where the Group holds investments in a number of financial instruments such as debt and equity through a portfolio company, the Group views their entire investment as a unit of account for valuation purposes. IFRS 13 'Fair value measurements' allows for a level of aggregation where there are a number of financial instruments held within a portfolio company. Loans and receivables within portfolio companies are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. When the Group invests in the capital structure of a portfolio company the Group initially recognises these assets at cost including direct and incremental transaction costs and subsequently at fair value. Any accrued interest, premium or discount on disposal of a loan or receivable to a third party are recognised through net gains on investments in the income statement.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying value amount and the sum of the consideration received and receivable, is recognised in profit or loss.

Offsetting of financial assets

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when the Group has a legal right to offset the amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Key sources of estimation uncertainty on financial assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction at the measurement date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with IFRS and industry standard valuation guidelines such as the International Private Equity and Venture Capital valuation guidelines (December 2015) for direct investments in portfolio companies, and the Royal Institute of Chartered Surveyors ('RICs') valuation – Global Standards 2017 for Real Estate investments classified as disposal groups held for sale. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in this note on pages 138-140.

Given the subjectivity of the direct investments in portfolio companies and investments in real estate strategies classified as i) Disposal groups held for sale or ii) financial assets at FVTPL, the valuations are approved by an Investment Committee and Executive Committee respectively.

Earnings based valuation techniques are the most commonly used for estimating fair value of direct investments in portfolio companies. EBITDA is the most common measure for earnings and the earnings multiple is derived from comparable listed companies or relevant precedent transaction multiples. We adjust for relative performance in the set of comparable, exit expectations and other company specific factors.

The fair value of investment in CLO loan notes are estimated with reference to a discounted cash flow valuation technique. A range of assumptions and techniques can be used to estimate the fair value of CLO investments, including the risk of default and the payment of the underlying loans held by the CLO. As disclosed in note 2, there has been a change in estimate for the investments in CLO loan notes during the year.

For investments in real estate strategies, the Group utilises an independent valuation expert to value the underlying real estate properties. For development strategies, the residual method of valuation based on the proposed building scheme is used. The key inputs and valuation sensitivities are further disclosed in this note on page 139.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

The categorisation of the Group's assets and liabilities (the difference between which represents the Group's capital) analysed by accounting treatment is summarised below. The table splits out financial assets and liabilities from non financial assets and liabilities and identifies those held at fair value:

						2019
Group	Designated at FVTPL	Trade and other receivables/ liabilities at amortised cost	Accounted for under the equity method	Total financial assets/ liabilities	Non financial instruments and other	Total assets/ liabilities £m
Non current assets						
Intangible assets	–	–	–	–	15.4	15.4
Property, plant and equipment	–	–	–	–	12.6	12.6
Direct investment in portfolio companies	370.3	–	–	370.3	–	370.3
Investments in funds	1,345.3	–	–	1,345.3	–	1,345.3
Investments in CLO loan notes	128.0	–	–	128.0	–	128.0
Investments in loans held in credit funds[1]	3,803.5	–	–	3,803.5	–	3,803.5
Investment in Joint Venture	–	–	1.8	1.8	–	1.8
Derivative financial assets	3.1	–	–	3.1	–	3.1
Deferred tax asset	–	–	–	–	12.8	12.8
Total non current assets	**5,650.2**	**–**	**1.8**	**5,652.0**	**40.8**	**5,692.8**
Current assets						
Trade and other receivables	–	222.2	–	222.2	4.9	227.1
Current financial assets	77.3	–	–	77.3	–	77.3
Derivative financial assets	51.6	–	–	51.6	–	51.6
Current tax debtor	–	–	–	–	8.4	8.4
Cash and cash equivalents	–	354.0	–	354.0	–	354.0
Total current assets	**128.9**	**576.2**	**–**	**705.1**	**13.3**	**718.4**
Disposal groups held for sale	107.1	–	–	107.1	–	107.1
Non current liabilities						
Provisions	–	0.9	–	0.9	–	0.9
Financial liabilities[1]	3,449.0	1,183.5	–	4,632.5	–	4,632.5
Derivative financial liabilities	45.8	–	–	45.8	–	45.8
Deferred tax liabilities	–	–	–	–	0.2	0.2
Total non current liabilities	**3,494.8**	**1,184.4**	**–**	**4,679.2**	**0.2**	**4,679.4**
Current liabilities						
Provisions	–	0.4	–	0.4	–	0.4
Trade and other payables	–	350.5	–	350.5	–	350.5
Current tax creditor	–	–	–	–	2.7	2.7
Derivative financial liabilities	14.1	–	–	14.1	–	14.1
Total current liabilities	**14.1**	**350.9**	**–**	**365.0**	**2.7**	**367.7**
Liabilities directly associated with disposal groups held for sale	76.9	–	–	76.9	–	76.9

IFRS 9 has removed the classification of AFS financial assets, see note 2, the opening balance of £60.7m has been reclassified to financial assets designated at FVTPL. In addition the opening balance of £171.1m of loans and receivables previously held at amortised cost have been reclassified to FVTPL.

Included within investments in funds designated at FVTPL is £772.7m (31 March 2018: £893.1m) relating to the Group's investment in ICG Europe Fund V Limited, ICG North America Private Debt Fund, ICG Asia Pacific Fund III and ICG Europe Fund VI Limited.

Included within direct investments in portfolio companies is £34.7m (31 March 2018: £nil) relating to the Group's investment in Océinde Communications which is accounted for as an associate designated at FVTPL and £66.7m (31 March 2018: £nil) relating to the Group's joint venture investments in Brighton Marina Group Limited and Avanton Richmond Developments Limited.

1 The designated at FVTPL balance relates to structured entities controlled by the Group, consolidated in accordance with IFRS 10.

Group	Designated at FVTPL	Available for sale assets at FVTOCI	Total fair value assets/ liabilities	Loans and receivables/ liabilities at amortised cost	Accounted for under the equity method	Total financial assets/ liabilities	Non financial instruments and other	2018 Total assets/ liabilities £m
Non current assets								
Intangible assets	–	–	**–**	–	–	**–**	18.0	**18.0**
Property, plant and equipment	–	–	**–**	–	–	**–**	10.5	**10.5**
Direct investment in portfolio companies	121.5	47.3	**168.8**	171.1	–	**339.9**	–	**339.9**
Investments in funds	1,203.9	10.4	**1,214.3**	–	–	**1,214.3**	–	**1,214.3**
Investments in CLO loan notes	76.2	3.0	**79.2**	–	–	**79.2**	–	**79.2**
Investments in loans held in credit funds[1]	3,606.2	–	**3,606.2**	–	–	**3,606.2**	–	**3,606.2**
Investment in Joint Venture	–	–	**–**	–	1.7	**1.7**	–	**1.7**
Derivative financial assets	3.2	–	**3.2**	–	–	**3.2**	–	**3.2**
Total non current assets	**5,011.0**	**60.7**	**5,071.7**	**171.1**	**1.7**	**5,244.5**	**28.5**	**5,273.0**
Current assets								
Trade and other receivables	–	–	**–**	285.7	–	**285.7**	26.4	**312.1**
Current financial assets	91.4	–	**91.4**	15.8	–	**107.2**	–	**107.2**
Derivative financial assets	80.0	–	**80.0**	–	–	**80.0**	–	**80.0**
Current tax debtor	–	–	**–**	–	–	**–**	13.4	**13.4**
Cash and cash equivalents	–	–	**–**	520.7	–	**520.7**	–	**520.7**
Total current assets	**171.4**	**–**	**171.4**	**822.2**	**–**	**993.6**	**39.8**	**1,033.4**
Non current liabilities								
Provisions	–	–	**–**	1.2	–	**1.2**	–	**1.2**
Financial liabilities[1]	3,309.1	–	**3,309.1**	840.5	–	**4,149.6**	–	**4,149.6**
Derivative financial liabilities	76.8	–	**76.8**	–	–	**76.8**	–	**76.8**
Deferred tax liabilities	–	–	**–**	–	–	**–**	8.9	**8.9**
Total non current liabilities	**3,385.9**	**–**	**3,385.9**	**841.7**	**–**	**4,227.6**	**8.9**	**4,236.5**
Current liabilities								
Provisions	–	–	**–**	0.5	–	**0.5**	–	**0.5**
Trade and other payables	–	–	**–**	555.3	–	**555.3**	–	**555.3**
Financial liabilities	–	–	**–**	183.7	–	**183.7**	–	**183.7**
Current tax creditor	–	–	**–**	–	–	**–**	10.8	**10.8**
Derivative financial liabilities	1.5	–	**1.5**	–	–	**1.5**	–	**1.5**
Total current liabilities	**1.5**	**–**	**1.5**	**739.5**	**–**	**741.0**	**10.8**	**751.8**

1 The designated at FVTPL balance relates to structured entities controlled by the Group, consolidated in accordance with IFRS 10.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

2019

Company	Designated at FVTPL	Trade and other receivables/ liabilities at amortised cost	Held at cost	Total financial assets/ liabilities	Non financial instruments and other	Total assets/ liabilities £m
Non current assets						
Intangible assets	–	–	–	–	11.1	**11.1**
Property, plant and equipment	–	–	–	–	11.8	**11.8**
Investments in subsidiaries	–	–	1,462.2	**1,462.2**	–	**1,462.2**
Direct investment in portfolio companies	**205.1**	–	–	**205.1**	–	**205.1**
Investments in funds	**387.0**	–	–	**387.0**	–	**387.0**
Investments in CLO loan notes	**15.3**	–	–	**15.3**	–	**15.3**
Derivative financial assets	**1.5**	–	–	**1.5**	–	**1.5**
Deferred tax asset	–	–	–	–	11.7	**11.7**
Total non current assets	**608.9**	**–**	**1,462.2**	**2,071.1**	**34.6**	**2,105.7**
Current assets						
Trade and other receivables	–	1,021.0	–	**1,021.0**	2.6	**1,023.6**
Current financial assets	**60.0**	–	–	**60.0**	–	**60.0**
Derivative financial assets	**51.6**	–	–	**51.6**	–	**51.6**
Current tax debtor	–	–	–	–	11.2	**11.2**
Cash and cash equivalents	–	96.8	–	**96.8**	–	**96.8**
Total current assets	**111.6**	**1,117.8**	**–**	**1,229.4**	**13.8**	**1,243.2**
Non current liabilities						
Provisions	–	0.9	–	**0.9**	–	**0.9**
Financial liabilities	–	1,183.5	–	**1,183.5**	–	**1,183.5**
Derivative financial liabilities	**45.8**	–	–	**45.8**	–	**45.8**
Total non current liabilities	**45.8**	**1,184.4**	**–**	**1,230.2**	**–**	**1,230.2**
Current liabilities						
Provisions	–	0.4	–	**0.4**	–	**0.4**
Trade and other payables	–	862.1	–	**862.1**	–	**862.1**
Current tax creditor	–	–	–	–	1.6	**1.6**
Derivative financial liabilities	**14.1**	–	–	**14.1**	–	**14.1**
Total current liabilities	**14.1**	**862.5**	**–**	**876.6**	**1.6**	**878.2**

Company	Designated at FVTPL	Available for sale assets at FVTOCI	Total fair value assets/ liabilities	Loans and receivables/ liabilities at amortised cost	Held at cost	Total financial assets/ liabilities	Non financial instruments and other	2018 Total assets/ liabilities £m
Non current assets								
Intangible assets	–	–	**–**	–	–	**–**	13.6	**13.6**
Property, plant and equipment	–	–	**–**	–	–	**–**	9.8	**9.8**
Investments in subsidiaries	–	–	**–**	–	1,175.4	**1,175.4**	–	**1,175.4**
Direct investment in portfolio companies	74.8	–	**74.8**	170.7	–	**245.5**	–	**245.5**
Investments in funds	261.8	7.1	**268.9**	–	–	**268.9**	–	**268.9**
Investments in CLO loan notes	20.2	3.0	**23.2**	–	–	**23.2**	–	**23.2**
Derivative financial assets	0.2	–	**0.2**	–	–	**0.2**	–	**0.2**
Deferred tax asset	–	–	**–**	–	–	**–**	5.6	**5.6**
Total non current assets	**357.0**	**10.1**	**367.1**	**170.7**	**1,175.4**	**1,713.2**	**29.0**	**1,742.2**
Current assets								
Trade and other receivables	–	–	**–**	760.4	–	**760.4**	3.7	**764.1**
Current financial assets	91.4	–	**91.4**	8.7	–	**100.1**	–	**100.1**
Derivative financial assets	80.0	–	**80.0**	–	–	**80.0**	–	**80.0**
Current tax debtor	–	–	**–**	–	–	**–**	9.0	**9.0**
Cash and cash equivalents	–	–	**–**	214.8	–	**214.8**	–	**214.8**
Total current assets	**171.4**	**–**	**171.4**	**983.9**	**–**	**1,155.3**	**12.7**	**1,168.0**
Non current liabilities								
Provisions	–	–	**–**	1.2	–	**1.2**	–	**1.2**
Financial liabilities	–	–	**–**	840.5	–	**840.5**	–	**840.5**
Derivative financial liabilities	76.8	–	**76.8**	–	–	**76.8**	–	**76.8**
Total non current liabilities	**76.8**	**–**	**76.8**	**841.7**	**–**	**918.5**	**–**	**918.5**
Current liabilities								
Provisions	–	–	**–**	0.5	–	**0.5**	–	**0.5**
Trade and other payables	–	–	**–**	715.3	–	**715.3**	–	**715.3**
Financial liabilities	–	–	**–**	183.7	–	**183.7**	–	**183.7**
Derivative financial liabilities	1.5	–	**1.5**	–	–	**1.5**	–	**1.5**
Total current liabilities	**1.5**	**–**	**1.5**	**899.5**	**–**	**901.0**	**–**	**901.0**

Fair value measurements recognised in the Statement of Financial Position

The information set out below provides information about how the Group and Company determines fair values of various financial assets and financial liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

This is followed by a more detailed analysis of the financial instruments which are based on unobservable inputs (Level 3 assets).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

