INVESTCORP

Business Review

Fiscal Year 2015
For the period July 1, 2014 to June 30, 2015

Message from the Executive Chairman

Mohammed Al Ardhi

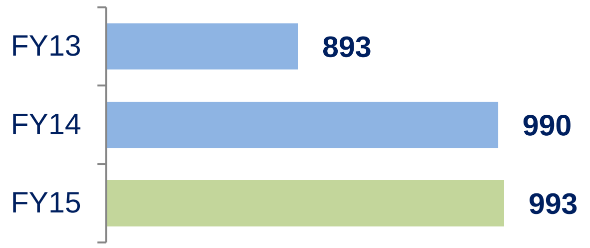
We are pleased to see continued growth across our core business lines, driven by our blue-chip brand and placement capability in the Gulf. Our clients continue to place their trust in Investcorp to identify and deliver attractive alternative investment opportunities across our three areas of expertise within our core markets in the Gulf, Europe and the United States. We continue to evolve and innovate in our product set to meet our clients' demands, and our efforts to get even closer to our clients are showing real results. We are particularly pleased to see continued momentum in our financial performance where we're delivering high quality, less concentrated and more predictable earnings against the backdrop of what have been challenging markets in recent years.

Numbers may not add up due to rounding

Business highlights

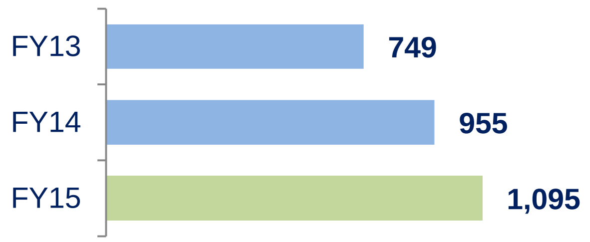
Strong levels of business activity on all fronts…

Capital deployed ($m)



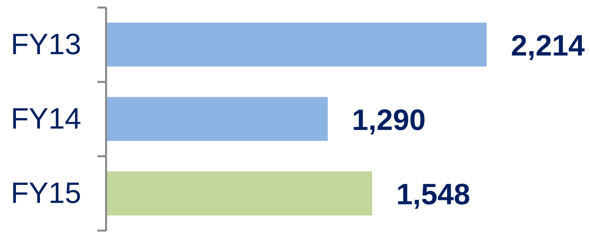
*Approximately **$3 billion of capital deployed** over the last three years in 16 new corporate investment deals and 92 new real estate property investments*

Deal-by-deal placement ($m)



*Approximately **$3 billion raised** from clients over the last three years in deal-by-deal placements*

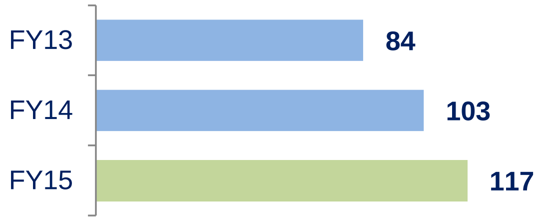
Realizations ($m)



***Returned over $5 billion** from realizations, dividends and other distributions from the corporate investment, real estate and special opportunities investment portfolios*

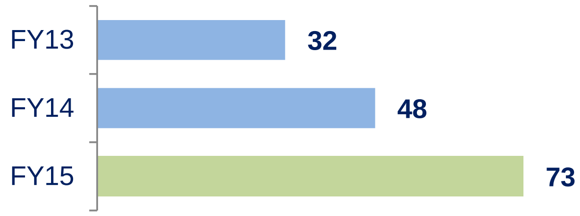
…resulting in continued performance momentum and trajectory[1] ($m)

Net income ($m)

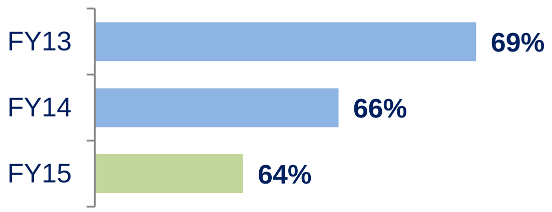


Fee income ($m)

Asset based income ($m)



Cost-to-income



Continued growth *in net income*

High level trajectory of year-on-year fee income, driven by a ***stable and growing client business***

Rising asset based income on co-investment business with ***improving yields***

Improving cost-to-income ratio reflecting a ***scalable platform***

[1] Restated for adoption of IFRS 15 for FY13 and FY14

FY15 key business highlights

Net income ($m)

$117	Net income
$129	Fully diluted earnings per ordinary share
16%	Return on equity

Strong earnings *growth continues with net income for the year of* ***$116.7 million****, up 13 percent (FY14: $103.1 million)*

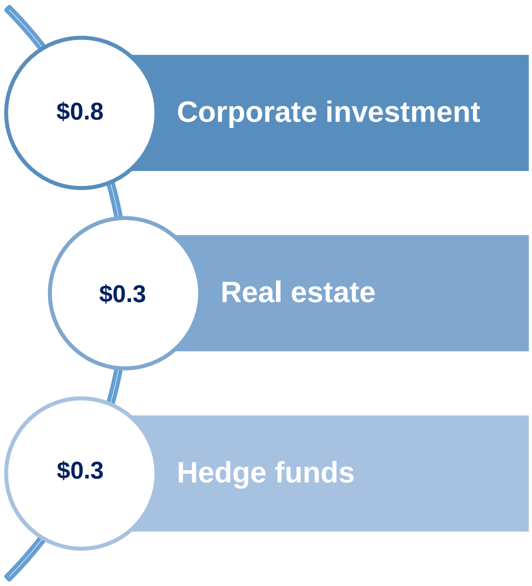
Earnings per share momentum *accelerated further, with a 71% year-on-year increase to* ***$129*** *per ordinary share*

Solid balance sheet: strength across all key metrics

FY14	FY15	
$747m	$864m	Accessible liquidity covers debt maturities through 2018
1.0x	0.7x	Further reduction in net leverage
27.5%*	28.7%	Basel III regulatory capital well above CBB minimum requirements
$738	$900	22% increase in book value per share
1.0x	0.8x	Long-term capital more than covers co-investment exposure

*Basel II

Fundraising ($b)



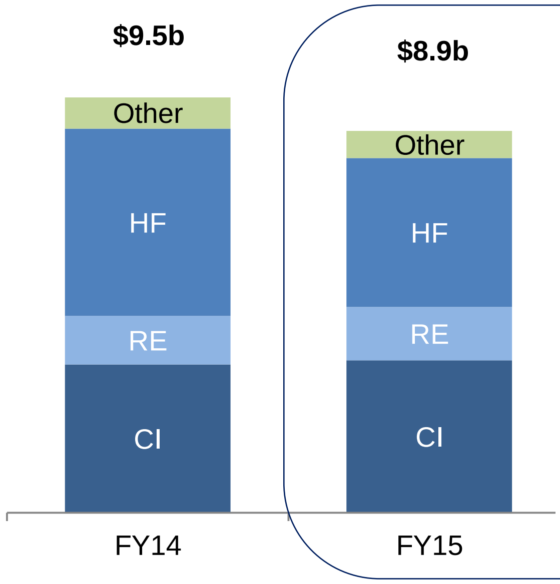
*Total deal-by-deal fundraising in the Gulf was **$1,095 million** (FY14: $955 million)*

***$788 million** in aggregate placed with clients across six corporate investment deals*

***$307 million** placed with clients across four new real estate portfolios*

***$251 million** of new subscriptions into hedge funds from institutional investors*

Client AUM ($b)



*Hedge funds client AUM **decreased by 20%** due to one large redemption by a client that decided to bring the process in-house*

*Corporate investment client AUM **up 3%** on back of strong fundraising offset by significant realizations during the year*

***10% growth** in real estate AUM reflects strong investor demand and growth in investment activity*

Investment activity

Pro Unlimited
Consumer services

Dainese
Consumer products

Arvento Mobile Systems
Technology

Nobel Learning Communities
Consumer services

NDTCCS
Industrial services

***$607 million**, the aggregate capital deployed in **five new** CI investments; additional **$16 million** capital deployed for **add-on acquisition** and **$2 million for additional fund** investment (total deployment of **$625 million**)*

2014 Office & Industrial
Oregon, North Carolina and Florida

Canal Center
Virginia

2015 Residential
Maryland and Florida

$368 million**, the aggregate capital deployed into **four new portfolios**, **two new properties** and a **recapitalization

These investments were primarily in commercial, office and residential properties in key US markets

Atlanta Multifamily
Atlanta

Realizations

***$1.5 billion**, of **total distributions** included completion of the sale of SourceMedia; the sale of Berlin Packaging; the partial realization of FishNet Security through a merger; and the partial realization via an IPO of Asiakastieto*

Other significant realizations included the sale of multifamily properties in Houston and Dallas; an industrial property in Connecticut; office buildings in Petaluma, California; and hotels in Pittsburgh and Boston

Northern California

Mezzanine Fund I

Texas Apt I

Texas Apt II

Div VII

Northern California

Mezzanine Fund I

Texas Apt II

Texas Apt II

US Div VII

IRECF I

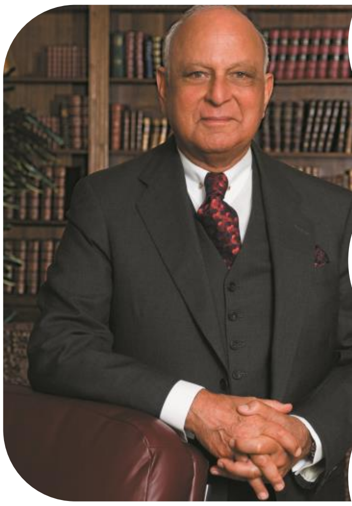
Texas Apt I

Investcorp's 5 year key performance[2]: FY11 to FY15

	FY11	FY12	FY13	FY14	FY15	5 year view (FY11 - FY15)
Fee income ($m)	216	240	309	316	308	**1,389** (cumulative)
Asset based income ($m)	216	31	32	48	73	**400** (cumulative)
Gross operating income ($m)	433	271	341	363	381	**1,789** (cumulative)
Cost-to-income ratio	57%	68%	69%	66%	64%	**65%** (average)
Return on average assets	5%	3%	3%	4%	5%	**4%** (average)
Return on ordinary shareholders' equity	26%	2%	5%	11%	16%	**12%** (average)
Diluted earnings per share ($)	159	16	36	76	129	**415** (cumulative)
Book value per share ($)*	662	673	695	738	900	**36%** (cumulative growth)
Dividend per ordinary share ($)	15	8	15	15	15	**68** (cumulative)

* Fully diluted basis

Investcorp senior management



Nemir Kirdar

Mohammed Al Ardhi

Rishi Kapoor

Mohammed Al-Shroogi

Changes to Investcorp's senior management team:

***Nemir Kirdar** appointed as the Chairman of the Board of Directors*

***Mohammed Al Ardhi** appointed as Executive Chairman*

***Rishi Kapoor** and **Mohammed Al-Shroogi** appointed as co-CEOs*

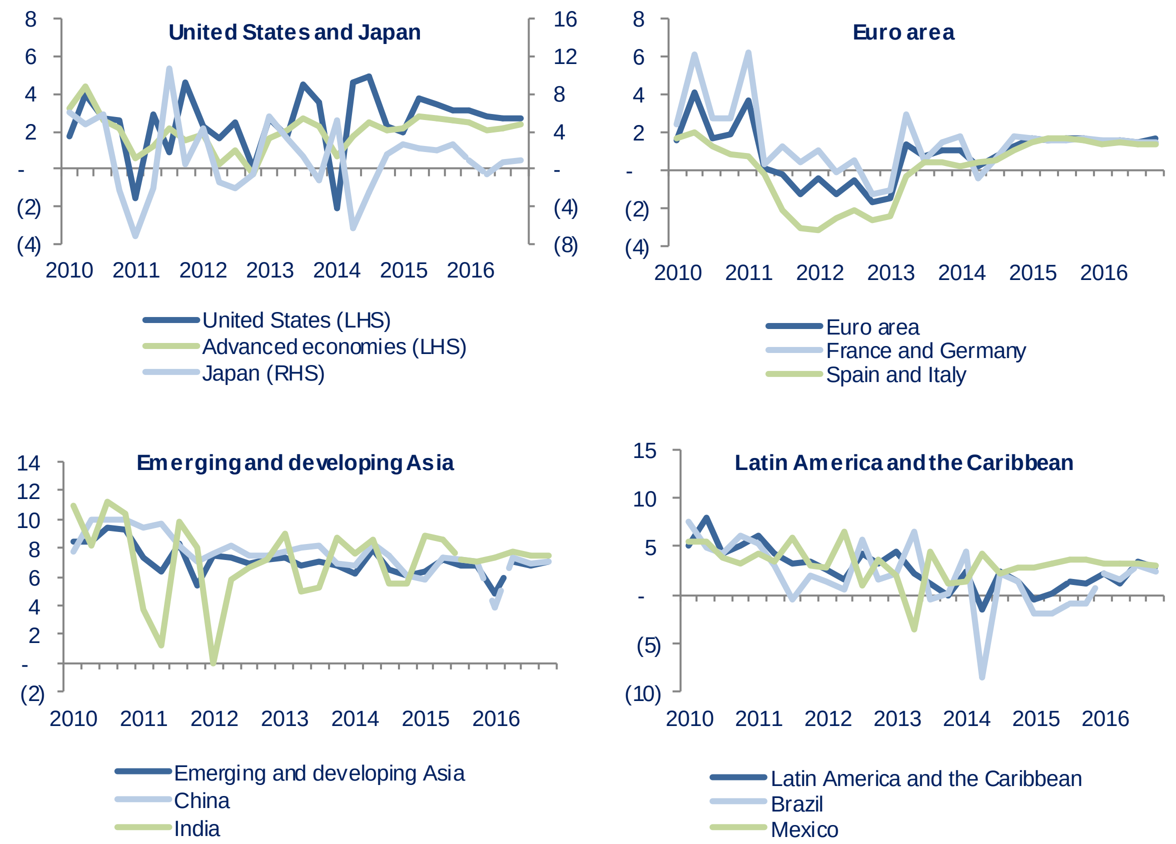
2 Restated for adoption of IFRS 15 for FY11 to FY14

Business environment [3]

As the global economy continues to strengthen and recover from the impact of the financial crisis, advanced economies continue to deal with aging populations, volatile oil prices and exchange rates, and lower-than-target inflation levels.

