

Investcorp Rebounds Strongly with Profits of \$102.2 Million for 12 months ended June 2010

London, 4 August 2010 - Investcorp, the asset management firm specializing in alternative investments, today announced its results for the 12 months ended June 30, 2010 (FY10).

FY10 marked a return to profit, with net income of \$102.2 million. In a year marked by strong headwinds from a still volatile global financial environment, Investcorp's gross operating profits grew to \$365.1 million, fee income increased to \$218.9 million and client assets under management grew to \$9.7 billion. This reflected an increase in the flow of deal acquisitions and exits in North America and Western Europe and substantial inflows into Investcorp's hedge fund platform from institutional clients.

Highlights for the period:

- Fee income increased by 69% to \$218.9 million this year (FY09 \$129.4 million).
- Client assets under management rose to \$9.7 billion (FY09 \$8.8 billion).
- Total placement and fund-raising activities in FY10 raised \$1.4 billion (FY09 \$1.1 billion).
- In private equity, the firm deployed \$346 million of equity across new and add-on acquisitions in FY10.
- The firm acquired Veritext and made additional investments in Berlin Packaging and in Moneybookers – all three for direct placement with clients – and made investments through the Technology Fund III in CSIdentity and OpSec Security. The firm made its third growth capital investment in Gulf Cryo, the leading industrial gases company founded by the Al Huneidi family in Kuwait, through the Gulf Opportunity Fund I.
- In real estate, the firm deployed \$69 million of acquisition funding in FY10.
- Two real estate acquisitions were retail shopping centers, which were placed with clients as a single portfolio, US Retail V, and a third was an investment in the W Hotel at South Beach, Florida.
- There were several exits, with total realization proceeds of \$545 million in FY10. In private equity, the firm completed the exit of Avecia's Biologics business and the highly successful sale of American Tire Distributors, which valued the company at \$1.3 billion. In real estate the firm closed on the sale of the final properties in the Empire Mountain Village portfolio, and sold a first mortgage loan from the Investcorp Real Estate Credit Fund.

- Hedge Fund client AUM jumped by 22% to \$3.8 billion (FY09 \$3.1 billion). Investcorp's hedge funds co-investment portfolio returned approximately 10% on a gross basis over the fiscal year, significantly outperforming the HFRI Composite Index, despite recent periods of extreme market volatility due to European contagion issues. Investcorp raised \$1.1 billion of new hedge fund assets from clients in FY10.
- Private equity portfolio valuations turned around reflecting the inherent strength of Investcorp's portfolio and its careful stewardship of investments in difficult economic conditions. There were several add-on acquisitions made by portfolio companies in the year to assist them in growing value, together with transactions to preserve value and limit risk in portfolio companies by appropriate deleveraging.
- Operating and interest expense dropped to \$247 million (FY09 \$321 million) in FY10 reflecting expense management and reduced interest expense due to deleveraging.
- Total liquidity remains strong at \$1.4 billion, with a planned medium-term refinancing completed on schedule. Capital adequacy is at 22.9%, substantially above regulatory requirements.

Nemir A. Kirdar, Executive Chairman & CEO, said: "Our strong profitability this year proves the robustness of our business model and the enduring power of our Gulf franchise and relationships in the face of the unprecedented stress in global economies and financial markets over the past two years. This rebound also demonstrates the effectiveness of the action we have taken to reshape the Firm to meet changing conditions and to exploit opportunities that are arising as the world economy resets itself. It also shows the real difference Investcorp's market position and reputation can make in this more difficult investing environment as our clients recognize the pre-eminent importance of sound advice, first class service, transparency and clear alignment of interests."

About Investcorp

Investcorp is a leading provider and manager of alternative investment products. It has offices in the Kingdom of Bahrain, New York and London and is publicly traded on the Bahrain Stock Exchange (INVCORP) and the London Stock Exchange (IVC). The firm has six lines of business: private equity, real estate, hedge funds, technology investment, Gulf growth capital and MENA Mezzanine. Founded in 1982, Investcorp has grown to become one of the largest and most diverse alternative investment managers in terms of both product

offerings and geography. As of June 30, 2010 Investcorp had \$12.7 billion in total assets under management. Further information is available at www.investcorp.com.

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