Financial assets/ financial liabilities	**Group fair value as at 31 March 2019 £m**	Group fair value as at 31 March 2018 £m	**Company fair value as at 31 March 2019 £m**	Company fair value as at 31 March 2018 £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 1 assets							
Investments in funds	**10.6**	33.4	**209.7**	63.7	Quoted bid prices in an active market	n/a	n/a
Total	**10.6**	33.4	**209.7**	63.7			
Level 2 assets							
Direct investment in portfolio companies	**27.8**	18.5	**–**	–	Internally modelled valuation based on a combination of market prices and observable inputs	n/a	n/a
Investments in loans held in credit funds consolidated under IFRS 10	**3,803.5**	3,605.9	**–**	–	The fair value has been determined using independent broker quotes based on observable inputs	n/a	n/a
Current and non current derivative assets	**54.7**	83.2	**53.1**	80.2	The Group uses widely recognised valuation models for determining the fair values of over the counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within Level 2	n/a	n/a
Total	**3,886.0**	3,707.6	**53.1**	80.2			
Level 3 assets							
Direct investment in portfolio companies	**342.5**	150.3	**205.1**	74.8	Earnings based technique. The earnings multiple is derived from a set of comparable listed companies or relevant market transaction multiples. A premium or discount is applied to the earnings multiple to adjust for points of difference relating to risk and earnings growth prospects between the comparable company set and the private company being valued. Earnings multiples are applied to the maintainable earnings to determine the enterprise value. From this, the value attributable to the Group is calculated based on its holding in the company after making deductions for higher ranking third party instruments in the capital structure. To determine the value of warrants, the exercise price is deducted from the equity value	The discount applied is generally in a range of 9% – 24% and exceptionally as high as 50%. A premium has been applied to nine assets in the range of 2% – 37%. The earnings multiple is generally in the range of 10 – 14 and exceptionally as high as 25 and as low as 6	The higher the adjusted multiple, the higher the valuation
Investments in loans held in credit funds	**–**	0.3	**–**	–	Where there are no recent transactions, fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market, then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments	A premium/ discount is applied taking into account market comparisons, seniority of debt, credit rating, current debt, interest coupon, maturity of the loan and jurisdiction of the loan	The higher the premium, the higher the valuation. The higher the discount, the lower the valuation

Financial assets/ financial liabilities	**Group fair value as at 31 March 2019 £m**	Group fair value as at 31 March 2018 £m	**Company fair value as at 31 March 2019 £m**	Company fair value as at 31 March 2018 £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investments in funds	**1,334.7**	1,180.9	**177.3**	205.2	The net asset value (NAV) of the fund is based on the underlying investments which are held as FVTPL assets	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value
Investments in CLO loan notes	**128.0**	79.2	**15.3**	23.2	Discounted cash flow at a discount rate of 11%. The following assumptions are applied to each investment's cash flows: 3% annual default rate, 20% annual prepayment rate, 70% recovery rate	Discounted cash flows	The higher the cash flows, the higher the fair value. The higher the discount, the lower the fair value
Current financial assets	**77.3**	91.4	**60.0**	91.4	Included in current financial assets are direct investments in portfolio companies valued using the earnings based technique and investments in funds using the NAV of the fund. Full details as shown above	See direct investment in portfolio companies and investments in funds	See direct investment in portfolio companies and investments in funds
Disposal groups held for sale	**107.1**	–	**–**	–	During the year the Group held investment property for both capital appreciation and rental yield. Investment properties are held at fair value. The valuation technique applied depends on the strategy and is either a residual method of valuation or a discounted cash flow on rental income and is based on valuations performed by independent third parties. Key inputs include expected property sales proceeds and rental income	Planning permission approval risk, the proportion of affordable housing and the discount applied to rental incomes	The higher the key observable inputs the lower the fair value
Total	**1,989.6**	1,502.1	**457.7**	394.6			
Total assets	**5,886.2**	5,243.1	**720.5**	538.5			
Level 2 liabilities							
Borrowings and loans held in credit funds consolidated under IFRS 10	**(3,449.0)**	(3,309.1)	**–**	–	The debt securities issued by credit funds consolidated under IFRS 10 are contractually linked to the performance of the underlying investment portfolio; therefore, fair value is determined with reference to the observable market prices of the underlying portfolio. The Group's holding at fair value of the borrowings are subsequently deducted from this. The valuation techniques and inputs to estimate the fair value of the Group's holding is consistent with the Investment in CLO loan notes detailed above	Discounted cash flows	The higher the cash flows, the higher the fair value. The higher the discount, the lower the fair value
Current and non current derivative liabilities	**(59.9)**	(78.3)	**(59.9)**	(78.3)	The Group uses widely recognised valuation models for determining the fair values of over the counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within Level 2	n/a	n/a
Total	**(3,508.9)**	(3,387.4)	**(59.9)**	(78.3)			

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

Financial assets/ financial liabilities	Group fair value as at 31 March 2019 £m	Group fair value as at 31 March 2018 £m	Company fair value as at 31 March 2019 £m	Company fair value as at 31 March 2018 £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3 liabilities							
Liabilities directly associated with disposal groups held for sale	**(76.9)**	–	**–**	–	Borrowings held in disposal groups are measured based on contractual cash flows	n/a	n/a
Total	**(76.9)**	–	**–**	–			
Total liabilities	**(3,585.8)**	(3,387.4)	**(59.9)**	(78.3)			

The following table summarises Group and Company financial assets and liabilities that are held at fair value, by type and level:

Group	2019 Level 1 £m	2019 Level 2 £m	2019 Level 3 £m	2019 Total £m	2018 Level 1 £m	2018 Level 2 £m	2018 Level 3 £m	2018 Total £m
Non current financial assets at fair value								
Financial assets designated as FVTPL	**10.6**	**3,831.3**	**1,805.2**	**5,647.1**	33.4	3,624.4	1,410.7	5,068.5
Other derivative financial instruments	**–**	**3.1**	**–**	**3.1**	–	3.2	–	3.2
	38.4	**3,806.6**	**1,805.2**	**5,650.2**	33.4	3,627.6	1,410.7	5,071.7
Current financial assets at fair value								
Current financial assets	**–**	**–**	**77.3**	**77.3**	–	–	91.4	91.4
Disposal groups held for sale	**–**	**–**	**107.1**	**107.1**	–	–	–	–
Other derivative financial instruments	**–**	**51.6**	**–**	**51.6**	–	80.0	–	80.0
	–	**51.6**	**184.4**	**236.0**	–	80.0	91.4	171.4
Financial liabilities at fair value								
Liabilities directly associated with disposal groups held for sale	**–**	**–**	**76.9**	**76.9**	–	–	–	–
Borrowings and loans held in credit funds consolidated under IFRS 10	**–**	**3,449.0**	**–**	**3,449.0**	–	3,309.1	–	3,309.1
Other derivative financial instruments	**–**	**59.9**	**–**	**59.9**	–	78.3	–	78.3
	–	**3,508.9**	**76.9**	**3,585.8**	–	3,387.4	–	3,387.4

Company	2019 Level 1 £m	2019 Level 2 £m	2019 Level 3 £m	2019 Total £m	2018 Level 1 £m	2018 Level 2 £m	2018 Level 3 £m	2018 Total £m
Non current financial assets at fair value								
Financial assets designated as FVTPL	**209.7**	**–**	**397.7**	**607.4**	63.7	–	303.2	366.9
Other derivative financial instruments	**–**	**1.5**	**–**	**1.5**	–	0.2	–	0.2
	209.7	**1.5**	**397.7**	**608.9**	63.7	0.2	303.2	367.1
Current financial assets at fair value								
Current financial assets	**–**	**–**	**60.0**	**60.0**	–	–	91.4	91.4
Other derivative financial instruments	**–**	**51.6**	**–**	**51.6**	–	80.0	–	80.0
	–	**51.6**	**60.0**	**111.6**	–	80.0	91.4	171.4
Financial liabilities at FVTPL								
Other derivative financial instruments	**–**	**59.9**	**–**	**59.9**	–	78.3	–	78.3
	–	**59.9**	**–**	**59.9**	–	78.3	–	78.3

Reconciliation of Level 3 fair value measurements of financial assets

The following tables detail the movements in financial assets valued using the Level 3 basis of measurement in aggregate.

Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange is included within finance costs.

Group	Financial assets designated as FVTPL £m	AFS financial assets held at FVTOCI £m	2019 Total £m	Financial assets designated as FVTPL £m	AFS financial assets held at FVTOCI £m	2018 Total £m
At 1 April	**1,368.5**	**42.2**	**1,410.7**	1,189.6	48.1	1,237.7
Reclassification of AFS financial assets	**42.2**	**(42.2)**	**–**	–	–	–
Loans and receivables previously held at amortised cost	**171.1**	**–**	**171.1**	–	–	–
Total gains or losses in the income statement						
– Realised gains	**(245.2)**	**–**	**(245.2)**	(171.2)	(1.8)	(173.0)
– Fair value gains	**202.7**	**–**	**202.7**	220.5	–	220.5
– Foreign exchange	**13.6**	**–**	**13.6**	(26.5)	0.9	(25.6)
Total gains or losses in other comprehensive income						
– Unrealised losses	**–**	**–**	**–**	–	(0.4)	(0.4)
Purchases	**553.0**	**–**	**553.0**	402.4	0.2	402.6
Realisations	**(332.2)**	**–**	**(332.2)**	(227.8)	(4.8)	(232.6)
Transfer between assets	**31.5**	**–**	**31.5**	30.1	–	30.1
Transfer between levels	**–**	**–**	**–**	(48.6)	–	(48.6)
At 31 March	**1,805.2**	**–**	**1,805.2**	1,368.5	42.2	1,410.7

IFRS 9 has removed the classification of AFS financial assets, see note 2, the opening balance of £42.2m has been reclassified to financial assets designated at FVTPL. In addition the opening balance of £171.1m of loans and receivables previously held at amortised cost have been reclassified to FVTPL.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

Company	Financial assets designated as FVTPL £m (2019)	AFS financial assets held at FVTOCI £m (2019)	Total £m (2019)	Financial assets designated as FVTPL £m (2018)	AFS financial assets held at FVTOCI £m (2018)	Total £m (2018)
At 1 April	**293.1**	**10.1**	**303.2**	269.8	12.7	282.5
Reclassification of AFS financial assets	**10.1**	**(10.1)**	**–**	–	–	–
Loans and receivables previously held at amortised cost	**170.8**	**–**	**170.8**	–	–	–
Total gains or losses in the income statement						
– Realised gains	**(6.7)**	**–**	**(6.7)**	(43.2)	(1.9)	(45.1)
– Fair value gains	**25.5**	**–**	**25.5**	8.4	–	8.4
– Foreign exchange	**3.3**	**–**	**3.3**	(18.7)	0.4	(18.3)
Total gains or losses in other comprehensive income						
– Unrealised gains	**–**	**–**	**–**	–	2.9	2.9
Purchases	**98.8**	**–**	**98.8**	137.9	0.2	138.1
Realisations	**(124.6)**	**–**	**(124.6)**	(83.9)	(4.2)	(88.1)
Transfer between assets	**33.3**	**–**	**33.3**	22.8	–	22.8
Transfer between levels	**(105.9)**	**–**	**(105.9)**	–	–	–
At 31 March	**397.7**	**–**	**397.7**	293.1	10.1	303.2

IFRS 9 has removed the classification of AFS financial assets, see note 2, the opening balance of £10.1m has been reclassified to financial assets designated at FVTPL. In addition the opening balance of £170.8m of loans and receivables previously held at amortised cost have been reclassified to FVTPL. Transfer between assets relate principally to movements between current and non current financial assets. During the year an asset was reclassified from Level 3 to Level 1.

Fair value

The following table shows the sensitivity of fair values grouped in Level 3 to adjusted earnings multiples in the valuation models, for a selection of the largest financial assets. It is assumed that the multiple was changed by 10% while all the other variables were held constant.

	Sensitivity of financial asset to adjusted earnings multiple					
	2019			2018		
	Value in accounts £m	+10% £m	–10% £m	Value in accounts £m	+10% £m	–10% £m
Group						
Non current financial assets at fair value						
Financial assets designated as FVTPL	**1,805.2**	**1,995.6**	**1,614.8**	1,368.5	1,518.6	1,218.3
AFS financial assets held at FVTOCI	–	–	–	42.2	48.4	36.2
	1,805.2	**1,995.6**	**1,614.8**	1,410.7	1,567.0	1,254.4
Current financial assets at fair value						
Current financial assets	**77.3**	**85.0**	**69.6**	91.4	100.6	82.3
Disposal groups held for sale	**107.1**	**117.8**	**96.4**	–	–	–
	184.4	**202.8**	**166.0**	91.4	100.6	82.3
Company						
Non current financial assets at fair value						
Financial assets designated as FVTPL	**397.7**	**437.5**	**357.9**	293.1	331.9	254.3
AFS financial assets held at FVTOCI	–	–	–	10.1	11.1	9.1
	397.7	**437.5**	**357.9**	303.2	343.0	263.4
Current financial assets at fair value						
Current financial assets	**60.0**	**66.0**	**54.0**	91.4	100.6	82.3

CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Cash and cash equivalents				
Cash at bank and in hand	**354.0**	520.7	**96.8**	214.8

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cashflows can be reconciled to the related items in the consolidated reporting position as shown above. A further £7.6m (2018: £nil) of cash and cash equivalents are included in disposal groups held for sale (note 28).

DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Derivative financial instruments for hedging

The Group holds derivative financial instruments to hedge foreign currency and interest rate exposures. Derivatives are recognised at fair value determined using independent third party valuations or quoted market prices on a recurring basis. Changes in fair values of derivatives are recognised immediately in the income statement.

A derivative with a positive fair value is recognised as a financial asset whilst a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non current asset or non current liability if the remaining maturity of the instrument is more than 12 months, otherwise a derivative will be presented as a current asset or current liability.

	2019			2018		
		Fair values			Fair values	
Group	**Contract or underlying principal amount £m**	**Asset £m**	**Liability £m**	Contract or underlying principal amount £m	Asset £m	Liability £m
Foreign exchange derivatives						
Forward foreign exchange contracts	**1,157.0**	**12.4**	**(4.0)**	978.8	10.9	(1.5)
Cross currency swaps	**412.3**	**42.3**	**(55.9)**	359.0	71.8	(76.8)
Interest rate swaps	–	–	–	20.0	0.5	–
Total	**1,569.3**	**54.7**	**(59.9)**	1,357.8	83.2	(78.3)

Included in derivative financial instruments is accrued interest on swaps of £1.4m (2018: £1.3m).