Global economic activity strengthened in the second half of 2014, broadly in line with expectations, rebounding from an unexpected trough during the first half of the year, particularly in the US. By the end of the year, global growth came in modestly above trend at 3.4%. The IMF expects it to be roughly the same in calendar year 2015 at 3.3% but then pick up to 3.8% in calendar year 2016[4]. Both projections were revised down in July reflecting dimming prospects for emerging market economies.

GDP growth forecasts (%)



Source: IMF World Economic Outlook (April 2015)
Note: Annualized quarterly percent change

While US growth came in well above expectations in the second half of 2014, it in turn contracted by 0.2% in Q1 2015 (subsequently revised up to 0.6%) following a difficult winter and a prolonged dock workers' strike on the US West Coast. Despite the temporary Q1 disruptions, the underlying conditions for growth remained solid, notably a healing labor market, lower energy costs, and increasingly positive consumer sentiment. An improving housing

[3] Unless otherwise stated, all references to years are 'calendar year'
[4] IMF World Economic Outlook Update July 2015

market has also supported the recovery, aided by the completion of household deleveraging from the Global Financial Crisis ('GFC'), household wealth surpassing pre-GFC levels, and improvements in credit availability. The IMF projects US growth at 2.5% in 2015 and solidly above trend by 2016 at 3.0%[5].

On the policy front, the US Federal Reserve (the 'Fed') remains on track for a Q3 liftoff of the federal funds rate and has successfully reassured markets that rates will not rise more rapidly than growth. The Federal Open Market Committee's ('FOMC') willingness to go ahead with liftoff speaks to the strength of US fundamentals.

In Europe, growth also strengthened from late 2014 to mid-2015 spurred by lower oil prices, diminished fiscal drags, and ample liquidity provision through the European Central Bank's ('ECB') quantitative easing and targeted longer-term refinancing operations ('TLTRO'). Growth has remained uneven across regional economies. While some nations' economies, such as Spain's, are expected to post strong growth into 2016, others such as Greece's remain mired in weak and depressed states with limited growth potential. The Euro area is expected to grow 1.5% in 2015 and 1.7% in 2016. As the uncertainty regarding Greece's future role in the Euro area abates following the July 13th agreement, investment should pick up across the currency bloc.

In contrast with troubled peripheral economies, Turkey should end 2015 with a growth rate of 3.1% up solidly from 2.3% in 2014. This acceleration reflects the tailwind from lower energy prices despite the headwind, from the start of the year, of a weaker Lira. While political uncertainties and regional geopolitical tensions remain potential headwinds moving into FY16, Investcorp's view remains constructive on the macro outlook over the near term.

GDP growth of GCC countries (%)

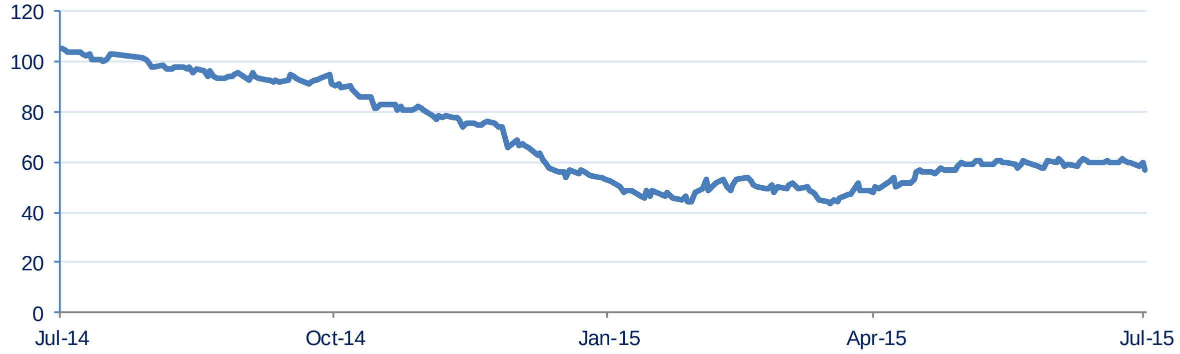
	2011	2012	2013	2014	2015*p*	2016*p*
Bahrain	2.1	3.4	5.3	4.7	2.7	2.4
Kuwait	9.6	6.6	1.5	1.3	1.7	1.8
Oman	4.1	5.8	4.7	2.9	4.6	3.1
Qatar	13.0	6.0	6.3	6.1	7.1	6.5
Saudi Arabia	10.0	5.4	2.7	3.6	3.0	2.7
UAE	4.9	4.7	5.2	3.6	3.2	3.2
GCC	**8.8**	**5.4**	**3.6**	**3.6**	**3.4**	**3.2**

Source: IMF Regional Economic Outlook May 2015

In the Gulf Countries, growth has been held back by reduced export revenue from lower oil prices. Growth in the Middle East and North Africa ('MENA') is expected to be 2.7%, on average, in 2015. More specifically, for the oil exporting nations in the Gulf region, the IMF projects growth to be 3.0% in Saudi Arabia and 3.4% for all of the GCC for the calendar year 2015[6]. With oil prices persistently low and associated volatility at high levels, these nations are facing reduced surpluses and in some cases depleting reserve buffers.

[5] IMF World Economic Outlook Update July 2015
[6] IMF Regional Economic Outlook May 2015

WTI crude oil (NYMEX)



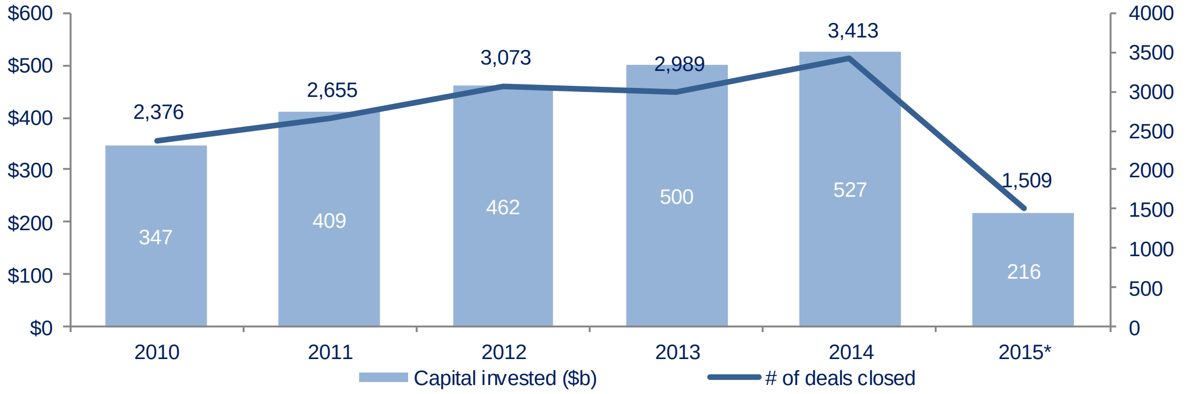
Source: Bloomberg

Following several years of negotiations, Iran and P5+1 have come to an agreement that will impact energy markets as well as influence geopolitical and economic sectors. It is estimated that 300-500kb/d of Iranian oil will be on the market 6-12 months after sanctions have been lifted. The exact date of implementation is dependent on many moving parts, and energy markets may not see its resulting inflows until late 2016/17. In the longer term, investment in the world's fourth largest oil reserves may help to provide further stability in the Middle East.

Corporate investment – North America and Europe

The US private equity market experienced an active year in 2014, both in number of deals and value of transactions, but showed initial signs of declining activity by end of the year that carried into 2015. Private equity-led deal activity within the US finished 2014 with 3,413 transactions and $527 billion of capital invested, which is the highest amount over the previous four years. The increased activity was facilitated by large amounts of un-invested capital, ready for deployment; continued low interest rates; and the ready availability of covenant-lite financing terms from lenders. The strong level of activity throughout most of 2014 showed signs of tapering off towards the fourth quarter and this trend carried over into the first half of 2015. The first half of 2015 produced 1,509 transactions and $216 billion of capital invested, approximately 15% and 22% less respectively compared to the first half of 2014. Although investors cannot specifically time a slowdown, expectations are that purchase price multiples cannot remain at their recent elevated levels and that the supply - demand equilibrium for quality mid-market investments shall adjust accordingly.

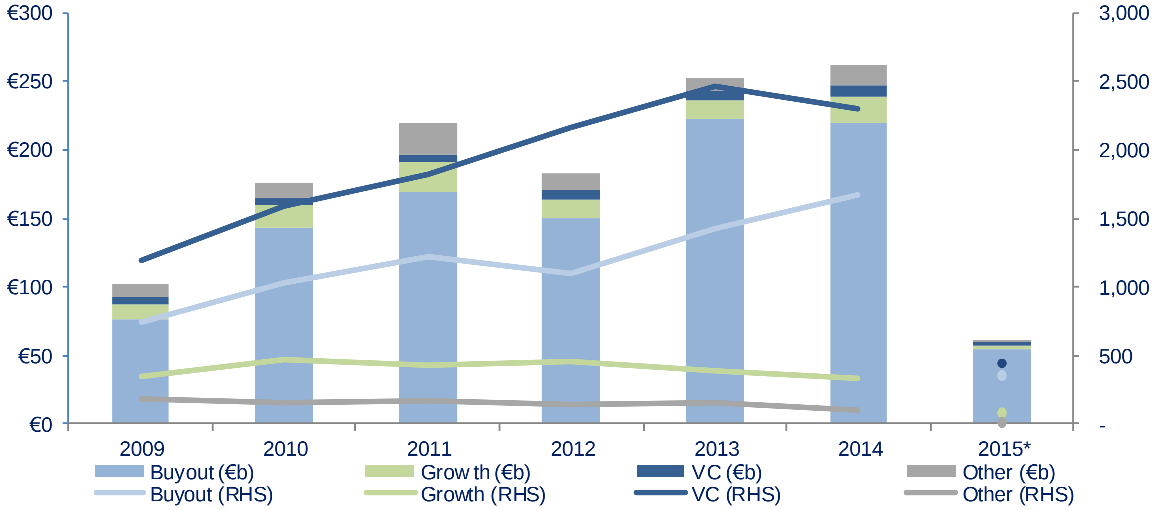
US PE deal flow by year



Source: Pitchbook 3Q 2015 U.S. Private Equity Breakdown Report
*As of H1 2015
Note: calendar years

The European private equity market also had an active year in 2014, but conversely to the US, carried some momentum into the first half of 2015. Despite the strong level of activity, investors in Europe are facing a challenging macro environment with continued uncertainty in some of the countries in the periphery such as Greece and Portugal. These headwinds should be tempered somewhat by the fact that European PE investors are armed with high levels of funds raised over the last two years with mandates to produce returns acceptable to their investors. Private equity-led deal activity within Europe finished 2014 with 4,412 transactions and €262 billion in capital invested. The projected first half of 2015 figures for Europe are at similar levels to the first half of 2014.

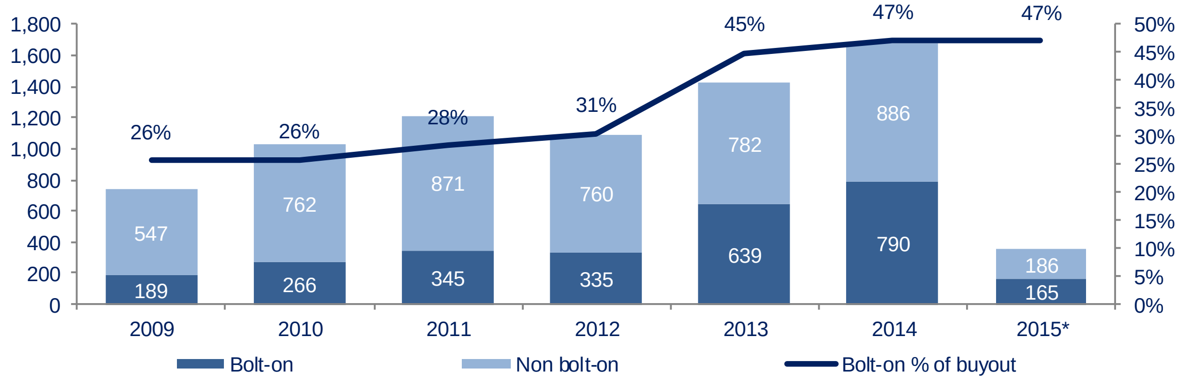
Europe PE deal flow by year



Source: Pitchbook 2Q2015 European PE Breakdown
*As of March 31, 2015
Note: calendar years

A continued development in global deal activity is the growing shift away from new buyouts to add-on acquisitions. Investors are placing more capital to work through smaller add-on acquisitions that can increase the value of their existing portfolio rather than investing in new and unfamiliar businesses that typically command higher multiples. Add-on acquisitions, particularly in Europe, are highly-executable due to the plethora of financially constrained companies that exist as a result of the poor macro environment in recent years. In 2014 and Q1 2015, 47% of the completed transactions in Europe were add-on acquisitions compared to 28% in 2011 and 31% in 2012.

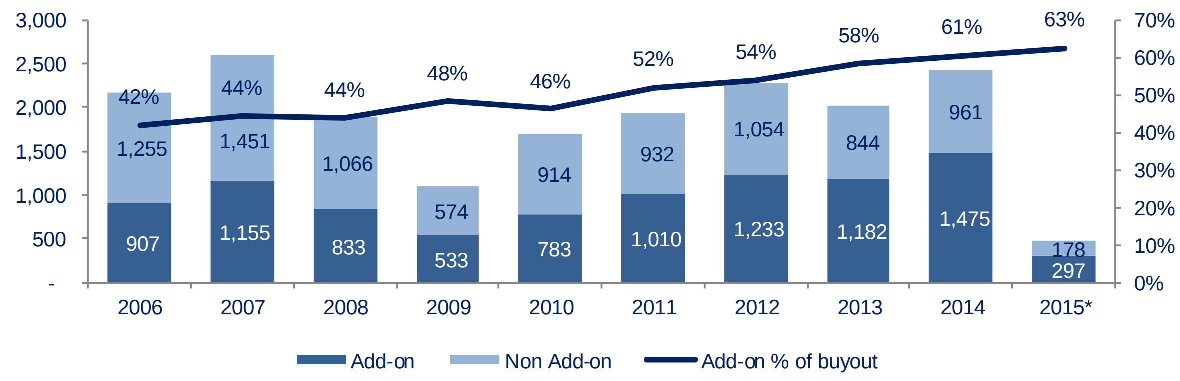
Europe buyouts vs. bolt-ons



Source: Pitchbook 2Q2015 European PE Breakdown
*As of March 31, 2015
Note: calendar years

Similar to Europe, add-on acquisitions continue to make up more transaction activity than historically has been the case in the US. Add-on acquisition levels have steadily increased from 46% in 2010 to 61% of US private equity transactions in 2014. The slowdown in the acquisition of larger mid-market businesses reflects a decline in supply following on from active deal activity years post the GFC. Add-on acquisitions and minority positions have gained in popularity due to their lower valuation multiples compared to larger buyouts. Owners of complementary businesses find add-on acquisitions to be accretive due to the benefits of revenue and expense synergies. The market has therefore produced more reasonably priced transactions with a particularly defined group of potential buyers.