	2019			2018		
		Fair values			Fair values	
Company	**Contract or underlying principal amount £m**	**Asset £m**	**Liability £m**	Contract or underlying principal amount £m	Asset £m	Liability £m
Foreign exchange derivatives						
Forward foreign exchange contracts	**1,040.9**	**10.8**	**(4.1)**	807.8	7.9	(1.5)
Cross currency swaps	**412.3**	**42.3**	**(55.8)**	359.0	71.8	(76.8)
Interest rate swaps	–	–	–	20.0	0.5	–
Total	**1,453.2**	**53.1**	**(59.9)**	1,186.8	80.2	(78.3)

The fair value of assets pledged as collateral at 31 March 2019 was £30.6m (31 March 2018: £70.4m), the names of the counterparties are: Citigroup Global Markets Limited, HSBC Bank London, Commonwealth Bank of Australia, Lloyds TSB Bank Plc, Royal Bank of Scotland Plc, Société Générale Paris and Deutsche Bank. All of the Credit Support Annex that have been agreed with our counterparties are fully European Market Infrastructure Regulation ('EMIR') compliant.

There were no breaches to loan agreements during the current or prior year.

The change in fair value related to credit risk as at 31 March 2019 was £0.1m (31 March 2018: £0.1m).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

5. FINANCIAL ASSETS CONTINUED

Under the relevant International Swaps and Derivatives Association ('ISDA') Master Agreements in place with our counter parties, the close-out netting provision would result in all obligations under a contract with a defaulting party being terminated and there would be a subsequent combining of positive and negative replacement values into a single net payable or receivable. This reduces the credit exposure from gross to net.

Key sources of estimation uncertainty

The fair value of the derivatives used for hedging purposes are derived from pricing models, which take account of the contract terms, as well as quoted market parameters such as interest rates and volatilities.

For details of the Group's risk management policies and disclosures see note 20.

FINANCIAL LIABILITIES

Accounting policy

Financial liabilities which include borrowings, with the exception of financial liabilities designated as FVTPL, are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. This is unchanged under IFRS 9.

Financial liabilities at FVTPL within structured entities controlled by the Group are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through gains on investments in the Consolidated Income Statement. This is a change from the prior year under IAS 39 where interest paid on the financial instruments was recognised separately within finance costs.

Financial liabilities at FVTPL include derivative liabilities and other financial liabilities designated as FVTPL within structured entities controlled by the Group. A financial instrument is classified as FVTPL if it is a derivative that is not designated and effective as a hedging instrument, or the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value recognised through net gains in investments in the Consolidated Income Statement. Interest paid on the financial instruments is included within net gains on investments.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. This is a change from the prior year under IAS 39 where interest paid on the financial instruments was recognised separately within finance costs.

	2019		2018	
Group	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost:				
– Private placements	–	**808.3**	82.8	603.6
– Listed notes and bonds	–	**236.9**	100.9	236.9
– Unsecured bank debt	–	**138.3**	–	–
Liabilities held at FVTPL:				
– Structured entities controlled by the Group	–	**3,449.0**	–	3,309.1
	–	**4,632.5**	183.7	4,149.6

	2019		2018	
Company	**Current £m**	**Non current £m**	Current £m	Non current £m
Liabilities held at amortised cost:				
– Private placements	–	**808.3**	82.8	603.6
– Listed notes and bonds	–	**236.9**	100.9	236.9
– Unsecured bank debt	–	**138.3**	–	–
	–	**1,183.5**	183.7	840.5

6. PROFIT OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the year amounted to £231.1m (2018: £406.5m).

7. FINANCE AND DIVIDEND INCOME

Accounting policy

Dividend income is recognised in the income statement when the Group's right to receive income is established. In the prior year, interest income was recognised on financial assets held at amortised cost, measured using the effective interest rate method and on financial assets that were designated at FVTPL from structured entities controlled by the Group. Following the implementation of IFRS 9 from 1 April 2018 interest income on these assets has been recognised through net gains on investments, see note 2.

	2019 £m	2018 £m
Interest income:		
– Loans and receivables at amortised cost on unimpaired loans	–	21.2
– Loans and receivables at amortised cost on impaired loans	–	4.9
– Loans and investments held for sale	–	4.3
– Financial assets designated at FVTPL	–	156.3
– On bank deposits	**0.1**	–
Net fair value movements on derivatives	**25.5**	–
Dividend income from equity investments	–	3.1
	25.6	189.8

8. NET GAINS ON INVESTMENTS

Accounting policy

Net gains and losses comprise realised gains and losses on disposal of financial assets and financial liabilities measured at fair value, unrealised gains and losses on the revaluation of investments and interest income and expenses from structured entities.

	2019 £m	2018 £m
Financial assets		
Change in fair value of financial instruments designated at FVTPL	**342.4**	255.2
Amount reclassified from equity on disposal of Available For Sale assets	–	2.3
	342.4	257.5
Financial liabilities		
Change in fair value of financial instruments designated at FVTPL	**(116.5)**	(4.5)
Net gains and losses arising on investments	**225.9**	253.0

9. FINANCE COSTS

Accounting policy

Interest expense on the Group's debt, excluding financial liabilities within structured entities controlled by the Group, is recognised using the effective interest rate method based on the expected future cash flows of the liabilities over their expected life being the maturity date.

In the prior year interest expense was recognised on financial liabilities within structured entities controlled by the Group held at FVTPL. Following the implementation of IFRS 9 from 1 April 2018 interest expense on these liabilities has been recognised through net gains on investments, see note 2.

Changes in the fair value of derivatives are recognised in the income statement as incurred.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

9. FINANCE COSTS CONTINUED

	2019 £m	2018 £m
Interest expense recognised on financial liabilities held at amortised cost	**49.8**	51.2
Interest expense recognised on financial liabilities designated as FVTPL	–	104.3
Net fair value movements on derivatives	–	5.5
Arrangement and commitment fees	**4.1**	5.4
	53.9	166.4

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2019 £m	2018 £m
Staff costs	**165.4**	155.8
Amortisation and depreciation	**5.9**	5.7
Operating lease expenses	**4.3**	4.0
Auditor's remuneration	**1.3**	1.4

Auditor's remuneration includes fees for audit and non audit services payable to the Company's auditor, Deloitte LLP, and are analysed as follows:

	2019 £m	2018 £m
ICG GROUP		
AUDIT FEES		
Group audit of the annual accounts	**0.7**	0.6
The audit of subsidiaries' annual accounts	**0.5**	0.4
Total audit fees	**1.2**	1.0
NON AUDIT FEES		
Non audit fees in capacity as auditor	**0.1**	0.1
Other non audit fees	–	0.3
Total non audit fees	**0.1**	0.4
Total auditor's remuneration incurred by the Group	**1.3**	1.4
AFFILIATES OF THE ICG GROUP*		
AUDIT FEES		
Audit of affiliate entities	**0.1**	0.1
Total audit fees	**0.1**	0.1
NON AUDIT FEES		
Corporate finance services	**0.2**	–
Tax advisory services	**0.2**	–
Total non audit fees	**0.4**	–
Total auditor's remuneration incurred by affiliates of the ICG Group	**0.5**	0.1
Total audit fees and audit related assurance fees	**1.8**	1.5

* These services were provided to ICG managed funds that are affiliates of the ICG Group for independence purposes, as defined by the Financial Reporting Council's ('FRC') Revised Ethical Standard 2016. These affiliates of ICG are funds and the services include tax and corporate finance services. No services were provided pursuant to contingent fee arrangements.

The £0.3m of non audit fees in 2018 related to due diligence work performed as part of the Group's investment activities.

11. EMPLOYEES AND DIRECTORS

Accounting policy

The Balance Sheet Carry ('BSC') scheme forms part of the Company's Remuneration policy for investment executives. BSC takes the form of an 'in house' carry arrangement (i.e. on the returns from investments made by the Group on its balance sheet). For full details of this scheme please see page 79.

Management estimates when each vintage will meet its hurdle rate and begin to pay out to participants of the scheme. ICG accrues the cost evenly over the three years preceding the date of the expected first payment, based on the returns recognised through the income statement in relation to these investments. The social security costs associated with these payments are accrued in line with the BSC cost taken through the P&L, the amount accrued to be paid in future periods amounts to £6.4m at 31 March 2019 (2018: £7.7m).

	2019 £m	2018 £m
Directors' emoluments	**2.5**	2.6
Employee costs during the year including Directors':		
Wages and salaries	**139.0**	124.5
Social security costs	**22.7**	28.0
Pension costs	**3.7**	3.3
	165.4	155.8

The monthly average number of employees (including Directors) was:

	2019	2018
Investment Executives	**166**	156
Infrastructure	**155**	132
Directors	**2**	2
	323	290

ICG Plc, the Company, does not have any employees but relies on the expertise and knowledge of employees of ICG FMC Limited.

Contributions to the Group's defined contribution pension schemes are charged to the income statement as incurred.

The performance related element included in employee costs is £110.9m (2018: £104.8m) which is derived as a result of the annual bonus scheme, Omnibus Scheme and the Balance Sheet Carry Scheme. Please refer to the report of the Remuneration Committee on page 72.

In addition, during the year, third party funds have paid £1.6m (2018: £3.6m) to former employees and £10.7m (2018: £2.7m) to current employees, including Executive Directors, relating to the settlement of carried interests allocated and sold to these employees in prior periods. Such amounts become due over time if, and when, specified performance targets are ultimately realised in cash by the funds.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

12. TAX EXPENSE

Accounting policy

Tax expense comprises current and deferred tax.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction, other than a business combination, that affects neither the tax nor the accounting profit.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off, when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Analysis of tax on ordinary activities	2019 £m	2018 £m
Current tax		
Corporate tax	**16.0**	(6.4)
Prior year adjustment	**5.4**	14.6
	21.4	8.2
Deferred taxation		
Current year	**(19.1)**	(41.4)
Prior year adjustment	**(3.9)**	(18.5)
	(23.0)	(59.9)
Tax credit on profit on ordinary activities	**(1.6)**	(51.7)

	2019 £m	2018 £m
Profit on ordinary activities before tax	**182.9**	199.1
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	**34.8**	37.8
Effects of:		
Prior year adjustment to current tax	**5.4**	14.6
Prior year adjustment to deferred tax	**(3.9)**	(18.6)
	1.5	(4.0)
Non taxable and non deductible items	**(0.1)**	–
Current year risk provision charge/(credit)	**1.6**	(27.1)
Impairment of tax debtor balance	**3.3**	–
Different tax rates of overseas subsidiaries	**(32.5)**	(38.0)
Changes in statutory tax rates	**2.0**	–
Substantial shareholder exemption – deferred tax adjustment	**–**	(15.4)
Other temporary differences	**(12.2)**	(5.0)
Current tax credit for the year	**(1.6)**	(51.7)

The effective tax rate is lower than the standard corporation tax rate of 19%. This is in part due to a significant proportion of the Investment Company's assets being invested directly into funds based outside the United Kingdom.

Investment returns from these funds are paid to the Group in the form of non taxable dividend income. This outcome is in line with other UK investment companies. The IC's taxable costs can therefore be used to offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

In the prior year there were two deferred tax accounting adjustments which reduced the tax charge:

1. Finance Act 2017 widened the definition of the 'Substantial Shareholder Exemption' rules which exempt companies from tax on the disposal of an investment in which 10% of the shares are held and certain other conditions met. As a result there were a small number of legacy assets, dating from when ICG was a principal investor, that qualified for SSE and be exempt from tax. As tax had previously been expected to be paid on these balances, a deferred tax liability of £15.4m had been accrued which was released in the prior year.
2. The Group reviewed, and updated, its transfer pricing policy to reflect current business practices and in line with the OECD's 'Base Erosion and Profit Shifting' (BEPS) guidelines. The updated methodology was prepared in conjunction with our corporate tax advisers and the use of external benchmarking. Following this exercise, and in light of the Group's ongoing low risk tax status in the UK and no open enquiries elsewhere, the Directors reassessed the necessity for a tax risk provision. The Directors concluded that whilst there remains an inherent risk of challenge by UK and overseas tax authorities this was not sufficient to maintain the provision of £27.1m.

Deferred tax

Group	Other derivatives £m	Warrants and investments £m	Remuneration deductible as paid £m	Other temporary differences £m	Total £m
At 31 March 2017	5.6	45.6	(7.3)	32.8	76.7
Prior year adjustment	–	(22.4)	–	3.8	(18.6)
Prior year adjustment – rate change	–	–	–	0.1	0.1
(Credit)/charge to equity	–	(3.0)	(4.9)	–	(7.9)
(Credit)/charge to income	(1.2)	(14.7)	(6.0)	(19.5)	(41.4)
At 31 March 2018	**4.4**	**5.5**	**(18.2)**	**17.2**	**8.9**
Prior year adjustment	(0.9)	(3.7)	1.7	(1.0)	(3.9)
(Credit)/charge to equity	–	0.2	1.3	–	1.5
(Credit)/charge to income	1.8	(0.3)	(5.0)	(15.6)	(19.1)
At 31 March 2019	**5.3**	**1.7**	**(20.2)**	**0.6**	**(12.6)**

Company	Other derivatives £m	Warrants and investments £m	Remuneration deductible as paid £m	Other temporary differences £m	Total £m
At 31 March 2017	5.3	17.9	(1.0)	1.1	23.3
Prior year adjustment	–	(17.6)	(0.1)	3.7	(14.0)
(Credit)/charge to equity	–	0.2	(4.9)	–	(4.7)
(Credit)/charge to income	(1.4)	(2.7)	(5.1)	(1.0)	(10.2)
At 31 March 2018	**3.9**	**(2.2)**	**(11.1)**	**3.8**	**(5.6)**
Prior year adjustment	(0.4)	(0.2)	(1.4)	(1.0)	(3.0)
(Credit)/charge to equity	–	(1.5)	1.3	–	(0.2)
(Credit)/charge to income	1.8	2.8	(6.1)	(1.4)	(2.9)
At 31 March 2019	**5.3**	**(1.1)**	**(17.3)**	**1.4**	**(11.7)**

Deferred tax has been accounted for at the enacted corporation tax rate of 17% (2018: 19%).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

13. DIVIDENDS

Accounting policy

Dividends paid to the Company's shareholders are recognised in the period in which the dividends are declared. Dividends become final once approved by the Company's shareholders at the AGM and may be subject to change. Dividends paid are recognised as a deduction from equity.

	2019		2018	
	Per share pence	**£m**	Per share pence	£m
Ordinary dividends paid				
Final	**21.0**	**59.9**	19.5	55.2
Interim	**10.0**	**28.4**	9.0	25.5
	31.0	**88.3**	28.5	80.7
Proposed final dividend	**35.0**	**99.0**	21.0	59.4

Of the £88.3m (2018: £80.7m) of ordinary dividends paid during the year, £1.3m were reinvested under the dividend reinvestment plan that was offered to shareholders (2018: £1.4m).

14. EARNINGS PER SHARE

Earnings	**2019 £m**	2018 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	**180.1**	251.0

Number of shares	**2019**	2018
Weighted average number of ordinary shares for the purposes of basic earnings per share	**283,915,372**	282,649,240
Effect of dilutive potential ordinary shares share options	**25,528**	25,601
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**283,940,900**	282,674,841
Earnings per share	**63.4p**	88.8p
Diluted earnings per share	**63.4p**	88.8p

15. INTANGIBLE ASSETS

Accounting policy

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of all assets, liabilities and contingent liabilities of the acquired business at their fair value at the acquisition date.

The excess of the fair value at the date of acquisition of the cost of investments in subsidiaries over the fair value of the net assets acquired which is not allocated to individual assets and liabilities is determined to be goodwill. Goodwill is reviewed at least annually for impairment.

Intangible assets with finite useful lives that are acquired separately, including investment management contracts and contact databases, are carried at cost less accumulated depreciation and impairment losses. These are measured at cost and are being amortised on a straight line basis over the expected life of the contract, currently three to eight years.

Amortisation of intangible assets is included in administrative expenses in the income statement and detailed in note 10.

	Goodwill		Investment management contract		Total	
Group	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Cost						
At 1 April	**4.3**	4.3	**25.5**	25.5	**29.8**	29.8
Additions	**–**	–	**–**	–	**–**	–
At 31 March	**4.3**	4.3	**25.5**	25.5	**29.8**	29.8
Amortisation						
At 1 April	**–**	–	**11.8**	9.1	**11.8**	9.1
Charge for the year	**–**	–	**2.6**	2.7	**2.6**	2.7
At 31 March	**–**	–	**14.4**	11.8	**14.4**	11.8
Net book value at 31 March	**4.3**	4.3	**11.1**	13.7	**15.4**	18.0

Goodwill was acquired in the Longbow Real Estate Capital LLP business combination and represents a single cash generating unit. The recoverable amount of the real estate cash generating unit is based on fair value less costs to sell where the fair value equates to a multiple of adjusted net income, in line with the original consideration methodology. The significant headroom on the recoverable amount is not sensitive to any individual assumption.

	Investment management contract	
Company	2019 £m	2018 £m
Cost		
At 1 April	**19.9**	19.9
Additions	**–**	–
At 31 March	**19.9**	19.9
Amortisation		
At 1 April	**6.3**	3.6
Charge for the year	**2.5**	2.7
At 31 March	**8.8**	6.3
Net book value at 31 March	**11.1**	13.6

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

16. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

The Group's property, plant and equipment provide the infrastructure to enable the Group to operate. Assets are initially stated at cost, which includes expenditure associated with acquisition. The cost of the asset is recognised in the income statement as a depreciation charge on a straight line basis over the estimated useful life, three years for furniture and equipment, five years for short leasehold premises.

Group	Furniture and equipment 2019 £m	Furniture and equipment 2018 £m	Short leasehold premises 2019 £m	Short leasehold premises 2018 £m	Total 2019 £m	Total 2018 £m
Cost						
At 1 April	**31.2**	27.1	**5.6**	5.7	**36.8**	32.8
Additions	**5.0**	4.1	**0.2**	0.1	**5.2**	4.2
Disposals	**–**	–	**–**	(0.2)	**–**	(0.2)
Exchange differences	**0.2**	–	**–**	–	**0.2**	–
At 31 March	**36.4**	31.2	**5.8**	5.6	**42.2**	36.8
Depreciation						
At 1 April	**20.9**	18.2	**5.4**	5.4	**26.3**	23.6
Charge for the year	**3.0**	2.7	**0.3**	0.3	**3.3**	3.0
Disposals	**–**	–	**–**	(0.2)	**–**	(0.2)
Exchange differences	**0.1**	–	**(0.1)**	(0.1)	**–**	(0.1)
At 31 March	**24.0**	20.9	**5.6**	5.4	**29.6**	26.3
Net book value	**12.4**	10.3	**0.2**	0.2	**12.6**	10.5

Company	Furniture and equipment 2019 £m	Furniture and equipment 2018 £m	Short leasehold premises 2019 £m	Short leasehold premises 2018 £m	Total 2019 £m	Total 2018 £m
Cost						
At 1 April	**27.9**	23.7	**4.2**	4.2	**32.1**	27.9
Additions	**4.9**	4.2	**–**	–	**4.9**	4.2
At 31 March	**32.8**	27.9	**4.2**	4.2	**37.0**	32.1
Depreciation						
At 1 April	**18.1**	15.6	**4.2**	4.1	**22.3**	19.7
Charge for the year	**2.9**	2.5	**–**	0.1	**2.9**	2.6
At 31 March	**21.0**	18.1	**4.2**	4.2	**25.2**	22.3
Net book value	**11.8**	9.8	**–**	–	**11.8**	9.8

17. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade and other receivables represent amounts the Group is due to receive in the normal course of business and are held at amortised cost. Other receivables within structured entities controlled by the Group relate principally to unsettled trades on the sale of financial assets. Amounts owed by Group companies are non interest bearing and repayable on demand. The carrying value of trade and other receivables approximates fair value.

Performance fees receivable relates to fees which are considered contract assets under IFRS 15, and will only be received after realisation of the underlying assets.

The Group has adopted the simplified approach to measuring amortised cost, with no additional losses recognised.

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Other receivables within structured entities controlled by the Group	**74.0**	166.7	**–**	–
Other receivables excluding structured entities controlled by the Group	**108.3**	91.8	**44.7**	56.5
Performance fees receivable	**39.9**	27.2	**6.9**	16.5
Amount owed by Group companies	**–**	–	**969.4**	687.4
Prepayments	**4.9**	26.4	**2.6**	3.7
	227.1	312.1	**1,023.6**	764.1

18. TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are held at amortised cost and represent amounts the Group is due to pay in the normal course of business. Other payables in the table below relate principally to unsettled trades on the purchase of financial assets within structured entities controlled by the Group. Accruals represent costs, including remuneration, that are not yet billed or due for payment, but for which the goods or services have been received. Amounts owed to Group companies are non interest bearing and repayable on demand. The carrying value of trade and other payables approximates fair value.

The Group has adopted the simplified approach to measuring amortised cost, with no additional losses recognised.

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Trade payables	**2.3**	2.0	**2.2**	1.6
Other payables	**201.2**	382.2	**–**	–
Accruals	**145.6**	169.1	**132.2**	154.2
Amounts owed to Group companies	**–**	–	**726.6**	558.0
Social security tax	**1.4**	2.0	**1.1**	1.5
	350.5	555.3	**862.1**	715.3

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FOR THE YEAR ENDED 31 MARCH 2019

19. PROVISIONS

Accounting policy

The Group holds onerous lease provisions against certain leaseholds in connection with surplus space. The provision for these onerous lease contracts has been made taking into account residual lease commitments, other outgoings and sub-letting arrangements. It is envisaged that the provisions will be utilised on an even basis until 2021.

The adoption of IFRS 16 'Leases' from 1 April 2019 will change the classification of operating leases requiring the total carrying amount and the outstanding liabilities of the onerous lease, at its present value, to be included on the balance sheet of the Group.

Group and Company	Onerous lease £m
At 1 April 2018	1.7
Utilisation of provision	(0.5)
Unwinding of discount	0.1
As at 31 March 2019	1.3

The provisions are expected to mature in the following time periods:

Group and Company	**2019 £m**	2018 £m
Less than one year	**0.4**	0.5
One to five years	**0.9**	1.2
	1.3	1.7

20. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. There are systems of controls in place to create an acceptable balance between the potential costs, should such a risk occur, and the cost of managing those risks. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

The Group has exposure to market risk (including exposure to interest rates and foreign currency), liquidity risk and credit risk arising from financial instruments.

This section provides details of the Group's approach to financial risks and describes the methods used by the Board to mitigate and control such risk.

Market risk

Interest rate risk

The Group's assets include both fixed and floating rate loans and non interest bearing equity investments. The Group's operations are financed with a combination of its shareholders' funds, bank borrowings, private placement notes, public bonds, and fixed and floating rate notes. The Group manages its exposure to market interest rate movements by matching, to the extent possible, the interest rate profiles of assets and liabilities and by using derivative financial instruments. As a result, the Group does not have material financial exposure to interest rate movements. The sensitivity of assets and liabilities to interest rate risk is disclosed below. The Group's sensitivity to movements is assumed by applying 100 basis points sensitivity to interest rates to the Group's forecast model.

Sensitivity to interest rate risk

	2019			2018		
	Floating £m	**Fixed £m**	**Total £m**	Floating £m	Fixed £m	Total £m
Financial assets	**3,999.3**	**2,410.2**	**6,409.5**	4,198.5	1,956.4	6,154.9
Financial liabilities	**(3,575.2)**	**(1,486.0)**	**(5,061.2)**	(3,314.7)	(1,575.6)	(4,890.3)
	424.1	**924.2**	**1,348.3**	883.8	380.8	1,264.6

The sensitivity of floating rate financial assets to the 100 basis points interest rate increase is £40.0m (2018: £42.0m) and the sensitivity of financial liabilities to the same interest rate increase is £35.8m (2018: £33.1m). There is no interest rate risk exposure on fixed rate financial assets or liabilities.

Foreign exchange risk

The Group is exposed to currency risk in relation to currency transactions and the translation of net assets, and income statement of foreign subsidiaries. The Group's most significant exposures are to the Euro and the US dollar. Exposure to market currency risk is managed by matching assets with liabilities to the extent possible and through the use of derivative instruments.

The Group regards its interest in overseas subsidiaries as long term investments. Consequently, it does not normally hedge the translation effect of exchange rate movements on the financial statements of these businesses.

The Group is also exposed to currency risk arising on the translation of fund management fee income receipts, which are primarily denominated in Euro and US dollar. Fund management fee income is hedged to provide more certainty over the value of future cash inflows.

The sensitivity to movements in exchange rates is assumed by applying a percentage measure, based on the volatility of the applicable currency, as defined in the Group's treasury policy, to the net currency asset or liability at the balance sheet date.

The effect of fluctuations in other currencies is considered by the Directors to be insignificant in the current and prior year. The net assets/(liabilities) by currency and the sensitivity of the balances to foreign exchange rates are shown below:

					2019
Group	**Net statement of financial position exposure £m**	**Forward exchange contracts £m**	**Net exposure £m**	**Sensitivity to strengthening %**	**Increase in net assets £m**
Sterling	**(12.1)**	**1,013.5**	**1,001.4**	**–**	**–**
Euro	**879.7**	**(716.3)**	**163.4**	**15%**	**24.5**
US dollar	**163.0**	**(116.8)**	**46.2**	**20%**	**9.2**
Other currencies	**317.7**	**(185.6)**	**132.1**	**10–25%**	**–**
	1,348.3	**(5.2)**	**1,343.1**	**–**	**33.7**

					2018
Group	Net statement of financial position exposure £m	Forward exchange contracts £m	Net exposure £m	Sensitivity to strengthening %	Increase in net assets £m
Sterling	0.1	985.1	985.2	–	–
Euro	820.2	(663.8)	156.4	15%	23.5
US dollar	271.6	(153.1)	118.5	20%	23.7
Other currencies	199.1	(163.3)	35.8	10–25%	–
	1,291.0	4.9	1,295.9	–	47.2

The weakening of the above currencies would have resulted in an equal but opposite impact, being a decrease in net assets.

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FOR THE YEAR ENDED 31 MARCH 2019

20. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

The Group manages its liquidity risk by maintaining headroom on its financing facilities, particularly its bank facilities.

The table below shows the liquidity profile of the Group's financial liabilities, based on contractual repayment dates of principal and interest payments. Future interest and principal cash flows have been calculated based on exchange rates and floating rate interest rates as at 31 March 2019. It is assumed that Group borrowings under its senior debt facilities remain at the same level as at 31 March 2019 until contractual maturity. Included in financial liabilities maturing in less than one year are contractual interest payments. All financial liabilities excluding structured entities controlled by the Group are held by the Company.

Liquidity profile

	Contractual maturity analysis				
As at 31 March 2019	**Less than one year £m**	**One to two years £m**	**Two to five years £m**	**More than five years £m**	**Total £m**
Non derivative financial liabilities	**37.2**	**197.4**	**271.9**	**495.0**	**1,001.5**
Private placements	**13.0**	**90.5**	**176.0**	**–**	**279.5**
Listed notes and bonds	**2.8**	**2.8**	**140.0**	**–**	**145.6**
Structured entities controlled by the Group	**103.9**	**103.9**	**311.7**	**3,209.2**	**3,728.7**
Derivative financial instruments	**(11.5)**	**(1.6)**	**21.7**	**(2.8)**	**5.8**
	145.4	**393.0**	**921.3**	**3,701.4**	**5,161.1**

As at 31 March 2019 the Group has unutilised debt facilities of £572.7m (2018: £729.7m) which consists of undrawn debt of £410.0m (2018: £482.1m) and £162.7m (2018: £247.6m) of unencumbered cash. Unencumbered cash excludes £191.3m (2018: £273.1m) of restricted cash held principally by structured entities controlled by the Group.

	Contractual maturity analysis				
As at 31 March 2018	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Non derivative financial liabilities					
Private placements	110.6	26.8	351.0	335.2	823.6
Listed notes and bonds	119.0	13.0	266.5	–	398.5
Structured entities controlled by the Group	87.5	87.5	262.5	3,188.8	3,626.3
Derivative financial instruments	(9.7)	(3.4)	44.2	4.7	35.8
	307.4	123.9	924.2	3,528.7	4,884.2

The Group's policy is to maintain continuity of funding. Due to the long term nature of the Group's assets, the Group seeks to ensure that the maturity of its debt instruments is matched to the expected maturity of its assets. During the financial year, $350m and €44m of US private placements were raised with five, seven and 10 year maturities, enabling the repayment of maturing private placements.