Buyouts: Add-ons vs. non add-ons

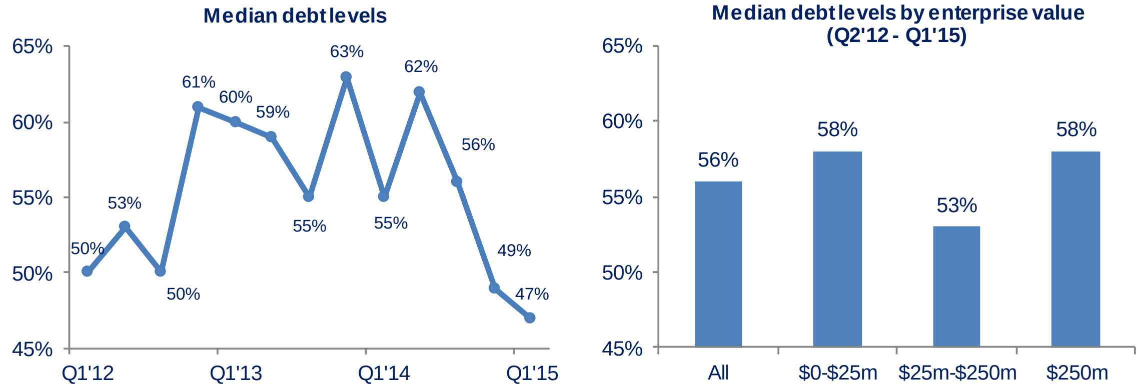


Source: Pitchbook 2Q 2015 U.S. Private Equity Breakdown Report
*As of March 31, 2015
Note: calendar years

Regulators have become increasingly wary of the increased levels of debt used to facilitate payment of record purchase price multiples for transactions in recent years. They have given strong recommendations to lenders not to offer excess leverage for the fear it may become rapidly onerous on companies if the macro environment reverses. Evidenced by the rapid decline of acquisition debt multiples in recent quarters, lenders have heeded these recommendations. If PE investors cannot continue to access similar amounts of leverage to achieve a targeted level of return, purchase price multiples should come down from their current elevated levels.

However, driven by the pressure to invest capital and a healthy supply of strong performing assets, valuation multiples have in fact gone up over the past two years. As these factors begin to wane, the lofty valuation expectations are becoming more challenging to justify.

Median PE debt levels



Source: Pitchbook 2Q2015 Global PE Deal Multiples and Trends Report

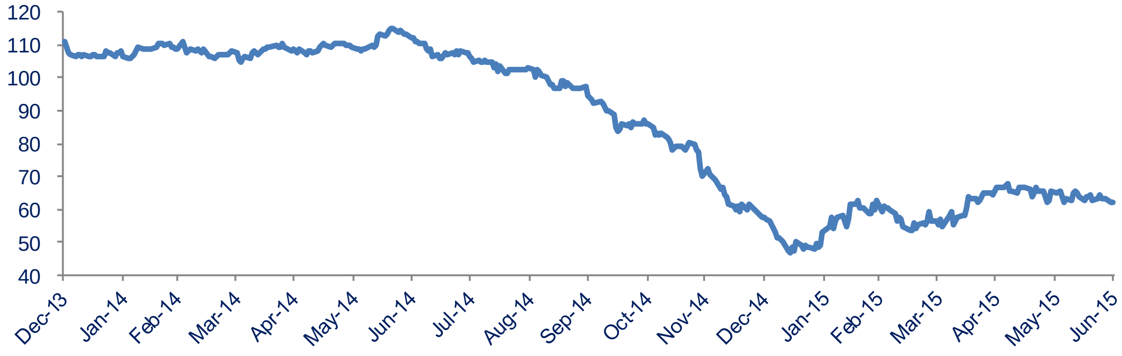
Recent median EV/EBITDA multiples, that reached historic highs in 2012 and have shown recent signs of decline, still remain high particularly within the larger middle market space where many private equity firms are placing more focus. A strong reason for valuations remaining high is the vast sums of un-deployed capital chasing a declining supply of good mid-market investments. Nearly 1,000 active buyout firms started 2014 with $400 billion of undrawn commitments available for deployment. Over the course of the past year, buyout firms remained active in fundraising and held $450 billion of dry powder, increasing demand for an already declining supply. As a result of continued high multiples, investors in the mid-market are expected to become more selective in order to justify and generate appropriate risk-adjusted returns for investors.

Corporate investment – MENA

The expansion of non-oil sectors over the last few years driven by relatively high levels of government expenditure will help buffer the GCC, to some extent, from pressures resulting from significantly lower oil prices. Oil prices, which had initially increased during early 2014 as a result of geopolitical tensions in Libya, Iraq and Syria, declined sharply during the second half of 2014, mainly on account of lower than expected demand for oil, particularly in China, coupled with supply growth in US shale production whilst OPEC maintained production quotas.

During the first half of 2015, oil prices witnessed a potential rebound bolstered by slowing US crude production, weakening crude inventories build-up and geopolitical concerns in the Middle East. Prices have averaged around $60/bbl during this period. However, the near term fundamentals continue to point to a low oil price environment until demand-supply imbalances correct.

Oil price: January 2014 - June 2015 ($bbl)



Source: Bloomberg

Although the recent trend of falling oil prices in 2014 has created significant volatility in GCC capital markets, large public holdings of foreign assets coupled with low debt levels (8% in GCC vs. 106% in US and 96% in Europe) are expected to allow the GCC to avoid sharp cuts in government spending, limiting the impact on near-term growth and financial stability.

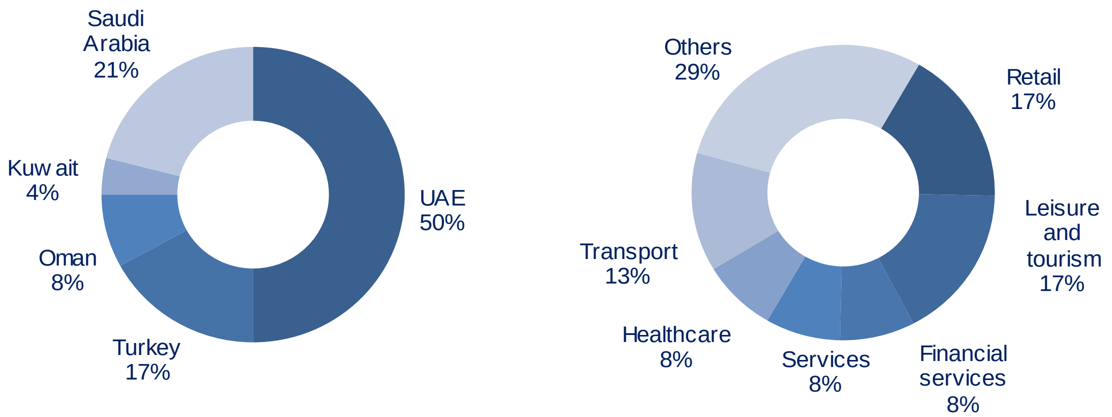
Despite the current oil price environment, most GCC countries have released expansionary budgets for 2015 in a bid to continue to diversify away their reliance on oil. Saudi Arabia, UAE, and Oman have increased their budgeted expenditure by 0.6%, 9.0% and 4.5% year-on-year, respectively. Qatar has decided to extend its fiscal year until the end of 2015 versus March 31st, budgeting an expenditure of $15 billion and resulting in an estimated surplus of $1.5 billion. Other GCC economies such as Kuwait have taken a different approach by cutting spending but continuing to allocate its expenditure to social welfare and a range of major infrastructure projects.

The GCC equity markets stablized somewhat in the first quarter of 2015 on the back of a rebound in oil prices. Markets, however, witnessed a volatile Q2 2015 due to external factors including geopolitical concerns surrounding Yemen, Greece’s debt situation and a slight weakening of the US dollar. Recently the GCC financial markets have benefited from a number of positive catalysts including Qatar’s increased weighting in the MSCI Emerging Markets Index, MSCI publishing a standalone index for Saudi Arabia and the widely anticipated opening of the Saudi Arabia stock market to foreign institutions.

Although the oil price decline has negatively impacted the GCC countries, oil importing countries such as Turkey are expected to benefit. The country continues to be held in high regard as a medium to long-term investment prospect with GDP growth for 2015 forecasted to be approximately 3.1% vs. 2.3% in 2014. Turkey's large current account deficit continues to improve on the back of a depreciating currency boosting exports, in addition to lower oil prices reducing imports. In June 2015, Turkey had general elections resulting in a hung parliament which contributed to a further depreciation in the currency. With (i) lower global oil prices; (ii) softer food prices; and (iii) a depreciating currency impact, the country's inflation stood at approximately 7.0% as of June 2015, above its targeted inflation of 5.0%, but below its 2014 levels. Furthermore, Fitch Ratings has reaffirmed Turkey's 'BBB-' investment grade rating, owing to its narrowing current-account deficit, healthy banking system and resilience to external shocks. The long-term outlook of the Turkish economy is positive, based on fundamentals such as its sizeable young population and its strategic location with growing regional trade. Such market dynamics coupled with the current cyclicality requires a patient and selective approach by investors.

Despite challenging market fundamentals, regional markets (GCC & Turkey) continue to attract the interest of investors, albeit at a slightly slower pace, as economies move to diversify away from oil. Private equity investments by regional players in these markets stood at 24 transactions in FY15, compared to 30 in FY14. A majority of these investments were in the UAE, Turkey, Saudi Arabia and Oman, and were primarily in the retail, leisure & tourism, services and transport sectors. The majority of investments in FY14 primarily occurred in the real estate and food & beverage sectors. Regional private equity investors continue to face increased competition for attractive assets, both from existing family groups and larger foreign private equity firms. While the impact of lower oil prices has not yet tempered valuations, the market may begin to correct itself in the future, thereby normalizing valuations and sellers' expectations.

Breakdown of private equity transactions in FY15



Source: Zawya Private Equity Monitor and Investcorp analysis

Private equity firms continue to plan for exits for their mature portfolio companies, so that investors can receive cash distributions and realize a return on their investments. However, with slightly challenging market fundamentals, private equity exits, both to private buyers and through IPOs, decreased from 19 in FY14 to 10 in FY15. The majority of these exits were in Saudi Arabia and UAE.

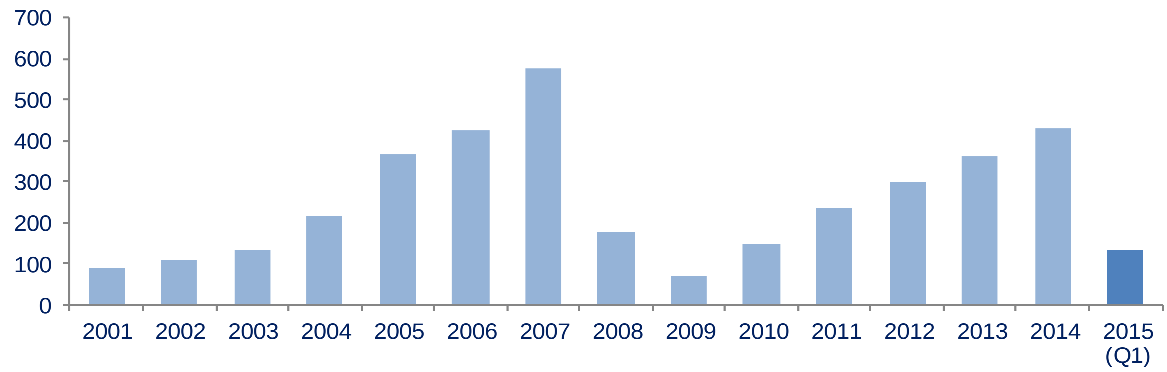
During FY15, IPO volumes were robust as companies listed on the exchanges with high valuations and oversubscriptions given the overall positive market sentiment. The latter part of the year witnessed lower IPO volumes as several companies delayed their listings due to the weakness and volatility of the markets. A total of 11 IPOs took place on GCC stock exchanges, raising $10.1 billion with an average oversubscription of 19.3x, down from 14 IPOs in FY14, which raised $2.6 billion at an average oversubscription of 9.9x.

Real estate investment

Commercial real estate market fundamentals in the US continue to show steady improvement across most property classes in a majority of metropolitan areas. A strong US economy is driving demand for US property and an increase in leasing activity, market rents and values. The US has added over 3 million new jobs over the last 12 months, up from 2.3 million in 2013 and 2.9 million in 2014. This has resulted in a decline in the unemployment rate (down to 5.3% as of June 2015). In addition, US consumer spending is up 1% through June 2015, over the same period last year. These positive trends are having a favorable impact on the office, multifamily, retail, industrial and hospitality sectors.

Given the improving fundamentals and strengthening US economy, demand for US real estate remains robust. Significant equity capital is flowing into the sector and debt financing continues to be readily available at attractive rates and terms. 2014 commercial real estate sales volumes exceeded 2013 by 18.7% at $430 billion, but still well below the peak of $574 billion in 2007. First quarter transaction volumes indicate that investment activity in 2015 is off to a strong start. Q1 2015 volume was $133.8 billion, representing a 45% increase over the volume from the same period last year of $92 billion. The largest increase in activity has been in the retail and hospitality sectors. Both domestic and foreign investors continue to be attracted to US real estate assets, although there is strong competition between buyers. Long-term interest rates are expected to rise, but a gradual increase in rates is not expected to have a significant impact on property values or transaction volume.