Credit risk

Credit risk is the risk of financial loss to the Group as a result of a counterparty failing to meet its contractual obligations. This risk is principally in connection with the Group's investments.

This risk is mitigated by the disciplined credit procedures that the Investment Committees have in place prior to making an investment and the ongoing monitoring of that investment throughout its lifespan. In addition, the risk of significant credit loss is further mitigated by the Group's policy to diversify its investment portfolio in terms of geography and industry sector and to limit the amount invested in any single company.

Exposure to credit risk

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Loans to portfolio companies held at amortised cost	**–**	171.1	**–**	170.7
Direct investment in portfolio companies held at fair value	**370.3**	168.8	**227.3**	74.8
Investments in funds	**1,345.3**	1,214.3	**364.8**	268.9
Investments in CLO loan notes	**128.0**	79.2	**15.3**	23.2
Investments in loans held within structured entities controlled by the Group	**3,803.5**	3,606.2	**–**	–
Investment in Joint Venture	**1.8**	1.7	**–**	–
	5,648.9	5,241.3	**607.4**	537.6

The Group minimises its surplus operational cash balance by the regular forecasting of cash flow requirements, debt management and cash pooling arrangements. Credit risk exposure on cash and derivative instruments is managed in accordance with the Group's treasury policy which provides limits on exposures with any single financial institution. The credit rating of these institutions range from BBB+ to AA-.

The Directors consider the Group's credit exposure to trade and other receivables and current assets held for sale to be low and as such no further analysis has been presented. The Directors consider the credit risk of the investments within the structured entities controlled by the Group to be low.

The Group's investments in CLO loan notes and loans held within structured entities controlled by the Group principally comprise senior loans. The credit risk related to any reduction in the value of investments in loans held in credit funds is borne by the investors in the loan notes or units in these funds. ICG's exposure to the credit risk of the underlying collateral is therefore limited to its investments in these CLOs and credit funds, which at 31 March 2019 was £556.2m (2018: £345.9m).

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Group and Company at the balance sheet date. Decreases in fair value during the year reflect the decline in recoverability on individual assets, either as a result of company specific or of general macroeconomic conditions.

The Directors believe that credit risk as a result of the concentration of significant counterparties is low as there is no individual counterparty comprising more than 10% of the Group's total exposure.

There are no financial assets that are past due and not impaired.

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements by the Financial Conduct Authority and ensure that the Group maximises the return to shareholders through the optimisation of the debt and equity balance. The Group's strategy has remained unchanged from the year ended 31 March 2019.

The capital structure comprises debt, which include the borrowings disclosed in note 5, cash and cash equivalents, and capital and reserves of the Parent Company, comprising called up share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Capital Requirements Directive (CRD IV) sets out a three pillar approach to the assessment and disclosure of the adequacy of a relevant firm's capital resources.

- Pillar 1 calculates a firm's minimum capital resource requirement mechanically by reference to the firm type and based on prescribed factors
- Pillar 2 requires a subjective assessment of the firm's capital resource requirement by reference to the risks to which it is exposed and within the context of its overall risk management framework. The process, known as the ICAAP, is a key input into the supervisory review process of the Financial Conduct Authority (the FCA)
- Pillar 3 requires public disclosure of information regarding the risk management, capital resources and capital requirements of a firm and group where a group exists with the aim of promoting market discipline

The Group is required to maintain minimum Pillar 1 regulatory capital of £403.7m (2018: £340.9m). The Group's total capital requirement is £451.4m (2018: £385.6m). The Group's regulatory surplus capital, comprising the Group's total equity (less regulatory deductions) and the regulatory capital requirement, was £688.3m (2018: £607.7m). The Group has complied with the imposed minimum capital throughout the year. The full Pillar 3 disclosures are available on the Company's website: www.icgam.com.

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21. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

Share capital represents the number of issued ordinary shares in Intermediate Capital Group plc multiplied by their nominal value of 26¼p each.

The Company has the authority limited by shareholder resolution to issue, buy back, or cancel ordinary shares in issue (including those held in trust). New shares are issued when share options are exercised by employees. The Company has 294,084,351 authorised share capital (2018: 294,055,428).

Share premium substantially represents the aggregate of all amounts that have ever been paid above nominal value to Intermediate Capital Group plc when it has issued ordinary shares.

Group and Company	Number of ordinary shares of 26¼p allotted, called up and fully paid	Share Capital £m	Share Premium £m
1 April 2018	294,055,428	77.2	179.4
Shares issued	28,923	–	0.1
31 March 2019	**294,084,351**	**77.2**	**179.5**

22. OWN SHARES RESERVE

Accounting policy

Own shares are recorded by the Group when ordinary shares are purchased in the market by ICG plc or through the Employee Benefit Trust (EBT).

The EBT is a special purpose vehicle, with the purpose of purchasing and holding shares of the Company for the hedging of future liabilities arising as a result of the employee share based compensation scheme, see note 23, in a way that does not dilute the percentage holdings of existing shareholders.

Own shares are held at cost and their purchase reduces the Group's net assets by the amount spent. When shares vest or are cancelled, they are transferred from own shares to the profit and loss reserve at their weighted average cost. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

The movement in the year is as follows:

Group	**2019 £m**	2018 £m	**2019 Number**	2018 Number
At 1 April	**77.6**	82.2	**11,355,766**	13,363,728
Purchased (ordinary shares of 26¼p)	**49.3**	26.2	**4,481,953**	2,872,221
Options/awards exercised	**(34.1)**	(30.8)	**(4,619,434)**	(4,880,183)
As at 31 March	**92.8**	77.6	**11,218,285**	11,355,766

The Company held 3,733,333 shares in the Own Share Reserve at 31 March 2018 and 31 March 2019 at a cost of £21.3m. These shares were purchased through share buy back in prior years.

The number of shares held by the Group at the balance sheet date represented 3.8% (2018: 3.9%) of the Parent Company's allotted, called up and fully paid share capital.

23. SHARE BASED PAYMENTS

Accounting policy

The Group issues compensation to its employees under equity settled share based payment plans. The Omnibus Plan provides for two different award types to be made over ICG shares: Deferred Share Awards and PLC Equity Awards. FMC Equity Awards were awarded up until May 2017. In addition, Buy Out Awards are shares awarded to new employees in lieu of awards forfeited from their previous employment.

Equity settled share based payments are measured at the fair value of the awards at grant date. The fair value includes the effect of non market based vesting conditions. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

All share based payment transactions are equity settled. The total charge to the income statement for the year was £27.0m (2018: £22.1m) and this was credited to the share based payments reserve in equity. Details of the different types of awards are as follows:

Deferred Share Awards

Awards are made after the end of the financial year to reward employees for delivering cash profits, managing the cost base, employing sound risk and business management. These share awards normally vest one third at the end of the first, second and third years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

PLC Equity Awards

Awards are made after the end of the financial year to reward senior employees for increasing long term shareholder value. These share awards normally vest one third at the end of the third, fourth and fifth years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

FMC Equity Awards

FMC Equity Awards were awarded up until May 2017. Awards were made after the end of the financial year to incentivise those employees charged with accelerating the expansion of the Company's fund management business. The awards are over shares in FMC and shares normally vest one third in each of the first, second and third years following the year of grant subject to continuing service. A holding period applies until the third year following the year of grant, at which time all vested FMC shares are automatically 'exchanged' for Company shares of an equivalent value. The value of a share is determined by an independent valuation every year. Awards were based on performance against the individual's objectives. There are no further performance conditions.

Buy Out Awards

Shares may be awarded to a new employee in lieu of awards forfeited from their previous employment. These share awards shall vest or be forfeited according to the schedule and terms of the forfeited awards, and any performance conditions detailed in the individual's employment contract.

Intermediate Capital Group plc 2001 approved and unapproved executive share option scheme

All options under the Intermediate Capital Group plc 2001 scheme have vested, and no new options will be awarded as the scheme is now closed. Analysis of movements in the number and weighted average exercise price of options is set out below:

	Number		Weighted average exercise price (£)	
	2019	2018	**2019**	2018
Outstanding at 1 April	**25,601**	25,601	**2.95**	2.95
Outstanding at 31 March	**25,601**	25,601	**2.95**	2.95
Of which are currently exercisable	**25,601**	25,601	**2.95**	2.95

The weighted average remaining contractual life is 0.5 years (2018: 1.5 years).

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23. SHARE BASED PAYMENTS CONTINUED

Exercise price	2019 Number	2018 Number
£2.947	**25,601**	25,601
	25,601	25,601

Intermediate Capital Group plc Omnibus Plan

Share awards outstanding under the Omnibus Plan were as follows:

	Number		Weighted average fair value (£)	
Deferred Share Awards	**2019**	2018	**2019**	2018
Outstanding at 1 April	**1,839,908**	1,406,126	**7.35**	5.98
Granted	**1,766,868**	1,103,423	**11.64**	8.06
Vested	**(826,452)**	(652,964)	**6.99**	5.63
Forfeited	**–**	(16,677)	**–**	6.84
Outstanding at 31 March	**2,780,324**	1,839,908	**10.18**	7.35

	Number		Weighted average fair value (£)	
PLC Equity Awards	**2019**	2018	**2019**	2018
Outstanding at 1 April	**4,343,212**	4,224,863	**6.18**	4.93
Granted	**521,906**	1,221,931	**11.64**	8.06
Vested	**(958,714)**	(1,103,582)	**4.79**	3.50
Outstanding at 31 March	**3,906,404**	4,343,212	**7.25**	6.18

	Number		Weighted average fair value (£)	
FMC Equity Awards	**2019**	2018	**2019**	2018
Outstanding at 1 April	**54,048**	71,101	**514.0**	412.0
Granted	**–**	11,104	**–**	700.0
Vested	**(23,575)**	(27,072)	**425.0**	325.0
Forfeited	**–**	(1,085)	**–**	447.0
Outstanding at 31 March	**30,473**	54,048	**582.0**	514.0

The fair values of awards granted under the ICG plc Omnibus Plan are determined by the average share price for the five business days prior to grant, except for the FMC equity awards which are determined by an independent third party valuation.

Intermediate Capital Group plc Buy Out Awards

Buy out awards outstanding were as follows:

	Number		Weighted average fair value (£)	
Buy Out Awards	**2019**	2018	**2019**	2018
Outstanding at 1 April	**424,197**	508,604	**6.51**	6.16
Granted	**–**	47,830	**–**	9.36
Vesting	**(158,353)**	(132,237)	**6.48**	6.16
Outstanding at 31 March	**265,844**	424,197	**6.54**	6.51

The fair values of the buy out awards granted are determined by the average share price for the five business days prior to grant.

24. FINANCIAL COMMITMENTS

As described in the Strategic Report, the Group invests balance sheet capital in the funds it manages to grow the business and create long term shareholder value. Commitments are made at the time of the fund's launch and are drawn down by the fund as it invests. Commitments may increase where distributions made by the fund are recallable. At the balance date the Company had undrawn commitments, which can be called on over the next five years, as follows:

	2019 £m	2018 £m
ICG Senior Debt Partners	**9.7**	9.9
ICG Senior Debt Partners II	**4.4**	8.1
ICG Senior Debt Partners III	**14.7**	20.8
ICG Europe Fund V	**35.7**	36.4
ICG Europe Fund VI	**71.5**	109.9
ICG Europe Fund VII	**262.4**	–
ICG North American Private Debt Fund	**35.3**	60.9
ICG North American Private Debt Fund II	**90.2**	107.0
Intermediate Capital Asia Pacific Fund III	**33.1**	72.3
Nomura ICG Investment Business Limited Partnership A	**30.4**	45.2
ICG Strategic Secondaries Fund II	**49.2**	79.7
ICG Strategic Equity Fund III	**152.8**	–
ICG Longbow UK Real Estate Debt Investments IV	**–**	15.7
ICG Longbow UK Real Estate Debt Investments V	**18.8**	23.3
ICG Longbow Development Fund	**9.1**	4.3
ICG Centre Street Partnership	**4.2**	2.5
	821.5	596.0

25. OPERATING LEASES

Accounting policy

Operating lease payments, net of lease incentives, are recognised as an expense in the income statement on a straight line basis over the lease term. The adoption of IFRS 16 'Leases' from 1 April 2019 will change the classification of operating leases requiring the total carrying amount and the outstanding liabilities of the onerous lease, at its present value, to be included on the balance sheet of the Group.

At the balance sheet date, the Group and Parent Company had outstanding commitments for future minimum lease payments under non cancellable operating leases, falling due as follows:

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Within one year	**5.8**	5.3	**2.5**	2.5
Two to five years	**8.0**	11.5	**2.2**	4.8
After five years	**–**	–	**–**	–

At the balance sheet date, there were no significant leasing arrangements attributable to the Group and Parent Company.

NOTES TO THE ACCOUNTS

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26. RELATED PARTY TRANSACTIONS

The Group is not deemed to be controlled or jointly controlled by a party directly or through intermediaries under accounting standards. The ICG Group consists of the Parent Company ICG Plc, incorporated in the UK, and its subsidiaries listed in note 27.

All transactions between the Parent Company and its subsidiary undertakings are classified as related party transactions. All significant company balances with subsidiary undertakings are disclosed in notes 5, 17 and 18. Aggregated significant transactions with subsidiary undertakings related to dividends received of £285.7m (2018: £441.5m).

The related parties of the Group are members of the Group (subsidiaries), associates and joint ventures (as detailed in note 29), unconsolidated structured entities (as detailed in note 30), key management personnel, close family members of key management personnel and any entity controlled by those parties. The key related party transactions with these entities relate to investments, dividend income and management fees.

Compensation of key management personnel

Key management personnel are defined as the Executive Directors. The remuneration of key management personnel during the year was as follows:

	2019 £m	2018 £m
Short term employee benefits	**1.4**	1.6
Post employment benefits	**0.1**	0.1
Other long term benefits	**5.4**	0.3
Share based payment benefits	**5.5**	6.1
	12.4	8.1

The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market rates. The Remuneration policy is described in more detail in the Remuneration Committee Report on page 72.

27. SUBSIDIARIES

Accounting policy

Investment in subsidiaries

Investments in subsidiaries in the Parent Company Statement of Financial Position are recorded at cost less provision for impairments or at fair value through profit or loss.