Transaction volume ($b)



Source: Real Capital Analytics, Inc. 2015

Note: calendar years

The US office market continued to gain strength through the first quarter of 2015. According to CBRE Group, net absorption was positive and vacancy rates declined to 13.9%, the lowest level since 2008. Net absorption was strongest for suburban office space, with central business districts ('CBD') office space experiencing a more sluggish first quarter. The market remains resilient buoyed by increased office-using employment and modest levels of new construction. The tech industry and financial services accounted for the largest share of leasing demand in the US over the last two quarters. Development of new office space is on the rise. However, the level of new construction is expected to remain below the 20 year average and is largely concentrated in a few major markets, including larger cities in Texas, New York, the San Francisco Bay Area and Seattle.

US retail market fundamentals remained relatively flat through the first quarter of 2015. Vacancy has been stuck at 11.5% since Q3 2014 and rents grew only 0.9% from a year earlier, according to CBRE Group. But retail real estate performance varies widely by category. Class A properties in the most desirable locations, including high-end urban retail, have been thriving. Older centers in less favorable locations however are struggling and some have become obsolete and need to find new uses. Overall retail sales for the first quarter were down 1.2% from the previous quarter even though demand drivers, such as employment and personal income, remained strong. Economists attribute the low sales to an unusually harsh winter, adverse effects from the West Coast port strike, and lower exports from a strong US dollar. Market fundamentals should improve during the remainder of 2015 as the effects of the adverse factors diminish. Although new supply is expected to remain at historically low levels for 2015, completions are expected to increase somewhat in 2016.

Growth in the industrial market continued through the first quarter of 2015. The sector had its 20th consecutive quarter of net absorption, per CBRE Group. Demand, which was strong in core distribution and key secondary markets, outpaced supply nearly 2 to 1 and the vacancy rate declined to 10.1%. March industrial production slowed slightly but was still up 2% year-over-year, which is considered robust. Tracking industrial production is important because output helps drive demand across the supply chain. Development is on the rise and is tracking leasing demand. Much of the development coming online in 2015 is split between core distribution markets like Atlanta, Chicago, Inland Empire and Los Angeles, and key secondary markets such as Indianapolis, Minneapolis, Philadelphia and Phoenix.

The ‘for rent’ multifamily market continues to thrive. Americans’ growing propensity to rent instead of buy has further increased demand for multifamily housing. The homeownership rate in the US is at 63.7%, a 23-year low. As a result, vacancy rates remain below 5% (for the fourth consecutive quarter) and rent growth posted its strongest year-over-year gain in Q1 2015, reaching 5.9%. Markets with the strongest demand continue to be concentrated in the south and west. New development is on the rise but is expected to peak in 2016. Most construction activity is in San Francisco, New York, the Texas metro areas, Boston and Washington, D.C., all markets where demand remains very strong.

US hospitality market fundamentals continue to improve. During Q1 2015, the US hospitality market had its fourth consecutive quarter of revenue per available room (‘RevPAR’) growth, up 8% compared to the previous year. According to PKF-HR, occupancy was up 3.1%, nearing the pre-recession peak of 65%. As hotels reach record occupancy levels, operators have had the leverage to increase room rates, resulting in an average daily rate (‘ADR’) increase of 4.7%. As demand continues to outpace supply, western cities like San Jose-Santa Cruz, San Francisco, Phoenix and Oakland are leading the way in ADR growth in 2015. New development is increasing in 2015, and some markets will experience supply growth above the long-term average of 1.9%. Markets that will see the biggest increase in supply this year include New York, Miami, Seattle and Austin.

Hedge funds

FY15 was challenging for the hedge funds industry with subdued performance of +3.9%, as measured by the HFRI Fund of Funds Composite Index, compared to the index’s performance of +7.6% for FY14.

Global markets were reasonably strong over the fiscal year – albeit with some intermittent volatility, particularly through October 2014 – and broadly continued to reach new highs in the first half of 2015. The US led global equity markets in 2014 with the S&P 500 Total Return up +13.7%, driven by technology and healthcare names. Entering 2015, market leadership shifted, as European and Asian markets, which had lagged the US, gained momentum.

In January 2015, the ECB announced the launch of an open-ended quantitative easing scheme which provided a fillip to the European stock markets (Eurostoxx +17.5% over Q1 2015 and Germany’s DAX index posted the strongest first quarter performance since its creation in 1988.) Commensurately, the Euro declined against the US dollar from 1.36 in July 2014 towards 1.10 in March 2015. In Japan, Prime Minister Shinzo Abe’s regulatory reform program to improve the country’s corporate governance, combined with expectations of a significant strategic asset allocation shift into equities by the Government Pension Investment Fund (‘GPIF’), the world’s largest public sector investor, added positive sentiment to Japan equities. After lagging in 2014, the Nikkei rebounded strongly and was up +17.4% for the first half CY 2015.

As Investcorp’s fiscal year ended, market exuberance was muted as the ongoing debt crisis in Greece reared its head again in May. In June, the Greek situation was compounded by an aggressive sell-off in Chinese equities (the CSI 300 index had climbed +145% from July 2014 to mid-June 2015 before falling -25% into June end) leaving investors anxious.

Despite these twists and turns in global markets and geopolitics, certain hedge fund strategies were able to produce solid performance.

FY15 was a strong environment for Event Driven strategies as US corporates were flush with excess cash of $2 trillion. This combined with peak cycle profit margins and slowing top-line growth pushed management teams to act. The increased corporate action led to high levels of event-driven activity and, with global M&A volumes at multi-year highs, other event activities including buy-backs, recapitalizations and high profile activist campaigns were also elevated. In spite of this positive backdrop, a series of failed deals – including the $55 billion AbbVie / Shire tax inversion – led to de-risking by many funds with similar positioning in September and October 2014 and flat performance for the fiscal year.

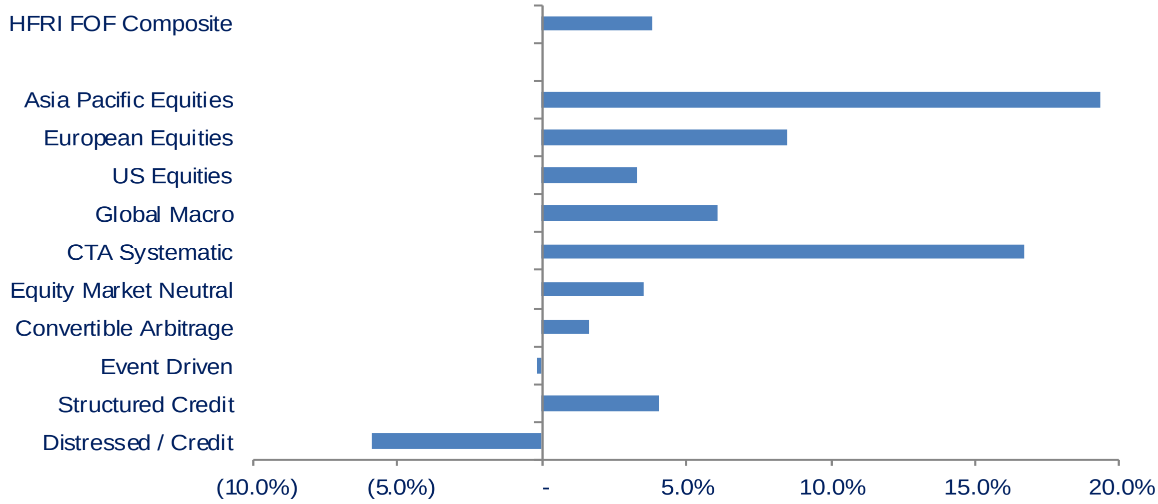
Hedge Equity strategies performed reasonably well over the fiscal year. There were opportunities to tactically time beta, and reasonable stock dispersion and falling stock correlations provided managers with an opportunity to add stock selection alpha. Global managers were also able to profit from the resurgence in European and Japanese markets, as well as sectoral themes such as healthcare.

Macro strategies – systematic in particular – saw resurgence through the end of 2014 and the start of 2015. After several years of tepid performance, falling cross-asset correlations driven by the divergence of country business cycles, led to several opportunities for macro players. Key themes for systematic players included the strengthening dollar (mainly against the euro and yen), long duration and equity beta combined with falling energy prices in Q4. This led to outsized returns in trend-oriented managers. Discretionary managers fared less well, particularly those that didn't time duration well through an aggressive sell-off into year end.

Performance for distressed credit strategies remained subdued as corporate defaults were very low. Most of the opportunity set over the past 12 months resided in more idiosyncratic areas including European bank deleveraging themes or opportunistic plays relating to the energy sector. US corporate credit also remained muted as yield levels for high yield securities continued to grind down.

Relative Value strategies were mixed during the fiscal year. The opportunity set for classic fixed income relative value strategies has improved somewhat over the last 12 months. One impact of financial regulation has been in the reduction of risk warehousing by banks which has led to less capital following arbitrage opportunities. This, combined with heightened volatility, has improved the opportunity set. Convertible arbitrage strategies have seen mediocre valuation levels offset by more positive issuance trends and potential idiosyncratic trades. Equity market neutral strategies have been relatively consistent, with diversified global players able to extract idiosyncratic opportunities.

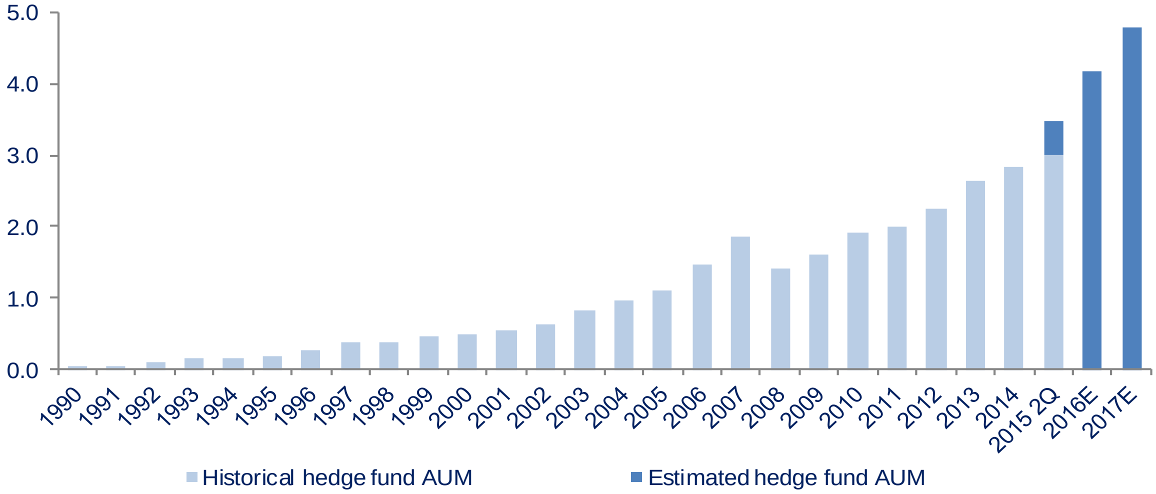
Performance of hedge fund strategies* (July 2014 - June 2015)



* Strategy benchmark returns are sourced from various external providers

The hedge funds industry continued to experience inflows and new fund launches during FY15. As of June 2015, total industry assets reached an estimated $3.0 trillion. While FY15 performance was moderate overall, it brought about further distinction between winners and losers, with wide dispersion of returns among hedge funds. Many top-quality hedge funds were able to deliver strong performance during periods of market volatility, underscoring the importance of a robust manager selection process.

Hedge fund industry assets under management ($ trillion)



Source: AUM data is up to 2Q 2015 from HFR Industry Reports © HRF, Inc. Second Quarter 2015 HFR Global Hedge Fund Industry Report, www.hedgefundresearch.com & AUM projections from 2014 Citi Prime Finance Publication, June 2014

Hedge funds as an asset class, and the ways in which investors invest in them, have continued to evolve. Following the 2008 financial crisis, investors were heavily focused on liquidity and generally shied away from illiquid investments. However, there now appears to be a divergence in that trend, resulting from a muted return environment for risk assets in general. There are many investors who are increasingly willing to sacrifice liquidity in favor of enhanced returns. As a result, two trends are emerging: one toward more liquid alternatives and one toward less liquid investments.

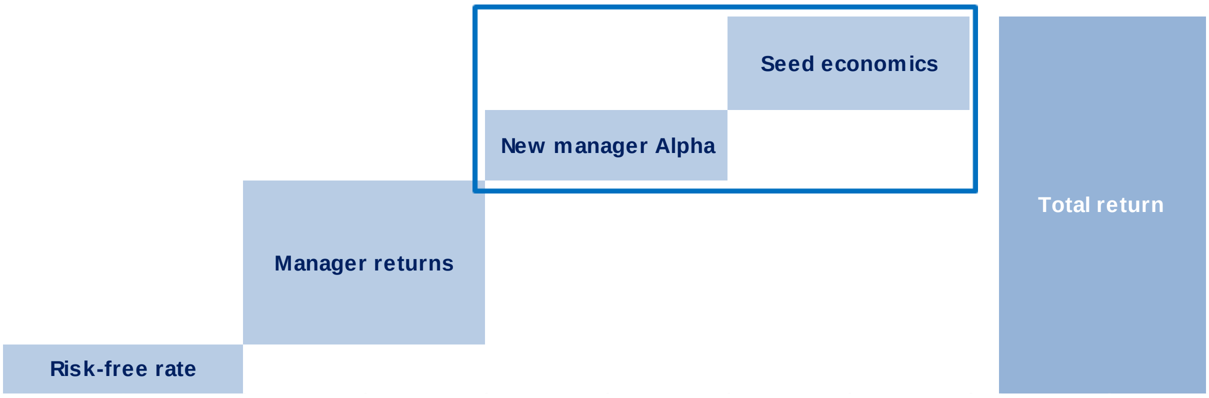
Some investors, who are seeking hedge fund-like returns with greater liquidity, are investing in 40 Act Funds (funds offering hedge fund strategies in mutual fund format with enhanced liquidity, no incentive fees and leverage limits) and UCITS funds that are popular with institutional investors in Europe.

Hedge fund structures on liquidity spectrum

Examples:		
40 ACT Funds / UCITS	Typical hedge funds	Co-investment portfolios
Attributes:		
Daily / w eekly / liquidity No incentive fees	Monthly / quarterly / yearly Management and incentive fees	Locked for 2-3 years Low er management fees; plus incentive fees

Other investors are increasingly willing to trade liquidity for potential outperformance by investing in co-investment portfolios that have typically longer-duration investments. Opportunistic portfolios typically seek to capture market opportunities such as asset class dislocations and deleveraging to generate higher returns for investors. Some investors are looking to enhance returns through early stage investments in emerging managers and / or seeding. The potential for higher alpha from emerging managers has been well documented. In addition, early-stage investors may have additional leverage to negotiate lower fees than they do with established managers. Founder share classes may also be offered to early investors, significantly reducing their fee burden. In certain instances, these early-stage investors are also able to secure future capacity if and when the fund grows. Sophisticated investors continue to be willing to provide seed capital or co-seed with other partners and lock up capital in exchange for a share of the economics that can result from the growth of the fund.

Alpha from seeding



Another important market development continues to be investors' steadily increasing appetite for risk factor-based investing. A number of European and US state pension plans have shifted significant portions of their assets to risk factor-based strategies ('risk premia' strategies).[7] Investors are continuing to explore the most

[7] http://www.pionline.com/article/20150615/PRINT/306159978/pioneers-taking-different-paths-on-risk-factor-based-investing

appropriate role for these strategies within their overall portfolios. Some investors are evaluating these strategies as a (i) substitute for traditional beta; (ii) substitute for hedge fund/alternative allocation; (iii) way to access new sources of alpha; and (iv) overall portfolio diversifier. In a JP Morgan Survey of Institutional Investors, it indicated that pensions, insurers and asset managers are most likely to increase their allocations to risk premia strategies. The survey also indicates that most respondents believe assets in risk premia strategies will increase significantly over the next three years.

Investcorp expects the hedge funds industry to continue to evolve at an increasing pace as investors continue to evaluate their needs and seek more efficient methods for obtaining their objectives.

Discussion of results

Following the publication of new International Financial Reporting Standards ('IFRS') guidelines for recognition of 'Revenue from Contracts with Customers', Investcorp has reviewed and revised its revenue recognition policies accordingly and early adopted the new requirements of IFRS 15. Consistent with IFRS guidelines for adoption of revised accounting standards, this has resulted in the restatement of certain line items on Investcorp's historical financial statements presented as comparatives. For details please refer to Note 29 of the Consolidated Financial Statements for the period ended June 30, 2015. Income and balance sheet items as at June 30, 2014 referred to in this discussion for comparison have therefore been restated to reflect the new requirements under IFRS 15.

Net income

Net income includes fee income from client-centric activities and asset based income from returns generated on balance sheet assets, including unrealized changes in fair value of co-investments in Investcorp's corporate investment ('CI'), real estate ('RE') and hedge fund ('HF') products.

Fiscal year 2015 ('FY15') has been another year of strong performance and marks the third year in a row of double digit income growth. Net income has compounded at a cumulative annual growth rate ('CAGR') of 18% since FY12. Investcorp's FY15 results represent a return on equity ('ROE') of 16% and a 71% increase in fully diluted earnings per share ('EPS') to $129 per ordinary share.

Income ($m)	**FY15**	**FY14**	**% Change B/(W)**
Fee income	308.2	315.8	(2%)
Asset based income	73.0	47.6	53%
Gross operating income	**381.1**	**363.4**	**5%**
Provisions for impairment	(2.8)	(1.4)	>(100%)
Interest expense	(58.0)	(60.6)	4%
Operating expenses	(203.6)	(198.4)	(3%)
Net income	**116.7**	**103.1**	**13%**
Basic earnings per ordinary share ($)	140	87	61%
Fully diluted earnings per ordinary share ($)	129	76	71%

Net income of $116.7 million for FY2015 was 13% higher than the comparative period last year (FY14: $103.1 million), driven by strong asset based income.

Fee income decreased marginally to $308.2 million (FY14: $315.8 million) primarily driven by lower performance fees which was only partially offset by an increase in more predictable AUM fees and higher activity fees. Asset based income increased by 53% to $73.0 million (FY14: $47.6 million), reflecting significantly higher returns on balance sheet co-investments in corporate investment and real estate. Interest expense declined by 4% reflecting lower average levels of debt and operating expenses increased by 3% to $203.6 million (FY14: $198.4 million) from higher compensation expense accruals resulting from higher net income.

Fee income

Fee income has two components (i) AUM fees which includes management fees on aggregate client investments under management in corporate and real estate deals, as well as fees from client investments in hedge funds; and (ii) Deal fees which are generated and earned from transactional activities related to direct investments (corporate, real estate and special opportunities portfolios), including their initial acquisition, subsequent placement and eventual exit, plus performance fees for value added during the ownership period.

Summary of fees ($m)	FY15	FY14	% Change B/(W)
Hedge fund fees	21.4	28.8	(25%)
CI & RE management fees	90.1	71.2	26%
AUM fees	**111.5**	**100.0**	**12%**
Activity fees	158.9	151.6	5%
CI & RE performance fees	37.7	64.2	(41%)
Deal fees	**196.6**	**215.8**	**(9%)**
Fee income	**308.2**	**315.8**	**(2%)**

Total fee income in FY15 was $308.2 million (FY14: $315.8 million). This is the third consecutive year of fee income exceeding $300 million reflecting the stability and growth profile of Investcorp's client franchise and fee-generating business. Higher management fees and deal activity fees were offset by a decrease in performance fees and hedge fund fees. AUM fees were $111.5 million in FY15, 12% higher than FY14. Hedge fund fees declined by $7.4 million, reflecting lower absolute returns compared to the previous period and a decreased level of client AUM. Management fees increased by 26% to $90.1 million primarily as a result of higher client AUM for corporate investment and real estate. The increase also reflects the strong placement activity over the last several years which translates into an increasing contribution to current year management fees from the prior years' placements under the revised IFRS 15.

Deal fees, in aggregate, declined in FY15 to $196.6 million. Although activity fees increased by 5% to $158.9 million, reflecting a higher level of acquisition and deal-by-deal placement volumes, this was offset by a decline in the more volatile component of performance fee accruals relative to FY14.

Asset based income

Asset based income is earned on Investcorp's corporate investment, real estate investment and hedge funds co-investments held on the balance sheet, including invested liquidity. Asset based income includes unrealized changes in fair value of corporate and real estate co-investments.

Gross asset based income increased by 53% in FY15 to $73.0 million from $47.6 million in FY14, as a result of significant increases in corporate investment and real estate investment returns. Total corporate investment and real estate investment asset based income nearly quadrupled from $16.0 million in FY14 to $61.3 million in FY15. The improvement in corporate investment and real estate investment returns was partially offset by a decline in hedge fund asset based income from $28.2 million in FY14 to $9.1 million in FY15. Hedge fund returns rebounded strongly from the challenging investment environment in the first half of the fiscal year to report income of $19.4 million in the second half and full year income of $9.1 million.

Asset based income ($m)	FY15	FY14	% Change B/(W)
Corporate investment	49.8	23.8	>100%
Hedge funds	9.1	28.2	(68%)
Real estate investment	11.5	(7.8)	>100%
Treasury and other asset-based income	2.6	3.4	(25%)
Gross asset based income	**73.0**	**47.6**	**53%**

The tables below summarize the primary drivers of asset based income for corporate investment, hedge funds and real estate investment:

CI asset based income KPIs ($m)	FY15	FY14	% Change B/(W)
Asset based income	49.8	23.8	>100%
Average co-investments (excluding underwriting)	734.1	899.3	(18%)
Absolute yield	6.8%	2.6%	4.1%

HF asset based income KPIs ($m)	FY15	FY14	% Change B/(W)
Asset based income	9.1	28.2	(68%)
Average co-investments	451.2	390.1	16%
Absolute yield	2.0%	7.2%	(5.2%)

RE asset based income KPIs ($m)	FY15	FY14	% Change B/(W)
Asset based income	11.5	(7.8)	>100%
Average co-investments	209.7	216.4	(3%)
Absolute yield	5.5%	(3.6%)	9.1%

The table below shows the average yields on balance sheet co-investments for each of the last five fiscal years, by asset class.

Asset yields (annualized)	FY11	FY12	FY13	FY14	FY15	Average (FY11 - FY15)
Corporate investment	13.1%	5.6%	0.0%	2.6%	6.8%	**5.6%**
Real estate investment	20.1%	7.9%	0.1%	(3.6%)	5.5%	**6.0%**
Hedge funds	6.5%	(8.4%)	6.6%	7.2%	2.0%	**2.8%**
Aggregate co-investment yield	11.6%	1.4%	1.6%	2.9%	5.0%	**4.5%**

Corporate investment returns have improved steadily over the last two years due to an improving macro-economic environment and growing profitability across the underlying portfolios companies. Returns over the five year period from FY11 have averaged 5.6%. Real estate returns over the same five year period have averaged 6.0% reflecting strong performance of the post-2009 real estate portfolio which continues to deliver targeted levels of on-going rental yields. Real estate returns in FY13 and FY14 were negatively impacted by valuation write downs on legacy (pre-FY09) investments. Investcorp's hedge fund co-investment performance of 2.0% in FY15 was lower than long-term averages. The underperformance was due to large drawdowns experienced by a couple of managers in the first half of the fiscal year particularly during the market turbulence of October 2014. With the exception of FY15 and FY12 when returns were negatively impacted by the European sovereign debt crisis, hedge fund co-investments have been delivering targeted absolute returns of 6-7% per annum.

Interest expense

Total interest expense, including commitment fees on undrawn revolving credit facilities, decreased by 4% to $58.0 million in FY15 from $60.6 million. The decline was principally due to lower average levels of interest-bearing debt outstanding in FY15 which decreased to $1,246 million (FY14: $1,407 million). The funding mix remained stable, with short-term liabilities representing one-third of the total.

The average cost of drawn funding was slightly lower year-on-year by 0.1% as shown in the table below.

Interest expense ($m)	FY15	FY14	Change H/(L)
Total interest expense	58.0	60.6	(2.5)
Average short term interest-bearing liabilities	422	465	(43)
Average medium and long term interest-bearing liabilities	824	942	(118)
Average interest-bearing liabilities	**1,246**	**1,407**	**(161)**
Interest expense on funded liabilities*	48.6	56.7	(8.1)
Average cost of funding on funded liabilities	**4.0%**	**4.1%**	**(0.1%)**

*Does not include commitment fee and other facility costs on undrawn revolvers

Operating expenses

Operating expenses increased by 3% to $203.6 million in FY15 from $198.4 million in FY14. Staff compensation, which includes fixed and variable components, increased by 12% due to higher headcount investments in several business areas to facilitate top-line growth and higher incentive compensation accruals in light of the higher net income. Total compensation per full time employee ('FTE') grew by 4% over last year, whilst other operating costs per FTE fell by 14%, reflecting the scalability and operating leverage of Investcorp's business model. Other expenses, comprising professional fees, travel and business development, administration and infrastructure costs and non-compensation personnel costs such as training and recruitment decreased by 10%. Total expenses, as a percentage of net revenues, also decreased to 64% in FY15 from 66% in FY14.

Operating expenses ($m)	FY15	FY14	Change
Staff compensation	129.1	115.8	12%
Other personnel costs and charges	8.1	10.6	(23%)
Other operating expenses	66.3	72.0	(8%)
Total operating expenses	**203.6**	**198.4**	**3%**
Full time employees (FTEs) at end of period	301	281	20
Staff compensation per FTE ('000)	429.0	412.1	4%
Other operating expenses per FTE ('000)	220.4	256.3	(14%)
Total staff compensation / total operating expenses	63%	58%	5%
Operating expenses / Net revenue*	64%	66%	(2%)

*Net revenue represents net income before operating expenses

Balance sheet

Key balance sheet metrics are shown in the table below.

Balance sheet metrics	Jun-15	Jun-14
Total assets	$ 2.2 billion	$ 2.3 billion
Leverage*	1.3x	1.2x
Net leverage ratio**	0.7x	0.9x
Shareholders' equity	$ 0.9 billion	$ 0.9 billion
Co-investments*** / long term capital****	0.8x	1.0x
Capital adequacy ratio	28.7% (Basel III)	27.5% (Basel II)
Residual maturity - medium and long term facilities	75 months	87 months

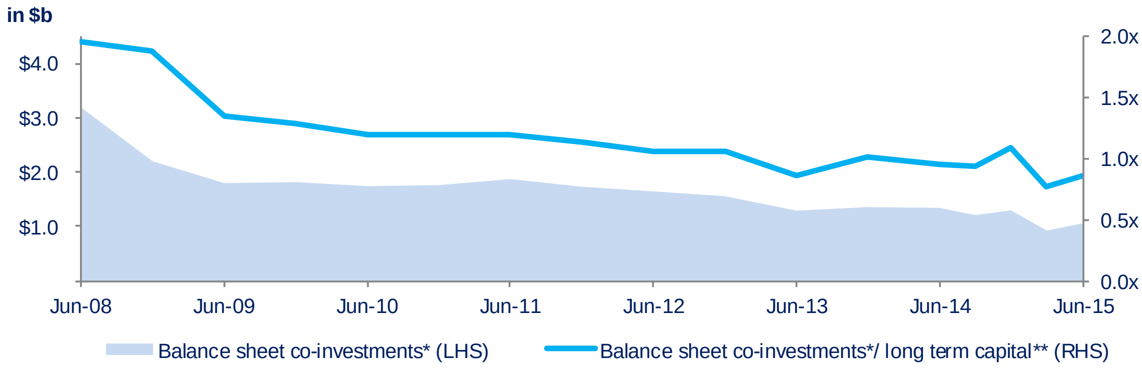
* Calculated in accordance with bond covenants
** Calculated in accordance with bank loan covenants which is net of liquidity, underwriting and deferred fees
*** Excludes underwriting and is net of revolving facilities secured against hedge fund co-investments
**** JPY 37 billion debt maturing in 2030 and $50 million debt maturing in 2032, deferred fees and total equity

Assets

Assets ($m)	Jun-15	Jun-15	Change H/(L)
Cash & other liquid assets	339	227	112
CI & RE underwriting	88	112	(25)
HF co-investments	421	476	(55)
CI & RE co-investments (excluding underwriting)	810	1,041	(231)
Other (working capital & fixed assets)	503	447	56
Total assets	**2,161**	**2,304**	**(143)**
Co-investment assets (excluding underwriting)	**1,231**	**1,517**	**(286)**

At June 30, 2015, total assets were $2.2 billion, 6% lower than at June 30, 2014, primarily driven by a reduction in co-investments, which was partially offset by an increase in liquidity and other working capital. The lower amount of CI and RE co-investments reflects the sale of Berlin Packaging, previously the largest individual CI co-investment, as well as the partial realizations of Fishnet Security and Asiakestieto. The reduction in HF co-investment primarily relates to redemptions from two single managers. As at June 30, 2015, gross exposure in hedge funds was $421 million of which $50 million was utilized to secure amounts drawn under a bi-lateral $175 million revolving facility.