Critical judgement

A significant judgement for the Group is whether the Group controls an investee or fund and is required to consolidate the investee or fund into the results of the Group. Control is determined by the Directors' assessment of decision making authority, rights held by other parties, remuneration and exposure to returns.

When assessing whether ICG controls any fund it manages it is necessary to determine whether ICG acts in the capacity of principal or agent for the third party investor. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties, whereas a principal is primarily engaged to act for its own benefit.

A significant judgement when determining that ICG acts in the capacity of principal or agent is the kick-out rights of the third party shareholders. Across each of the funds where ICG has a significant ownership interest we have reviewed these kick-out rights. Where the investors have substantive rights to remove ICG as the investment manager it has been concluded that ICG is an agent to the fund and thus the fund does not require consolidation into the Group. However, we consider ICG to have significant influence over these funds and have therefore recognised them as associates. Where the conclusion is that ICG acts in the capacity of principal the fund has been consolidated into the Group's results.

Where the Group has Trust vehicles in investment deals or fund structures, a key judgment is whether the Trust is acting on behalf of the Group or another third party. Where the Trust is considered to act as an agent of the Group, the Trust and its related subsidiaries have been consolidated into the Group.

As a fund manager ICG participates in Carried Interest Partnerships (CIPs), the participants of which are ICG and individuals connected to ICG. The Directors have assessed the payments of carry to individuals and whether they require consolidation into the Consolidated Financial Statements. In forming their conclusion the Directors considered whether the CIP participants were providing a service for the benefit of the Group, and whether ICG was acting as principal or agent of the CIPs. The Directors concluded that the CIPs are not controlled by ICG and the participants are not rewarded for a service provided that benefits the Group.

The Group consists of a Parent Company, ICG plc, incorporated in the UK and a number of subsidiaries held directly or indirectly by ICG plc, which operate and are incorporated around the world. The subsidiary undertakings of the Group are shown below.

All are wholly-owned and the ICG Group's holding is in the ordinary share class, except where stated. The registered office of all related undertakings is Juxon House, 100 St Paul's Churchyard, London EC4M 8BU, unless otherwise stated.

Directly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
Intermediate Capital Investments Limited		United Kingdom	Investment Company	Ordinary shares	100%
Intermediate Finance II PLC		United Kingdom	Provider of mezzanine	Ordinary shares	100%
JOG Partners Limited*		United Kingdom	Investment company	Ordinary shares	100%
Intermediate Investments Jersey Limited	1	Jersey	Investment company	Ordinary shares	100%
ICG FMC Limited		United Kingdom	Holding company for funds management	Ordinary shares	100%
Intermediate Capital Limited		United Kingdom	General partner	Ordinary shares	100%
LREC Partners Investments No.2 Limited		United Kingdom	Real estate investment company	Ordinary shares	59%
ICG ASFL Limited		United Kingdom	Advisory company	Ordinary shares	100%
ICG Carbon Funding Limited		United Kingdom	Investment company	Ordinary shares	100%
ICG Longbow Development (Brighton) Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Japan (Funding) Limited		United Kingdom	Holding company	Ordinary shares	100%

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27. SUBSIDIARIES CONTINUED

Directly held subsidiaries continued

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Japan (Funding 2) Limited		United Kingdom	Holding company	Ordinary shares	100%
Intermediate Investments Guarantee Limited		United Kingdom	Holding company for loans and investments	Ordinary shares	100%
ICG Japan (Funding 3) Limited		United Kingdom	Special purpose vehicle	Ordinary shares	100%
ICG Re Holding (Germany) GmbH	4	Germany	Special purpose vehicle	Ordinary shares	100%
ICG Nominees 2015 Limited		United Kingdom	Nominee company	Ordinary shares	100%
ICG Financing (Luxembourg) Sarl	5	Luxembourg	Special purpose vehicle	Ordinary shares	100%
ICG Financing (Ireland) Limited	6	Ireland	Special purpose vehicle	Ordinary shares	100%
Intermediate Capital Nominees Limited		United Kingdom	Nominee company	Ordinary shares	100%
Intermediate Capital Hong Kong Limited	7	Hong Kong	Advisory company/ provider of mezzanine capital	Ordinary shares	100%
ICG Global Investment UK Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Debt Advisors (Cayman) Limited	27	Cayman Islands	Advisory company	Ordinary shares	100%
ICG Longbow Richmond Limited	15	United Kingdom	Holding company	Ordinary shares	100%
ICG Vanilla Investment S.a.r.l.		Luxembourg	Special purpose vehicle	N/A	100%

Indirectly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
Intermediate Capital Group España SL	9	Spain	Advisory company	Ordinary shares	100%
Intermediate Capital Nordic AB	10	Sweden	Advisory company	Ordinary shares	100%
Intermediate Capital Group Beratungsgesellschaft GmbH	4	Germany	Advisory company	Ordinary shares	100%
Intermediate Capital Group Benelux B.V.	11	Netherlands	Advisory company	Ordinary shares	100%
Intermediate Capital Australia Pty Limited	12	Australia	Advisory company	Ordinary shares	100%
Intermediate Capital Group Inc	13	United States of America	Advisory company	Ordinary shares	100%
Intermediate Capital Group (Singapore) Pte. Limited	14	Singapore	Advisory company	Ordinary shares	100%
ICG Global Investment Jersey Limited	2	Jersey	Investment company	Ordinary shares	100%
Longbow Real Estate Capital LLP	15	United Kingdom	Advisory company	Holding in partnership investment	100%
ICG Fund Advisors LLC	16	United States of America	Advisory company	Ordinary shares	100%
ICG Alternative Investment Limited		United Kingdom	Advisory company	Ordinary shares	100%
Intermediate Capital Group Dienstleistungsgesellschaft mbH	4	Germany	Service company	Ordinary shares	100%
ICG European Fund 2006 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital GP 2003 Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital GP 2003 No.1 Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Asia Pacific Mezzanine 2005 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Asia Pacific Mezzanine Opportunities 2005 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG European Fund 2006 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Asia Pacific 2008 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Recovery Fund 2008 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Minority Partners Fund 2008 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Europe Fund V GP Limited	2	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Managers (Australia) Pty Limited	12	Australia	Advisory company	Ordinary shares	100%
ICG North America Associates LLC	18	Cayman Islands	General partner	Ordinary shares	100%
ICG Japan KK	19	Japan	Advisory company	Ordinary shares	100%
Intermediate Capital Group Korea Limited	20	Republic of Korea	Advisory company	Ordinary shares	100%
ICG Senior Debt Partners UK GP Limited		United Kingdom	General partner	Ordinary shares	100%
ICG Asia Pacific Fund III GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Alternative Credit (Luxembourg) GP Sarl	21	Luxembourg	General partner	Ordinary shares	100%
ICG Alternative Credit LLC	22	United States of America	Advisory company	Ordinary shares	100%
ICG Alternative Credit (Cayman) GP Limited	23	Cayman Islands	General partner	Ordinary shares	100%
ICG Senior Debt Partners Sarl	24	Luxembourg	General partner	Ordinary shares	100%
ICG-Longbow Investment 3 LLP	15	United Kingdom	Limited liability partnership	Holding in partnership investment	100%

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27. SUBSIDIARIES CONTINUED

Indirectly held subsidiaries continued

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Strategic Equity Advisors LLC	25	United States of America	Advisory company	Ordinary shares	100%
ICG Strategic Secondaries Carbon Associates LLC	25	United States of America	General partner	Ordinary shares	100%
ICG European Fund 2006 B GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Debt Administration LLC	16	United States of America	Service company	Ordinary shares	100%
ICG-Longbow B Investments LP	15	United Kingdom	Limited partner	Holding in partnership investment	100%
ICG Longbow IV GP Sarl	5	Luxembourg	General partner	Ordinary shares	100%
ICG Europe Fund VI GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Strategic Equity Associates LLC	25	United States of America	General partner	Ordinary shares	100%
ICG Total Credit (Global) GP Sarl	26	Luxembourg	General partner	Ordinary shares	100%
ICG Longbow Development GP LLP	15	United Kingdom	General partner	Holding in partnership investment	100%
ICG Enterprise Co-Investment GP Limited		United Kingdom	General partner	Ordinary shares	100%
ICG Alternative Investment (Netherlands) B.V.	11	Netherlands	Advisory company	Ordinary shares	100%
ICG Europe Fund VI Lux GP Sarl	5	Luxembourg	General partner	Ordinary shares	100%
ICG Velocity Co-Investor Associates LLC	25	United States of America	General partner	Ordinary shares	100%
ICG NA Debt Co-Invest Limited		United Kingdom	Investment company	Ordinary shares	100%
ICG EFV MLP Limited		Jersey	General partner	Ordinary shares	100%
ICG EFV MLP GP Limited		United Kingdom	General partner	Ordinary shares	100%
ICG Senior Debt Partners Performance GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG EF 2006 EGP Limited		Jersey	General partner	Ordinary shares	100%
ICG EF 2006 EGP 2 Limited		Jersey	General partner	Ordinary shares	100%
ICG RF 2008 EGP Limited		Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 1 EGP 1 Limited		Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 1 EGP 2 Limited		Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 3 EGP 1 Limited		Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 3 EGP 2 Limited		Jersey	General partner	Ordinary shares	100%
ICG Strategic Equity Associates II LLC	25	United States of America	General partner	Ordinary shares	100%
Intermediate Capital Inc	16	United States of America	Dormant company	Ordinary shares	100%
Intermediate Finance Inc	16	United States of America	Dormant company	Ordinary shares	100%
ICG Mezzanine 2003 No 1 Nominee Limited		United Kingdom	Dormant company	Ordinary shares	100%
ICG Mezzanine 2003 No 3 Nominee Limited		United Kingdom	Dormant company	Ordinary shares	100%
ICG Minority Partners Limited		United Kingdom	Dormant company	Ordinary shares	100%
ICG Debt Advisors LLC – Holdings Series	17	United States of America	Investment company	Ordinary shares	100%
ICG Debt Advisors LLC – Manager Series	17	United States of America	Advisory company	Ordinary shares	100%
Intermediate Capital Group Polska SZOO	3	Poland	Service company	Ordinary shares	100%
ICG Luxembourg Sarl	5	Luxembourg	Advisory company	Ordinary shares	100%
ICG Centre Street Partnership GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Longbow BTR Limited		United Kingdom	Special purpose vehicle	Ordinary shares	100%
Wise Living Homes Limited		United Kingdom	Special purpose vehicle	Ordinary shares	70%
ICG Europe Fund VII GP S.a r.l.	5	Luxembourg	General partner	Ordinary shares	100%

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Longbow Fund V GP S.à r.l.	5	Luxembourg	General partner	Ordinary shares	100%
ICG Longbow Senior Debt IV S.à r.l.	5	Luxembourg	General partner	Ordinary shares	100%
ICG Global Co-Invest CIP GP Sarl	5	Luxembourg	General partner	Ordinary shares	100%
Intermediate Capital Managers Limited		United Kingdom	Advisory company	Ordinary shares	100%
Intermediate Investments LLP		United Kingdom	Holding company for loans and investments	Holding in partnership investment	100%
Intermediate Capital Asia Pacific Limited	7	Hong Kong	Advisory company	Ordinary shares	100%
Intermediate Capital Group SAS	8	France	Advisory company	Ordinary shares	100%
ICG North America Associates II LLC	16	United States of America	General partner	Ordinary shares	100%
ICG Seed Asset Investment Trust (Jersey)	1	Jersey	Seed Asset Trust	N/A	–
ICG Strategic Equity Associates III LLC	25	United States of America	General Partner	Ordinary shares	100%
ICG Augusta Associates LLC	25	United States of America	General Partner	Ordinary shares	100%
ICG Private Markets GP S.à r.l.	24	Luxembourg	General Partner	Ordinary shares	100%
ICG Europe Mid-Market Fund GP SARL	24	Luxembourg	General Partner	Ordinary shares	100%
ICG Watch GP Limited		United Kingdom	General Partner	Ordinary shares	100%
ICG Watch Limited Partnership		United Kingdom	Limited Partnership	Holding in partnership	100%
ICG Watch Jersey GP Limited	1	Jersey	General Partner	Ordinary shares	100%

All companies listed above have a reporting date of 31 March, with the exception of the entities incorporated in the United States of America which have a 31 December reporting date. All entities are consolidated as at 31 March.

* JOG Partners Limited is a member of Intermediate Investments LLP.

	Registered offices
1	Ogier House, The Esplanade, St Helier, JE4 9WG
2	Liberte House 19-23 La motte Street, St Helier JE2 4SY
3	ul.Zajecza 15, 00351 Warszawa
4	12th Floor, Stockwerk, An der Welle 5, 60322, Frankfurt
5	6D Route De Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg
6	6th Floor South Bank House, Barrow Street, Dublin 4
7	Suites 3603-04 36th Floor, Edinburgh Tower, 15 Queens Road, Central Hong Kong
8	7 Rue de Paix, 75002, Paris
9	Serrano 30-3, 28001 Madrid
10	Birger Jarlsgatan 13, 1tr, 111 45 Stockholm
11	Paulus Potterstraat 20, 2hg, 1071 DA Amsterdam
12	Level 18, 88 Phillip Street, Sydney, NSW 2000
13	600 Lexington Avenue, 24th Floor, New York, NY 10022
14	Asia Square Tower One, #39-01, 8 Marina View, Singapore
15	42 Wigmore Street, London, W1U 2RY
16	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19802
17	c/o The Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808
18	89 Nexus Way, Camana Bay, Grand Cayman
19	Level 23, Otemachi Nomura Building, 2-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004
20	(Daechi-dong) 5th Floor, 26, Samseong-ro 86-gil, Gangnam-gu, Seoul
21	5 Allee Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

27. SUBSIDIARIES CONTINUED

	Registered offices
22	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
23	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
24	Rue de Gasperich, Hesperange, Hesperange, L-5826, Luxembourg, Grand Duchy of Luxembourg
25	4001 Kennett Pike, Wilmington, Delaware, 19807
26	49, Avenue John F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
27	Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1109, Cayman Islands

The table below shows details of structured entities that the Group is deemed to control:

Name of subsidiary	Country of incorporation	% of ownership interests and voting rights 2019
US CLO 2014-1	Cayman Islands	100.0%
US CLO 2014-2	Cayman Islands	56.0%
US CLO 2014-3	Cayman Islands	51.3%
US CLO 2015-1	Cayman Islands	50.3%
US CLO 2015-2	Cayman Islands	57.5%
US CLO 2016-1	Cayman Islands	55.6%
US CLO 2017-1	Cayman Islands	59.9%
St. Paul's CLO II Designated Activity Company	Ireland	33.9%
St. Paul's CLO III-R Designated Activity Company	Ireland	49.4%
St. Paul's CLO VI Designated Activity Company	Ireland	53.2%
St Paul's CLO VIII	Ireland	52.7%
ICG High Yield Bond Fund	Ireland	100.0%
ICG Global Total Credit Fund	Ireland	83.9%
ICG Total Credit (Global) S.C.A	Luxembourg	100.0%
ICG US Senior Loan Fund	Cayman Islands	100.0%
ICG Global Loan Fund	Ireland	55.5%

The structured entities controlled by the Group include £4,073.1m (2018: £3,777.9m) of assets and £4,025.8m (2018: £3,692.8m) of liabilities within 16 credit funds listed above. These assets are restricted in their use to being the sole means by which the related fund liabilities can be settled. All other assets can be accessed or used to settle the other liabilities of the Group without significant restrictions.