Co-investments are funded entirely by a combination of long-term and permanent sources of capital



* Excludes underwriting and is net of total facilities which are secured against hedge funds when drawn

** Long-term capital consists of JPY 37 billion debt maturing in 2030, $50 million debt maturing in 2032, total equity and deferred fees

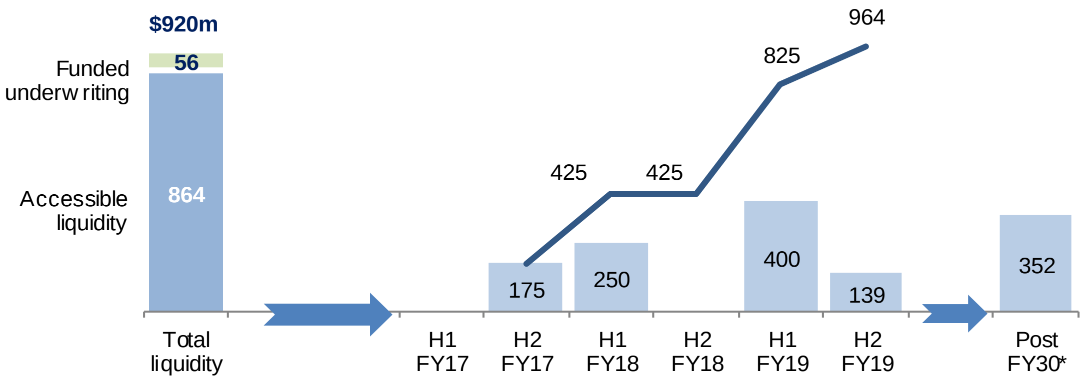
Investcorp focuses on maintaining a co-investment to long-term capital ratio of 1.0x or lower, such that the entire balance sheet co-investment portfolio is fully funded through permanent or quasi-permanent capital and does not rely on medium-term debt financing. As at June 30, 2015 the aggregate level of co-investments, net of a $175 million revolving facility which is secured against hedge funds when drawn, remained fully covered by permanent and long-term sources of capital.

Liquidity

Accessible liquidity, comprising balance sheet cash, other liquid assets and undrawn committed revolving facilities was $0.9 billion (June 30, 2014: $0.7 billion) and substantially covers all outstanding medium-term debt maturing over the next four years.

Hedge fund co-investments provide a further structural tier of liquidity but are now a less significant component. The monetization profile of Investcorp's $421 million hedge fund co-investments at June 30, 2015 was approximately 74% within three months, 77% within six months and 89% within 12 months. As at June 30, 2015, $50 million of hedge fund co-investments were provided as collateral against secured revolving financing facilities.

Liquidity cover ($m)



*JPY 37 billion ($302 million at current exchange rates) debt maturing in 2030 and $50 million maturing in 2032

Liabilities

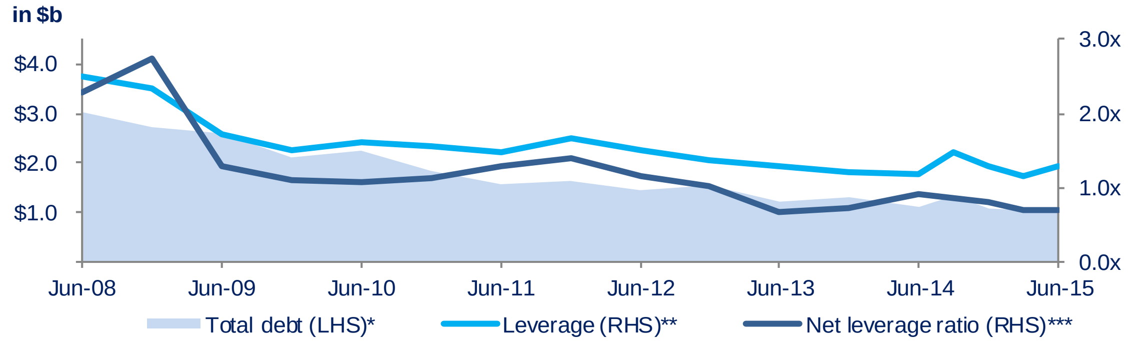
Total liabilities fell by $106 million to $1.3 billion at June 30, 2015 from $1.4 billion in June 30, 2014.

Liabilities ($m)	Jun-15	Jun-14	Change H/(L)
Term and institutional borrowings	38	136	(98)
Call accounts	101	96	5
Medium term debt	435	497	(63)
Long term debt	348	410	(62)
Total debt	**922**	**1,139**	**(218)**
Deferred fees	100	83	18
Other liabilities*	258	164	94
Total liabilities	**1,279**	**1,386**	**(106)**

* Payables and accrued expenses, negative fair value of derivatives less prepaid transaction costs of borrowings

The decrease in medium-term debt was primarily due to repayment of drawn revolvers which remain available for future drawdown as needed for funding new deal underwriting and working capital requirements. The reduction in long-term debt, the majority of which is denominated in Japanese Yen, was primarily due to the depreciation of the Yen against the US Dollar. Currency translation risks are fully hedged, and hence there is no material impact from this or other exchange rate variations.

Financial leverage



* Total debt is defined as call accounts, term and institutional borrowing, medium and long term debt

** Calculated in accordance with bond covenants. Liabilities are net of transitory balances

*** Calculated in accordance with bank loan covenants, net of liquidity, underwriting and deferred fees

Leverage, as defined for financial covenants principally in Investcorp's outstanding bond and note issues, is calculated after deducting any transitory liabilities from the aggregate level of liabilities on the balance sheet, and has remained low and in line with Investcorp's medium-term objectives.

The net leverage covenant in the $400 million revolving credit facility due in July 2018 is calculated by deducting cash and underwriting balances from liabilities and excludes the impact of adoption of the revised IFRS 15.

Credit ratings

Investcorp held its annual rating review with both Moody's and Fitch in October. Moody's re-affirmed Investcorp's credit ratings at Ba2 in January 2015 and retained a stable outlook. Fitch Ratings re-affirmed Investcorp's credit ratings at BB in March 2015 and retained a stable outlook.

Agency	Rating grade	Comment
Moody's Investor Service	Ba2 / Stable outlook	Rating affirmed in Jan 2015 Credit opinion published in Mar 2015
Fitch Ratings	BB / Stable outlook	Ratings Navigator published in Jan 2015 Rating and outlook confrmed in Mar 2015 Rating report published in Mar 2015

Equity

Equity ($m)	Jun-15	Jun-14	Change H/(L)
Ordinary shareholders' equity	624	463	161
Preference share capital	225	391	(166)
Proposed appropriations	42	63	(21)
Fair value & revaluation adjustments	(9)	1	(10)
Net book equity	**882**	**918**	**(36)**

Net equity at June 30, 2015 was $0.9 billion. The decrease in FY15 primarily relates to further retirement of preference shares and the payment of dividends in respect of FY14 offset by an increase in ordinary shareholders' capital reflecting the sale of treasury shares to a new Gulf-based institutional shareholder together with the net income for the year.

During FY15, an aggregate of 166,222 preference shares were retired for a total aggregate price of $171.9 million including accrued dividends. Investcorp has now retired more than half of the preference shares raised in 2009, using a combination of retained earnings and capital released from the reduction of balance sheet co-investments. Also, during FY15, Investcorp sold a significant number of treasury shares to a new Gulf-based institution, resulting in an increase in the ordinary share capital of $161 million inclusive of the retained earnings for FY15. Book value per ordinary share as of June 30, 2015 was $900.03 per ordinary share (FY14: $737.77 per ordinary share).

At June 30, 2015, Investcorp remains a management controlled company, with management, in concert with strategic shareholders, controlling the voting of 67.1% of Investcorp's ordinary shares.

Capital adequacy

On the basis of the Capital Adequacy Rulebook Module published in early July 2014, Investcorp's Basel III CAR is not materially different to its capital adequacy reported under Basel II. As at June 30, 2015 the Basel III CAR was 28.7%.

In August 2014, the CBB confirmed Investcorp's designation as a Domestic Systemically Important Bank ('DSiB'). As a result of this designation, Investcorp will be subject to an increased frequency of prudential meetings and inspections by the CBB. Subject to a separate future assessment, the CBB may also require DSIBs to maintain a higher minimum level of regulatory capital.

Segmental analysis

Net income by operating segment

Investcorp's activities are classified into two primary operating segments: a fee business and a co-investment business.

The fee business earns income generated from transactional activity and management of client AUM. The co-investment business earns asset based income on balance sheet co-investments in Investcorp's corporate investment, real estate and hedge fund products. Asset based income arising from treasury and other activities is attributed to the fee business.

This classification reflects a commonly used approach for a hybrid firm such as Investcorp, where the overall business can be considered a combination of fee income and investment income generating components, essentially the combination of an asset management business and a principal investment business. As the fee and co-investment businesses are clearly distinct, separate financial disclosure of the two segments should enhance stakeholders' understanding of Investcorp's business model. This is especially important as the fee business continues to evolve as the dominant contributor to, and driver of, Investcorp's overall financial performance.

A portion of the aggregate operating expenses are allocated to the co-investment business on an ex-ante basis using a proxy fixed fee that is levied on total balance sheet co-investments at the beginning and middle of the year. A portion of the variable compensation expenses are also allocated to the co-investment business based on the Firm's overall compensation ratio. All residual operating expenses, which are the bulk of the total operating expenses of the Firm, are attributable to the fee business.

Interest expense is allocated between the two operating segments based on the average balances of interest bearing liabilities utilized by each segment for its operations.

Net income from fee business

A detailed analysis of the net income for the fee business is shown in the table below:

Net income: fee business ($m)	**FY15**	**FY14**	**% Change B/(W)**
AUM fees	111.5	100.0	12%
Deal fees	196.6	215.8	(9%)
Treasury and other asset based income	2.6	3.4	(26%)
Gross revenue from fee business	**310.7**	**319.3**	**(3%)**
Provisions for impairment	(2.8)	(1.4)	>(100%)
Interest expense	(30.0)	(30.6)	2%
Net revenue from fee business	**277.9**	**287.3**	(3%)
Operating expenses	(191.8)	(187.9)	(2%)
Net income from fee business	**86.1**	**99.4**	**(13%)**

Although gross revenues from the fee business decreased by 3% from $319.3 million in FY14 to $310.7 million in FY15, the quality of earnings improved as recurring AUM fees increased by 12% and now represent 36% of the total, up from 33% in FY14. The decline in gross revenues was driven by the more volatile performance fee component of hedge fund fees and deal feels. Corporate investment performance fee accruals were the largest contributor to the 9% decline in deal fees. The increase in AUM fees, on the other hand, benefited from an increase in real estate and corporate investment placement volume in recent years and the associated growth in AUM.

Please refer to Discussion of Results – Fee income for more detail on the performance in FY15 compared to FY14.

Net income from the fee business declined by 13% to $86.1 million in FY15 from $99.4 million in FY14. This was primarily driven by the decrease in revenues described above as well as the overall increase in the Firm's operating expenses. This resulted in an increase in operating expenses for both the fee business and the co-investment business but had a greater absolute impact on the fee business, reflecting the relative sizes of the two operating segments.

Net income from co-investment business

A detailed analysis of the net income for the co-investment business is shown in the table below:

Net income: co-investment business ($m)	**FY15**	**FY14**	**% Change B/(W)**
Asset based income from hedge funds co-investments	9.1	28.2	(68%)
Asset based income from corporate co-investments	49.8	23.8	>100%
Asset based income from real estate co-investments	11.5	(7.8)	>100%
Gross revenue from co-investment business	**70.4**	**44.1**	**60%**
Interest expense	(28.1)	(30.0)	6%
Net revenue from co-investment business	**42.3**	**14.1**	>100%
Operating expenses	(11.7)	(10.4)	(13%)
Net gain from co-investment business	**30.6**	**3.7**	**>100%**

Net income from the Group's co-investment business was a gain of $30.6 million in FY15 as compared to $3.7 million in FY14. Asset based income from co-investments in corporate investments and real estate investments both increased significantly, offset by a decline in hedge funds asset based income due to significant market turbulence and negative performance in the first six months of the fiscal year. This loss was more than reversed in the second half of the year.

Please refer to Discussion of Results – asset based income for more detail on the performance in FY15 compared to FY14.

Balance sheet by operating segment

The following methodology has been used for allocating assets, liabilities and equity to each of the fee and co-investment business segments:

Assets: All co-investments and related receivables, excluding underwriting, are allocated to the co-investment business. All other assets, including cash in transit associated with redemptions from hedge funds and realizations of corporate and real estate co-investments and associated advances are allocated to the fee business.

Liabilities: All long-term debt and a proportion of drawn medium-term debt, including secured loans, are allocated to the co-investment business. Client investment accounts, term and institutional borrowings and the residual amount of medium-term debt are allocated to the fee business.

Equity: Total equity allocated to the fee business is determined by the amount of economic capital needed to support ongoing underwriting activity and associated working capital requirements. The remaining amount of total equity is allocated to the co-investment business. Revaluation reserves and other components of equity are allocated to the relevant business segment on the basis of the asset or liability to which they relate.

At the beginning of each fiscal year, the amount of equity required for the fee business is re-assessed based on the next 12 months' planned investment and placement activity. As a result, any excess or shortfall in the assessed equity for the fee business will be moved either to, or from, the co-investment business.

As at June 30, 2015, the segmental balance sheets for the fee business and the co-investment business are shown in the table below:

	Fee business		Co-investment business		Total	
Balance sheet ($m)	**Jun-15**	**Jun-14**	**Jun-15**	**Jun-14**	**Jun-15**	**Jun-14**
Cash & other liquid assets	339.3	227.2	-	-	339.3	227.2
Advances & receivables	377.8	329.1	8.7	6.1	386.4	335.1
Co-investments (HF, CI, RE)	-	-	1,231.2	1,517.2	1,231.2	1,517.2
Underwriting	87.5	112.4	-	-	87.5	112.4
Other assets	117.0	112.2	-	-	117.0	112.2
Total assets	**921.6**	**780.8**	**1,239.8**	**1,523.3**	**2,161.4**	**2,304.1**
Call accounts	101.0	95.8	-	-	101.0	95.8
Term and institutional borrowings	37.7	135.7	-	-	37.7	135.7
Medium term debt	332.3	203.1	84.7	271.1	417.1	474.2
Long term debt	-	-	346.2	408.1	346.2	408.1
Deferred fees	100.3	82.7	-	-	100.3	82.7
Other liabilities	271.3	172.2	5.8	17.0	277.1	189.2
Total liabilities	**842.7**	**689.6**	**436.8**	**696.2**	**1,279.4**	**1,385.8**
Total equity	**78.9**	**91.3**	**803.1**	**827.1**	**882.0**	**918.4**
Total liabilities & equity	**921.6**	**780.8**	**1,239.8**	**1,523.3**	**2,161.4**	**2,304.1**

The total assets of the co-investment business decreased to $1.3 billion as compared to $1.5 billion at June 30, 2014, primarily due to the realization of Berlin Packaging in CI co-investments and lower CI Europe co-investment amounts, in dollar terms, due to the depreciation in the Euro and British Pound against the US Dollar.

The total assets of the fee business increased to $921.6 million, primarily driven by a higher level of liquidity carried on the balance sheet as at June 30, 2015.

Equity allocations to the business segments reduced slightly as a result of the overall reduction in the size and risk profile of each business's balance sheet.

Investment activity

New acquisitions: Corporate investments

Investcorp targets the acquisition of corporate investment opportunities that it believes to be attractive in North America, Europe, the Gulf region and Turkey. In addition, it continues to actively support its existing portfolio companies to increase market share and expand their operational footprint through selected add-on acquisitions. The Firm seeks corporate investments that it believes offer its investors an attractive return profile, driven by proactive value creation initiatives including revenue growth through expansion in new products and territories, business efficiency improvements and the strengthening of management teams.

The aggregate capital deployed in corporate investments during FY15 was $625 million. $607 million was deployed across five new corporate investments, $16 million was deployed to fund one add-on acquisition and $2 million was invested through the Investcorp Technology Partners III Fund into an existing portfolio company.

	PRO Unlimited A leading provider of software and services that enable large enterprises to manage their contingent workforce Date of investment: October 2014 Industry sector: Industrial services - business services Headquarters: Florida, US
	Dainese One of the leading global brands in the protective gear market for motorcycling and other dynamic sports Date of investment: December 2014 Industry sector: Consumer products – retail Headquarters: Vicenza, Italy
	Arvento Mobile Systems Multiple award-winning telematics solution provider based in Turkey Date of investment: February 2015 Industry sector: Business services Headquarters: Ankara, Turkey
	Nobel Learning Communities Leading provider of private pre-school through high school education in the US Date of investment: March 2015 Industry sector: Consumer services Headquarters: Pennsylvania, US

NDT CCS NDT Corrosion Control Services Co.	**NDT Corrosion Control Services Co. (NDTCCS)** Largest provider of non-destructive testing services in Saudi Arabia serving the industrial sector Date of investment: May 2015 Industry sector: Business services Headquarters: Dammam, Saudi Arabia

The amount of aggregate equity deployment in FY15 excludes the acquisition of SPGPrints below which was signed in late FY14 and closed in early FY15.

spgprints®	**SPGPrints B.V.** A leading global provider of integrated systems for the textile and graphic industries Date of investment: June 2014* Industry sector: Industrial products Headquarters: Boxmeer, The Netherlands *Transaction closed in August 2014

Other investment activities:

A number of Investcorp's corporate investment portfolio companies made add-on acquisitions to grow value as part of their growth strategies. Such add-on acquisitions enable the companies to grow revenues, for example by developing market share, by entering new markets and geographies, or by extending services or product ranges.

In August 2014, **Namet** acquired Marmara Besicilik ve Et Sanayi ve Ticaret A.S. ('Maret'), a 30 year old meat processing company as well as acquiring land owned by Maret. Established in 1984, Maret is considered to be the creator of sausage (frankfurter) in Turkey as well as one of the first advertisers in the delicatessen market. The Gulf Opportunity Fund I deployed $16 million to fund this add-on acquisition.

Other add-on investments are summarized below. No additional equity from Investcorp or its investors was required for these investments:

July 2014: **Icopal** acquired a 49% stake in STS, an installation service company based in northern Denmark.

September 2014: **GL Education** acquired The Test Factory, an assessment technology supplier based near Sunderland in the north-east of England. The Test Factory was a pioneer of digital assessment in schools a decade ago and their Testwise e-assessment platform is used in 7,000 UK schools and annually delivers two million digital tests globally.

Veritext made three add-on acquisitions in September. AcuScribe Court Reporters is a provider of top-tier litigation support services throughout the state of Texas and nationwide. Merit Court Reporters LLC, has over 45 years as a provider of top-tier litigation support services to the legal community throughout the state of Texas. McGuire's Reporting Service, based in Chicago is a premier court reporting firm that has been servicing the needs of litigators throughout the state of Illinois for the past 37 years.

November 2014: **Skrill Group** acquired Ukash, an online cash payment provider based in the UK. Ukash is regulated by the UK Financial Conduct Authority as an Electronic Money Institution ('EMI'). Together with Skrill's Paysafecard, Ukash will expand Skrill's existing online payment services into new regions.

January 2015: Fritta, the second largest Spanish company in the ceramic tiles coloring space, after **Grupo Esmalglass-Itaca**, was acquired by Esmalglass. Fritta was established in 1973 in Onda, Spain and produces all critical intermediate products in the manufacturing of ceramic tiles such as ceramic frits, glazes, ceramic colors and inkjet inks.

February 2015: **Gulf Cryo** completed an add-on acquisition of Yaliz Gas, positioning Gulf Cryo as the third largest industrial gas player in Turkey. Yaliz Gas is a leading industrial gas company with a well-established production and distribution network in the Marmara region of Turkey. The company has three filling plants, through which it serves a significant number of packaged gas customers with oxygen, nitrogen, argon, gas mixes, specialty gases and CO2 cylinders, as well as bulk liquid gases.

March 2015: **Veritext** acquired Love Court Reporting Inc., based in Philadelphia, providing services throughout Pennsylvania, New Jersey and Delaware as well as providing nationwide coverage. Later in March, Veritext made two further add-on acquisitions: Fredericks Reporting & Litigation Services, based in Austin, a premier court reporting firm that has been servicing the needs of litigators throughout the state of Texas for the past 30 years and Patti Blair Court Reporting, providers of exemplary court reporting services to the Chicago legal community since 1984.

May 2015: **Veritext** made one further add-on acquisition: Capital Reporting Company, headquartered in Washington D.C. Capital Reporting Company has provided top-tier litigation support over 12 years and was founded by trial lawyers specifically for trial lawyers.

New acquisitions: Real estate investments

Investcorp focuses on the acquisition of existing core and core-plus commercial real estate assets situated in the 30 largest, and most diversified markets in the US. The Firm seeks properties that it believes can offer investors an attractive current return and the potential for capital appreciation through hands-on asset management, revenue improvements, expense rationalization and value-added capital improvements. The majority of real estate investments are structured in a Shari'ah compliant manner.

The aggregate equity deployed in new real estate investments in FY15 was $368 million across four portfolios, two new properties to form a new portfolio and a recapitalization of its investment in the Tryp by Wyndham (formerly Best Western President Hotel).

2014 Office and Industrial Portfolio

Shari'ah compliant equity ownership interests in a three property office/flex space campus in Seattle, Oregon (Highland Tech Centre Campus*), a nine property office campus in Raleigh-Durham, North Carolina (Meridian Corporate Center) and a 12 property office campus in Jacksonville, Florida (Flagler Center)

Number of properties: 24

*Signed and closed in FY14

Canal Center Portfolio

Shari'ah compliant equity ownership interest in a four office building campus located on the Potomac River waterfront in Alexandria, Virginia

Number of properties: 4

2015 Residential Portfolio

Shari'ah compliant equity ownership interest containing one 828-unit 'for rent' apartment complex located in Towson, Maryland (Fairways at Towson), two garden style 'for rent' apartment complexes totaling 888-units located in Silver Spring, Maryland and Vista, California (Arcadian Silver Spring and Waterleaf Apartments) and one 156-unit 624-bed student housing community located in Orlando, Florida (Orion on Orpington)

Number of properties: 4

Atlanta Multifamily Portfolio

Shari'ah compliant equity ownership interests containing 878-units, in aggregate, in a garden style 'for rent' apartment complex located in North DeKalb, Atlanta (Chatsworth Apartment Homes) and Roswell/Alpharetta, Atlanta (Manchester at Mansell Apartment Homes)

Number of properties: 2

Two new 'for rent' multifamily residential properties were acquired during May and July 2015; a 524-unit apartment property located in Las Vegas, Nevada and a 642-until apartment property located in Hoffman Estates, Illinois. These properties will be part of a new portfolio to be placed during Q1 FY16.

Realizations & Distributions

Total realization proceeds and other distributions to Investcorp and its clients was approximately $1.5 billion in FY15.

Corporate investments

SourceMedia

A leading B2B provider of multimedia information to professionals in the banking, financial services and related technology markets

In June 2014, an agreement was signed with Observer Capital to sell SourceMedia. The transaction closed in August 2014.

Date of investment: November 2004

Investors: Deal-by-deal

Industry sector: Business services

Berlin Packaging

A leading supplier of custom and stock rigid packaging and related packaging solutions to large and small customers nationwide in end-markets such as food and beverage, household/personal care, healthcare and chemicals

Berlin Packaging was sold to Oak Hill Capital Partners in October 2014.

Date of investment: August 2007

Investors: Deal-by-deal and Investcorp Private Equity 2007 Fund

Industry sector: Distribution

FishNet Security

Largest pure-play IT security solutions provider in North America

In November 2014, an agreement was signed to merge Fishnet Security with Accuvant, Inc. The transaction closed in January 2015 and Investcorp and its investors continue to own a material residual interest in the merged entity. Subsequent to the merger, Investcorp and its investors received a further distribution in June 2015 representing the release of an escrow related to the merger and the proceeds from a dividend recapitalization.

Date of investment: November 2012

Investors: Deal-by-deal, Investcorp Technology Partners III Fund and Investcorp Private Equity 2007 Fund

Industry sector: Technology – IT services

	Randall Reilly A leading B2B media and data company focused on trucking, infrastructure-oriented construction and industrial end markets in the US In March 2015, Randall Reilly successfully refinanced and repaid its convertible preferred notes and accrued dividends thereon. Date of investment: February 2008 Investors: Deal-by-deal and Investcorp Private Equity 2007 Fund Industry sector: Business services
	Asiakastieto A leader in the Finnish credit information market In December 2014, Asiakastieto made a dividend distribution following a refinancing. In March 2015, Asiakastieto successfully priced its initial public offering ('IPO') on the Helsinki Stock Exchange at €14.75 per share. Investcorp and its investors will continue to retain a 12% stake in Asiakastieto, and this is subject to the customary 180-day lock-up period, post the IPO. Date of investment: May 2008 Investors: Deal-by-deal and Investcorp Private Equity 2007 Fund Industry sector: Business services

In addition to the realizations listed above, the remaining minority interest held by Investcorp in Focus Brand (**Carvel Corporation**) was sold to Roark Capital, in March 2015. Carvel is a leading ice cream merchandizing and distribution company in Connecticut.

These investments noted below have been partially realized in FY15 but proceeds were not received until after the end of FY15.

May 2015:	**Autodistribution** completed its €60 million bond issuance priced at €103.25 in May 2015. Proceeds are expected to be paid out during Q1 FY16. Autodistribution is a leading independent distributor of auto and truck spare parts in France and the largest independent auto parts distribution in Europe. This investment was acquired in March 2006.
June 2015:	A definitive agreement was signed with Synopsis to acquire **Spyglass from Atrenta**. Spyglass from Atrenta is a leading provider of electronic design automation tools servicing the semiconductor and consumer electronic industries. This investment was acquired in June 2004 by Investcorp Technology Ventures I Fund.

June 2015:	**Sophos Group plc** (formerly Utimaco Safeware AG) successfully priced its IPO on the London Stock Exchange. Sophos is a leading international provider of endpoint security and network access control solutions. This investment was acquired in June 2008 by Investcorp Technology Partners III Fund.

Real estate investments

	**US Hotel Portfolio** A loan investment in the 2,828-room Procaccianti Hotel by the Mezzanine Fund Date of realization: July and September 2014 Portfolio name: Investcorp Real Estate Mezzanine Fund I
	**Credit Suisse 'IQ' CMBS** A CMBS bond investment in the Credit Suisse Commercial Mortgage Trust Date of realization: July and September 2014 Portfolio name: Investcorp Real Estate Mezzanine Fund I
	**2200 – 2400 South McDowell** A 185,841 square foot industrial property in the Northern California Portfolio located in San Francisco Date of realization: August 2014 Portfolio name: Northern California Portfolio Geographic location: California
	**Residence Inn in Milwaukee** An eight-story 131-room hotel located in Milwaukee Date of realization: September 2014 Portfolio name: Diversified VII Portfolio Geographic location: Wisconsin
	**Sheraton Arlington** A 311-room hotel located in Arlington, Texas Date of realization: October 2014 Portfolio name: Investcorp Real Estate Credit Fund

Retail III

Eight retail shopping center properties totaling 1,653,726 square feet

Date of realization: December 2014

Portfolio name: Retail III Portfolio

Geographic location: Ohio and Indiana

Copperfield Portfolio

1,076-units in four adjacent multifamily properties located in Houston

Date of realization: February 2015

Portfolio name: Texas Apartment I Portfolio

Geographic location: Texas

Cottages of Champion Forest

A 300-unit 'for rent' apartment property located in Houston

Date of realization: February 2015

Portfolio name: Texas Apartment II Portfolio

Geographic location: Texas

Waters Park

A 168-unit 'for rent' apartment property located in Dallas

Date of realization: March 2015

Portfolio name: Texas Apartment II Portfolio

Geographic location: Texas

Villas at Edgewater

A 414-unit multifamily property located in Houston

Date of realization: March 2015

Portfolio name: Texas Apartment II Portfolio

Geographic location: Texas

North Haven Center (also part of the Connecticut Industrial Portfolio)

A 838,384 square foot industrial property located in the Greater New Haven

Date of realization: March 2015

Portfolio name: US Diversified VII Portfolio

Geographic location: Connecticut

Marriott Pittsburgh Hotel

A 318-room hotel situated between the Pittsburgh International Airport and downtown Pittsburgh

Date of realization: February 2015

Portfolio name: Investcorp Real Estate Credit Fund

Northern California Portfolio*

A 568,722 square feet of office and flex buildings located in Petaluma

Date of realization: March 2015

Portfolio name: Northern California Portfolio

Geographic location: California

*This portfolio is fully realized as of June 30, 2015

Sheffield Square

A 400-unit multifamily residential property located in Dallas

Date of realization: June 2015

Portfolio name: Texas Apartment I Portfolio

Geographic location: Texas

Doubletree Westborough

A 223-room hotel located 26 miles west of downtown Boston

Date of realization: July 2015

Portfolio name: Investcorp Real Estate Credit Fund

Other activities:

During FY15, investments made by the Gulf Opportunity Fund I, namely **L'azurde, Leejam Sports Company JSC, Gulf Cryo** and **Theeb Rent a Car** made dividend distributions to the Fund.