ICG has not provided contractual or non contractual financial or other support to a consolidated structured entity during the period. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

28. DISPOSAL GROUPS HELD FOR SALE

Non current and current financial assets held for sale and disposal groups

Accounting policy

Non current and current financial assets held for sale and disposal groups

The Group may make an investment and hold the asset on its balance sheet prior to it being transferred into a fund, or sold to third party investors. The assets are expected to be held for a period up to a year, during which the asset will be classified as held for sale. Where the investment is held through a controlled investee the entity is classified as a disposal group held for sale.

The conditions for disposal groups held for sale, is regarded as met only when the asset is available for immediate sale, the Directors are committed to the sale, and the sale is expected to be completed within one year from the date of classification.

Disposal groups held for sale are recognised at the lower of fair value less cost to sell and its carrying amount as required by IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, except where the asset is a financial instrument or investment property. The measurement of these assets are superseded by IFRS 9 Financial Instruments and IAS 40 Investment property respectively. The Group's measurement of these assets are detailed in note 5.

Investment property

The underlying assets in the disposal groups held for sale are investment property accounted for using the fair value model. As the properties are being held with a purpose to earn rental income and or for capital appreciation, IAS 40 Investment Property requires that the property be measured initially at cost, including transaction costs and subsequently measured at fair value. The fair value of the investment properties have been recorded based on independent valuations prepared by third party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. A market and Income approach was performed to estimate the fair value.

During the year the Group invested in two real estate investments structured through special purpose vehicles. The Group is deemed to control both vehicles due to its controlling stake and it is the intention of the Group to subsequently transfer the investments into a fund or sell to a third party investor. A plan to sell the investments and their associated liabilities has been announced, the investments are actively marketed to third party investors. The investments are recognised in the balance sheet as non current assets and liabilities held for sale and accounted for as 'subsidiaries acquired exclusively with a view to re-sale' in accordance with IFRS 5. The underlying investment is investment property being measured at fair value.

The Group has recognised £3.0m (2018: £nil) of fair value losses relating to the these assets and their associated liabilities, these amounts have not been separately presented as they are not material to the Group.

During the year one disposal group that was previously a Joint Venture classified as held for sale no longer met the classification conditions. This is now being consolidated into the results of the Group (2018: nil).

The non current assets and liabilities of the disposal groups held for sale are as follows:

	2019 £m	2018 £m
Non current assets		
Investment property	**97.1**	–
Cash	**7.6**	–
Other debtors	**2.4**	–
	107.1	–
Non current liabilities		
Liabilities associated with assets held for sale	**76.9**	–

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29. ASSOCIATES AND JOINT VENTURES

Accounting policy

Investment in associates

An associate is an entity over which the Group has significant influence, but no control, over the financial and operating policy decisions of the entity. As the investments in associates are held for venture capital purposes they are designated at fair value through profit or loss.

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangements. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting from the date on which the investee becomes a joint venture, except when the investment is held for venture capital purposes in which case they are designated as fair value through profit and loss. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost, and adjusted thereafter to recognise the Group's share of the joint venture's profit or loss.

The nature of some of the activities of ICG plc's associates and joint ventures are investment related which are seen as complementing the Group's operations and contributing to achieving the Group's overall strategy. The remaining associates and joint ventures are portfolio companies not involved in investment activities.

Details of associates and joint ventures

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest/voting rights held by the Group 2019	Income distributions received from associate 2019	Income distributions received from associate 2018
ICG Europe Fund V Jersey Limited (i)	Investment company	Jersey	20.0%	**86.3**	47.3
ICG Europe Fund VI Jersey Limited (ii)	Investment company	Jersey	16.67%	**64.9**	3.5
ICG North American Private Debt Fund (iii)	Investment company	United States of America	20.0%	**5.9**	7.3
ICG Asia Pacific Fund III Singapore Pte. Limited (iv)	Investment company	Singapore	20.0%	**0.9**	3.6
Océinde Communications (v)	Telecom	France	19.31%	**–**	–

All associates are accounted for at fair value.

Notes

(i) The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.

(ii) The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.

(iii) The registered address for this entity is 600, Lexington Avenue, 24th Floor, New York, NY 10022, United States of America.

(iv) The registered address for this entity is 1 Raffles Place, #13-01 One Raffles Place, Singapore, 048616.

(i) – (iv) Through a co-investment structure ICG has a shareholding in each of these entities. ICG appoints the General Partner (GP) to each Fund. However, the investors have substantive rights to remove the General Partner without cause by Special Investor Consent (i, ii, iv)/ Combined Limited Partner Consent (iii). The Funds also each have an Advisory Council, nominated by the investors, whose function is to ensure that the General Partner is acting in the interest of investors. The Advisory Council could influence investors to invoke Special Investor Consent/Combined Limited Partner Consent and remove the GP, and as such ICG acts in the capacity of agent. However, as ICG has a 16.67%–20% holding, and therefore significant influence in each entity, they have been considered as associates.

(v) The registered address for this entity is Rue Frédérick Jackson –ZI no1 – BP 37 – 97821 Le Port Cedex – La Réunion 808 972 012 R.C.S. Saint-Denis de la Réunion.

The following changes are of note to the Group's associates during the year:

a. The Group acquired 19.31% of the issued shares of Océinde Communications during the year to 31 March 2019. Océinde are the leading optical fibre provider in the French overseas department of Réunion Island. The deal is the first for the Group's infrastructure equity team.

b. The Group sold its 33.82% interest in Interbest Holding BV in December 2018.

There were no other changes of note in the Group's ownership interests in associates in the year.

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Country of incorporation	Proportion of ownership interest held by the Group 2019	Proportion of voting rights held by the Group 2019
Nomura ICG KK	Advisory company	Japan	50%	50%
Brighton Marina Group Limited	Investment Company	United Kingdom	70%	50%
Avanton Richmond Developments Limited	Investment Company	United Kingdom	70%	50%

Nomura ICG KK is equity accounted as a joint venture in accordance with IFRS 11. Brighton Marina Group Limited and Avanton Richmond Developments Limited are accounted for at fair value in accordance with the Group`s accounting policy in note 5 to the financial statements. ICG's policy is to fair value investments in a portfolio company on a consistent basis with all other portfolio assets regardless of the classification in the financial statements. Nomura ICG KK is not a portfolio company and was established to operate the Group's core business of fund management activities in Japan. Management therefore considers it more appropriate to equity account for this entity in the financial statements.

The Group holds 70% of the ordinary shares in both Avanton Richmond Developments Limited ('Avanton Richmond') and Brighton Marina Group Limited ('Brighton Marina'). The management of these entities is jointly controlled with a third party who the Group does not control and therefore ICG is unable to execute decisions without the consent of the third party. ICG and the third party hold all voting rights 50:50.

Significant restriction

There are no significant restrictions on the ability of associates and joint ventures to transfer funds to the Group other than having sufficient distributable reserves.

Summarised financial information for associates material to the reporting entity

The Group's only material associates are ICG Europe Fund V Jersey Limited and ICG Europe Fund VI Jersey Limited, which are associates measured at fair value through profit and loss. The information below is derived from the IFRS financial statements of the entities. Materiality has been determined by the carrying value of the associate as a percentage of total Group assets.

The principal place of business for both these entities is Jersey. The entities allow ICG to co-invest into Fund V and Fund VI through a parallel structure, aligning interests with other investors. ICG has 20% exposure to Fund V's net asset value and 16.67% exposure to Fund VI's net asset value. ICG receives performance related carry interest income of 20% of the total performance fee of 20% of profit for both these funds. This is industry standard and is in line with other private equity funds.

	ICG Fund VI Jersey Limited		ICG Fund V Jersey Limited	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Current assets	**11.3**	1.9	**3.5**	–
Non current assets	**1,977.4**	2,751.4	**1,025.1**	1,633.2
Current liabilities	**(8.6)**	(0.6)	**(3.7)**	(0.1)
	1,980.1	2,752.7	**1,024.9**	1,633.1
Revenue	**514.2**	538.7	**318.6**	294.6
Profit from continuing operations	**510.8**	538.3	**318.5**	294.4
Total comprehensive income	**510.8**	538.3	**318.5**	294.4

Summarised financial information for equity accounted joint ventures

Nomura ICG KK made a profit from continuing operations and total comprehensive income of £1.2m for the year ended 31 March 2019 (2018: £0.6m), of which, ICG's share of results accounted for using the equity method is £0.6m for the year ended 31 March 2019 (2018: £0.3m).

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30. STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. ICG has determined that where ICG holds an investment, loan, fee receivable, guarantee or commitment with an investment fund, CLO or CDO, that this represents an interest in a structured entity. ICG does not have any exposure to loans, guarantees or commitments. Where ICG does not hold an investment in the structured entity, management has determined that the characteristics of control are not met.

ICG acts in accordance within pre-defined parameters set out in various agreements and the decision making authority is well defined, including third party rights in respect of the investment manager. These agreements include management fees that are commensurate with the services provided and performance fee arrangements that are industry standard. As such, ICG is acting as agent on behalf of these investors and therefore these entities are not consolidated into ICG's results. Consolidated structured entities are detailed in note 27.

At 31 March 2019, ICG's interest in and exposure to unconsolidated structured entities including outstanding management and performance fees is detailed in the table below, and recognised within financial assets: loans, investments and warrants and trade and other receivables in the Statement of Financial Position:

						2019
Funds	**Investment in Fund £m**	**Management fees receivable £m**	**Management fees %**	**Performance fees receivable £m**	**Performance fees %**	**Maximum exposure to loss £m**
CLOs	129.6	2.4	0.35% to 0.60%	–	0.05% to 0.20%	132.0
Credit Funds	14.4	5.2	0.50% to 0.75%	–	20% of returns in excess of 0% for alternative credit fund	19.6
Corporate Investment Funds	1,027.2	26.6	0.50% to 2.0%	37.1	20% – 25% of total performance fee of 20% of profit over the threshold	1,090.9
Real Asset Funds	80.7	8.7	0.40% to 1.33%	–	20% of returns in excess of 9% IRR	89.4
Secondaries Funds	173.5	6.0	1.15% to 1.50%	2.8	10% – 20% of total performance fee of 8% – 20% of profit over the threshold	182.3
Total	**1,425.4**	**48.9**		**39.9**		**1,514.2**

						2018
Funds	Investment in Fund £m	Management fees receivable £m	Management fees %	Performance fees receivable £m	Performance fees %	Maximum exposure to loss £m
CLOs	80.8	2.0	0.35% to 0.60%	–	0.05% to 0.20%	82.8
Credit Funds	24.1	2.7	0.50% to 0.75%	3.6	20% of returns in excess of 0% for alternative credit fund	30.4
Corporate Investment Funds	956.5	28.7	0.50% to 2.0%	22.1	20% – 25% of total performance fee of 20% of profit over the threshold	1,007.3
Real Asset Funds	81.1	12.0	0.40% to 1.33%	–	20% of returns in excess of 9% IRR	93.1
Secondaries Funds	161.1	3.1	1.15% to 1.40%	1.5	10% – 20% of total performance fee of 8% – 20% of profit over the threshold	165.7
Total	**1,303.6**	**48.5**		**27.2**		**1,379.3**

ICG's maximum exposure to loss is equal to the value of any investments held and unpaid management fees and performance fees.

ICG has not provided non contractual financial or other support to the unconsolidated structured entities during the year. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

31. CONTINGENT LIABILITIES

The Company and its subsidiaries may be party to legal claims arising in the course of business. The Directors do not anticipate that the outcome of any such potential proceedings and claims will have a material, adverse effect on the Group's financial position and at present there are no such claims where their financial impact can be reasonably estimated. The Company and its subsidiaries may be able to recover any monies paid out in settlement of claims from third parties.

32. POST BALANCE SHEET EVENTS

There have been no material events since the balance sheet date.

OUR FUNDS (UNAUDITED)

CARRY EARNING FUNDS			
FUND	**THIRD PARTY MONEY**	**TARGET MONEY MULTIPLE**	**% CARRY***
ICG Mezzanine Fund 2003	€1,420m	1.6x	25% of 20 over 8
ICG Europe Fund IV 2006B	€1,024m	n/a	20% of 5 over 8
ICG Europe Fund V	€2,006m	1.6x	20% of 20 over 8
ICG Europe Fund VI	€2,500m	1.6x	20% of 20 over 8
ICG Europe Fund VII	€4,000m	1.6x	20% of 20 over 8
ICG Recovery Fund 2008B	€638m	n/a	20% of 12.5 over 8 up to 20% of 15 over 20
Intermediate Capital Asia Pacific 2005	$300m	1.6x	25% of 20 over 8
Intermediate Capital Asia Pacific 2008	$562m	1.6x	20% of 20 over 8
Intermediate Capital Asia Pacific Fund III	$491m	1.7x	20% of 20 over 7
North American Private Debt Fund	$590m	n/a	20% of 20 over 8
North American Private Debt Fund II	$1,200m	n/a	20% of 20 over 8
Nomura ICG Fund A	¥17,351m	1.3x	25% of 20 over 4
ICG Senior Debt Partners Fund I	€701m	n/a	20% of 15 over 6
ICG Senior Debt Partners Fund II	€1,491m	n/a	20% of 15 over 4 up to 20% of 20 over 7
ICG Senior Debt Partners Fund III	€2,486m	n/a	20% of 15 over 4 up to 20% of 20 over 7
ICG Strategic Secondaries Carbon Fund	$153m	1.9x	20% of 12.5 over 8
ICG Strategic Secondaries Fund II	$868m	1.75x	20% of 12.5 over 8
ICG Strategic Equity Fund III	$1,014m	n/a	15% over 8

* Total carry is a fixed percentage of the fund gains. For example in ICG Mezzanine Fund 2003 the carry is 20% of gains and the Group is entitled to 25% of this. Carry is triggered when fund returns exceed a hurdle, for ICG Mezzanine Fund 2003 this is 8%.

THIRD PARTY AUM BY FUND	STATUS	FY19 AUM (€m)	FY18 AUM (€m)
CORPORATE INVESTMENTS FUNDS			
Mezzanine Fund 2003	Fully invested	**11.1**	11.6
ICG Europe Fund V	Fully invested	**662.3**	1,101.0
ICG Recovery Fund 2008B	Fully invested	**454.1**	454.1
ICG EF 2006B	Fully invested	**235.9**	270.6
ICG Europe Fund VI	Fully invested	**1,874.4**	2,500.0
ICG Europe Fund VII	Investing	**4,000.0**	–
Europe Co-investment	Fully invested	**186.9**	–
Intermediate Capital Asia Pacific Mezzanine Fund I 2005	Fully invested	**7.1**	6.4
Intermediate Capital Asia Pacific Fund 2008	Fully invested	**89.2**	133.7
Intermediate Capital Asia Pacific Fund III	Investing	**437.8**	398.7
Nomura ICG Fund	Investing	**138.0**	131.1
North American Private Debt Fund	Fully invested	**310.7**	479.2
North American Private Debt Fund II	Investing	**1,069.8**	708.8
ICG Senior Debt Partners I	Fully invested	**94.5**	192.0
ICG Senior Debt Partners II	Fully invested	**969.9**	1,173.1
ICG Senior Debt Partners III	Investing	**2,540.1**	2,503.2
Senior Debt Partners Co-investment	Investing	**3,731.3**	3,495.3
ICG Australia Senior Loan Fund	Open ended	**330.6**	313.9
CORPORATE INVESTMENT FUNDS TOTAL		**17,143.7**	**13,872.7**

CAPITAL MARKET INVESTMENTS FUNDS			
Alternative Credit strategies	Fundraising	962.7	340.9
European credit strategies	Open ended	3,070.6	1,550.8
Global credit strategies	Open ended	85.0	19.0
Eurocredit CLOs	Fully invested	23.9	62.6
St Paul's CLOs	Investing	3,581.7	2,918.6
US CLOs	Investing	3,781.4	2,790.9
CAPITAL MARKET INVESTMENTS FUNDS TOTAL		**11,505.3**	**7,682.8**
REAL ASSET INVESTMENTS FUNDS			
ICG-Longbow UK Real Estate Debt Investments III	Fully invested	320.9	448.6
ICG-Longbow UK Real Estate Debt Investments IV	Fully invested	664.3	1,074.9
ICG-Longbow UK Real Estate Debt Investments V	Fundraising	623.2	149.6
Longbow Senior Debt – listed fund	Investing	128.8	129.7
Longbow Senior Debt programme	Investing	1,127.8	1,232.9
ICG Longbow Development Fund	Investing	715.8	473.2
REAL ASSETS FUNDS TOTAL		**3,580.8**	**3,508.9**
SECONDARY INVESTMENTS FUNDS			
ICG Strategic Secondaries Carbon Fund	Fully invested	86.0	82.8
ICG Strategic Secondaries Fund II	Fully invested	469.0	703.3
ICG Strategic Equity Fund III	Fundraising	681.5	–
Strategic Equity Co-investment	Fully invested	222.9	–
ICG Enterprise Trust – listed fund	Investing	771.8	683.6
SECONDARY INVESTMENTS FUNDS TOTAL		**2,231.2**	**1,469.7**
TOTAL THIRD PARTY ASSETS UNDER MANAGEMENT		**34,461.0**	**26,534.1**

PRIOR YEAR REPORTING OF CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2018	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Internally Reported Total £m
External fee income	93.0	34.9	18.5	20.7	167.1	–	167.1
Inter-segmental fee	11.9	3.2	1.3	1.4	17.8	(17.8)	–
Fund management fee income	**104.9**	**38.1**	**19.8**	**22.1**	**184.9**	**(17.8)**	**167.1**
Other operating income					–	6.8	6.8
Gains on investments					–	144.7	144.7
Interest income					–	113.2	113.2
Dividend income					25.2	0.6	25.8
Total revenue					**210.1**	**247.5**	**457.6**
Interest expense					–	(56.6)	(56.6)
Net fair value loss on derivatives					–	(6.5)	(6.5)
Impairment					–	(25.2)	(25.2)
Staff costs					(42.1)	(11.1)	(53.2)
Incentive scheme costs					(40.8)	(64.0)	(104.8)
Other administrative expenses					(31.9)	(11.1)	(43.0)
Profit before tax					**95.3**	**73.0**	**168.3**

Year ended 31 March 2018	Internally reported £m	Reclass of interest to dividends and gains £m	Consolidated structured entities £m	Financial statements £m
– Fund management fee income	167.1	–	(19.6)	147.5
– Other operating income	6.8	–	2.9	9.7
Fee and other operating income	**173.9**	**–**	**(16.7)**	**157.2**
– Interest income	113.2	(82.8)	156.3	186.7
– Dividend income	25.8	0.8	(23.5)	3.1
Finance and dividend income	**139.0**	**(82.0)**	**132.8**	**189.8**
Net gains on investments	**144.7**	**75.6**	**32.7**	**253.0**
Total revenue	**457.6**	**(6.4)**	**148.8**	**600.0**
– Interest expense	(56.6)	–	(104.2)	(160.8)
– Net fair value (loss)/gain on derivatives	(6.5)	–	0.9	(5.6)
Finance costs	**(63.1)**	**–**	**(103.3)**	**(166.4)**
Impairment	**(25.2)**	**6.4**	**–**	**(18.8)**
– Staff costs	(53.2)	–	2.1	(51.1)
– Incentive scheme costs	(104.8)	–	–	(104.8)
– Other administrative expenses	(43.0)	–	(17.1)	(60.1)
Administrative expenses	**(201.0)**	**–**	**(15.0)**	**(216.0)**
Share of results of joint venture accounted for using equity method	**–**	**–**	**0.3**	**0.3**
Profit before tax	**168.3**	**–**	**30.8**	**199.1**
Tax credit/(charge)	55.7	–	(4.0)	51.7
Profit after tax	**224.0**	**–**	**26.8**	**250.8**

GLOSSARY

Items denoted with a [1] throughout this document have been identified as non IFRS GAAP alternative performance measures. These are defined below:

TERM	SHORT FORM	DEFINITION
Adjusted earnings per share	Adjusted EPS	Adjusted profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.
Adjusted Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 31 March, this is calculated as follows:

	2019	2018
Profit before tax	**£182.9m**	£199.1m
Less consolidated structured entities	**£95.4m**	(£30.8m)
Adjusted Group profit before tax	**£278.3m**	£168.3m

TERM	SHORT FORM	DEFINITION
Adjusted Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 31 March, this is calculated as follows:

	2019	2018
Investment Company profit before tax	**£39.1m**	£103.8m
Less consolidated structured entities	**£95.4m**	(£30.8m)
Adjusted Investment Company profit before tax	**£134.5m**	£73.0m

TERM	SHORT FORM	DEFINITION
Adjusted return on equity		Adjusted profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:

	2019	2018
Adjusted profit after tax	**£269.3m**	£224.0m
Average shareholders' funds	**£1,343.8m**	£1,173.5m
Adjusted return on equity	**20.0%**	19.1%

TERM	SHORT FORM	DEFINITION
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third party (external) AUM is measured on the basis of committed capital. Once outside the investment period third party AUM is measured on the basis of cost of investment. AUM is presented in Euros, with non Euro denominated at the period end closing rate.
Balance sheet investment portfolio		The balance sheet investment portfolio represents non current financial assets from the Statement of Financial Position, adjusted for the impact of the consolidated structured entities. See note 2 for a full reconciliation.
Cash profit	PICP	Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non cash items.

	2019	2018
Adjusted profit before tax	**£278.3m**	£168.3m
Add back incentive schemes	**£110.9m**	£104.8m
Other adjustments	**(£52.6m)**	(£18.2m)
Cash profit	**£336.6m**	£254.9m

TERM	SHORT FORM	DEFINITION
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 2 for a full reconciliation.
Earnings per share		Profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.

GLOSSARY

CONTINUED

TERM	SHORT FORM	DEFINITION
Gearing		Gearing is used by management as a measure of balance sheet efficiency. Gross borrowings, excluding the consolidated structured entities, divided by closing shareholders' funds. Gross borrowings represent the cash amount repayable to debt providers. As at 31 March, this is calculated as follows:

	2019	2018
Gross borrowings	**£4,633m**	£4,333m
Less consolidated structured entities	**(£3,449m)**	(£3,312m)
Adjusted gross borrowings	**£1,184m**	£1,021m
Shareholders' funds	**£1,383m**	£1,318m
Gearing	**0.86x**	0.77x

TERM	SHORT FORM	DEFINITION
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 9 for a full reconciliation.
Net asset value per share		Total equity from the Statement of Financial Position divided by the closing number of ordinary shares. As at 31 March, this is calculated as follows:

	2019	2018
Total equity	**£1,394m**	£1,318m
Closing number of ordinary shares	**282,866,066**	282,699,662
Net asset value per share	**493p**	466p

TERM	SHORT FORM	DEFINITION
Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 31 March, this is calculated as follows:

	2019	2018
Cash	**£163.2m**	£248.0m
Current financial assets	**£110.7m**	£107.2m
Other current assets	**£215.7m**	£244.7m
Current financial liabilities	**–**	(£183.7m)
Other current liabilities	**(£161.5m)**	(£188.1m)
Net current assets	**£328.1m**	£228.1m

On an IFRS GAAP basis net current assets are as follows:

	2019	2018
Cash	**£354.0m**	£520.7m
Current financial assets	**£77.3m**	£107.2m
Other current assets	**£287.1m**	£405.5m
Disposal groups held for sale	**£107.1m**	–
Current financial liabilities	**–**	(£183.7m)
Other current liabilities	**(£367.7m)**	(£568.1m)
Liabilities directly associated with disposal groups held for sale	**(£76.9m)**	–
Net current assets	**£380.9m**	£281.6m

TERM	SHORT FORM	DEFINITION
Net debt		Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances. Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 31 March, this is calculated as follows:

	2019	2018
Adjusted gross borrowings	**£1,184.3m**	£1,021.1m
Less unencumbered cash	**(£162.7m)**	(£247.6m)
Net debt	**£1,021.6m**	£773.5m

<table>
<tr><th>TERM</th><th>SHORT FORM</th><th>DEFINITION</th></tr>
<tr><td>Net investment returns</td><td></td><td>Net investment returns is the total of interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>Operating cash flow</td><td></td><td>Operating cash flow represents the cash generated from operating activities from the Statement of Cash Flows, adjusted for the impact of the consolidated structured entities. See note 2 for a full reconciliation.</td></tr>
<tr><td>Operating expenses of the Investment Company</td><td></td><td>Investment Company operating expenses are adjusted for the impact of the consolidated structured entities and the presentation of Questus Energy Pty Limited. See note 3 for a full reconciliation.</td></tr>
<tr><td>Operating profit margin</td><td></td><td>Fund Management Company profit divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:
<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Fund Management Company Profit</td><td>£143.8m</td><td>£95.3m</td></tr>
<tr><td>Fund Management Company Total Revenue</td><td>£274.7m</td><td>£210.1m</td></tr>
<tr><td>Operating profit margin</td><td>52.3%</td><td>45.4%</td></tr>
</table></td></tr>
<tr><td>Return on equity</td><td>ROE</td><td>Profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period.</td></tr>
<tr><td>Third party fee income</td><td></td><td>Fees generated on fund management activities as reported in the Fund Management Company including fees generated on consolidated structured entities which are excluded from the IFRS consolidation position. See note 2 for a full reconciliation.</td></tr>
<tr><td>Weighted average fee rate</td><td></td><td>An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.</td></tr>
</table>

Other definitions which have not been identified as non IFRS GAAP alternative performance measures are as follows:

TERM	SHORT FORM	DEFINITION
AIFMD		The EU Alternative Investment Fund Managers Directive.
Catch up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Debt Obligation	CDO	Investment grade security backed by a pool of non mortgage based bonds, loans and other assets.
Collateralised Loan Obligation	CLO	CLO is a type of CDO, which is backed by a portfolio of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Core Plus	Core+	Assets which have infrastructure characteristics (physical assets, protected and predictable cash flows) with a slightly higher risk/return profile than Core assets.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, inactive secondary market.
EBITDA		Earnings before interest, tax, depreciation and amortisation.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service firms in provision of services to consumers.
Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third party funds.
HMRC		HM Revenue & Customs, the UK tax authority.

GLOSSARY
CONTINUED

TERM	SHORT FORM	DEFINITION
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.
Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
Investment Company	IC	The Investment Company invests the Group's capital in support of third party fundraising and funds the development of new strategies.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.
Key Person		Certain funds have a designated Key Person The departure of a Key Person without adequate replacement triggers a contractual right for investors to cancel their commitments.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Open ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
Payment in kind	PIK	Also known as rolled up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cash flows until that time.
Performance fees	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
Senior debt		Senior debt ranks above mezzanine and equity.
Structured entities		Entities which are classified as investment funds, CLO's or CDO's and are deemed to be controlled by the Group, through its interests in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
Total AUM		The aggregate of the third party external AUM and the Investment Company's balance sheet.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

SHAREHOLDER AND COMPANY INFORMATION

TIMETABLE

EVENT	DATE
Ex-dividend date	13 June 2019
Record date	14 June 2019
Last date for dividend reinvestment election	16 July 2019
Last date and time for submitting Forms of Proxy	9:00am, 23 July 2019
AGM and Trading statement	25 July 2019
Payment of ordinary dividend	6 August 2019
Half year results announcement	20 November 2019

COMPANY INFORMATION

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WEBSITE

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Copies of the Annual and Interim Reports and other information about the Company are available on this site.

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