Investcorp's **Special Opportunities Portfolios** ('SOP I, II, II and IV') are opportunistic and thematic investments in unique market situations that typically have a two to four year time horizon.

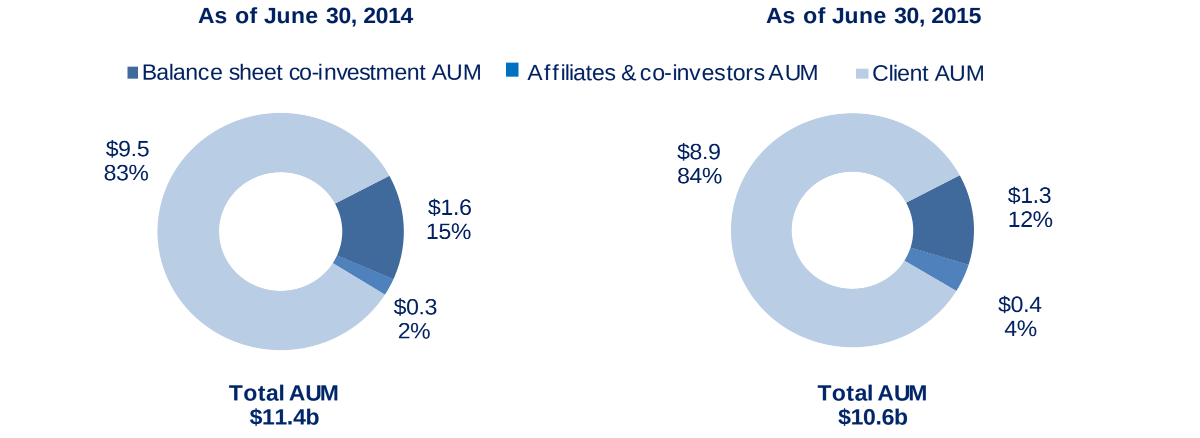
SOP I, a portfolio of investments in distressed credit and corporate restructurings in Europe and the US established in May 2011, successfully exited one of its remaining three positions in December 2014. Another core holding of SOP I executed a successful dividend recapitalization and paid a dividend to investors in June 2015. SOP II and SOP III were established in May and October 2013, respectively, and invested in Commercial Mortgage Backed Securities ('CMBS') issued before the 2008 financial crisis. In May 2015, SOP II realized the remainder of its underlying portfolio, approximately one year earlier than anticipated. SOP III is currently being monetized and this process is approximately 60% complete. SOP IV, a portfolio of non-performing loan ('NPL') pools collateralized by US residential real estate established in February 2014, has acquired loan pools and the portfolio's loan resolutions are proceeding according to plan. SOP IV began to monetize some of its portfolio during the fiscal year.

AUM & Fundraising

Assets under management ('AUM')[8]

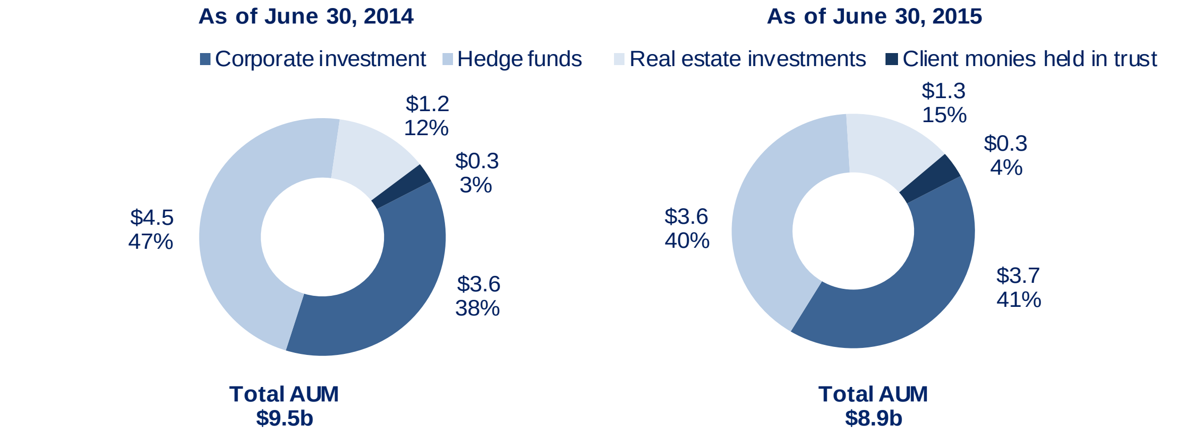
Please refer to the table in Note 2 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes total assets under management in each of the reporting segments.

Total assets under management ($b)



Total AUM decreased by 7% to $10.6 billion at June 30, 2015 from $11.4 billion at June 30, 2014 primarily due to a decrease in hedge funds client AUM.

Total client assets under management ($b)



Total client AUM decreased by 7% to $8.9 billion at June 30, 2015 from $9.5 billion at June 30, 2014 primarily due to a decrease in hedge funds AUM, partially offset by an increase in corporate investments AUM (3%) and real estate AUM (10%).

The two most dominant asset classes in client AUM continue to be corporate investment (41%) and hedge funds (40%). Corporate investment client AUM in deal-by-deal products increased by 11%, to $2.6 billion (June 30,

[8] Includes $2.4 billion (June 30, 2014: $2.5 billion) of single manager funds (including exposure through customized funds of hedge funds), managed by third party managers, where Investcorp receives fees calculated on the basis of AUM.

2014: $2.3 billion). This increase reflected strong new deal placement activity offset by distributions from the sale of Berlin Packaging and the partial realization of Asiakastieto and Fishnet Security. Client AUM in hedge funds decreased by 20% as redemptions outpaced new subscriptions during the year. A main contributor to this decrease was the decision to in-source hedge fund investment activities by one of the institutional clients in the customized fund of hedge funds space.

Key AUM metrics (by asset class)

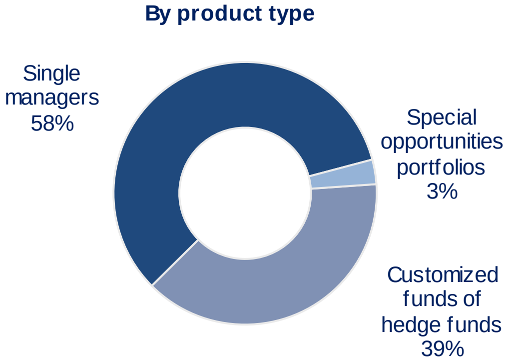
Corporate investment ($m)	Jun-15	Jun-14	% Change B/(W)
Client AUM			
Deal-by-deal investments	2,576	2,328	11%
Closed-end invested funds	1,098	1,247	(12%)
Total client AUM - at period end	**3,674**	**3,575**	**3%**
Average client AUM	3,625	3,530	3%

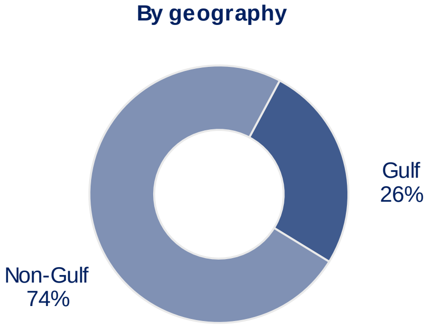
Real estate investment ($m)	Jun-15	Jun-14	% Change B/(W)
Client AUM			
Closed-end funds (Mezzanine/debt)	97	173	(44%)
Deal-by-deal investments	1,190	994	20%
Total client AUM - at period end	**1,288**	**1,167**	**10%**
Average client AUM	1,227	1,156	6%

Hedge funds ($m)	Jun-15	Jun-14	% Change B/(W)
Client AUM			
Customized fund of hedge funds	1,389	2,316	(40%)
Single managers	2,094	1,993	5%
Special opportunities portfolios	109	203	(46%)
Total client AUM - at period end	**3,593**	**4,513**	**(20%)**
Average total client AUM	4,053	4,102	(1%)

At June 30, 2015, hedge fund AUM was $4.0 billion, of which $3.6 billion represented client assets and $0.4 billion represented Investcorp's balance sheet co-investment.

Hedge fund client AUM





As at June 30, 2015, approximately three-quarters of client assets in hedge funds were from US institutional investors with the balance held by Gulf private and institutional investors. During the fiscal year, single managers experienced capital inflows, whereas customized funds of hedge funds experienced outflows. As of June 30, 2015, single managers accounted for 58% of the total hedge fund client AUM and customized funds of hedge funds represent 39% of the total. Special opportunities portfolios, placed on a deal-by-deal basis, account for 3% of hedge funds client AUM.

At June 30, 2015, more than 90% of hedge funds client AUM were managed for a range of institutional clients including pension funds, insurance companies, endowments and foundations, and funds of hedge funds.

Fundraising

Investcorp provides alternative investment solutions to private and institutional investors in the six GCC countries and also to international institutions. Investcorp's history, commitment and track record in the GCC region means it is trusted by Gulf investors to provide them with unique and non-traditional investment opportunities and services that are suitable for their risk return preferences. Investcorp is committed to ensuring its clients receive a 'best in class' service both regionally and internationally as it continues to strive to deliver strong, optimal and well balanced investment returns.

During FY15, strong levels of fundraising continued in Investcorp's core Gulf markets, driven by ongoing client appetite for alternative investments that provide attractive levels of return, appropriate risk-reward and that help them diversify their investment portfolios. Total deal-by-deal fundraising in the Gulf was $1,095 million compared to $955 million in FY14.

Total deal-by-deal placement* ($m)

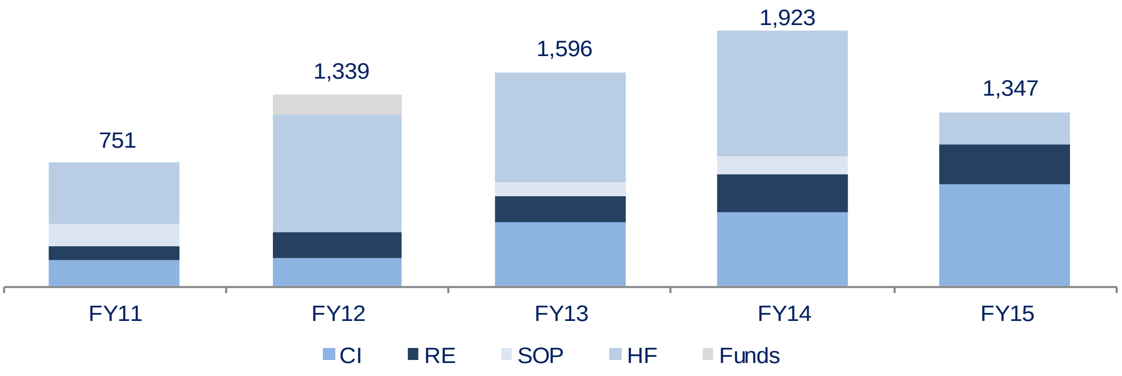
* Excludes monies raised via capital calls for Gulf Opportunity Fund I and Investcorp Real Esate Credit Fund III

Corporate investment placement was $788 million which represented a 38% increase over the $571 million placed in FY14. This included placement of the residual amount of Totes, a deal acquired in the last quarter of FY14, and the full placement of SPGPrints, PRO Unlimited, Dainese, and Arvento Mobile Systems. The placement of Nobel Learning Communities and NDT Corrosion Control Services Co. acquired in April and June 2015 respectively commenced in Q4 FY15 and is expected to be completed during Q1 FY16.

Real estate placement, across four new portfolios comprising 2014 Office and Industrial Portfolio, Canal Center Portfolio, 2015 Residential Portfolio and Atlanta Multifamily Portfolio, was $307 million, an 8% increase over $285 million placed in FY14.

New subscriptions into hedge funds from institutional investors were $251 million. The pace of new fundraising activity slowed due to a more challenging and volatile investment environment for hedge funds in the first half of the fiscal year.

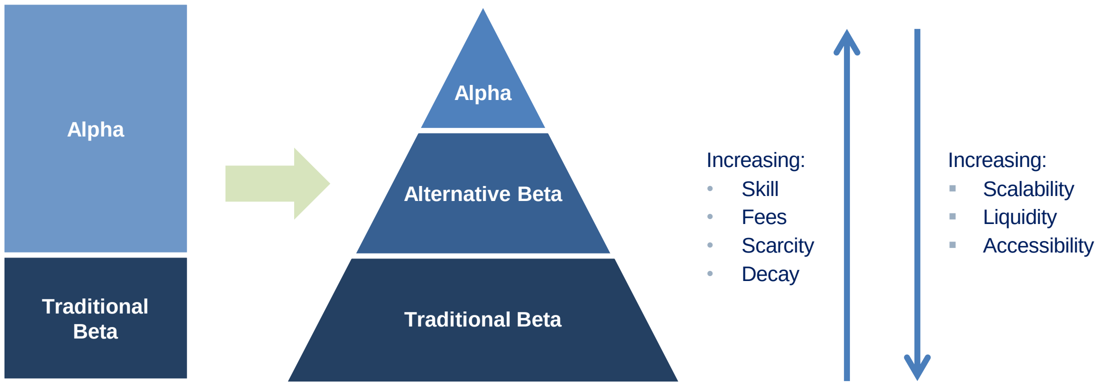
Total fundraising - by product ($m)



New hedge fund product launch – Alternative Beta

In June 2015, Investcorp's hedge funds business launched the first of a suite of diversified risk premia products designed to harvest the benefits of this new class of investments and to provide a total return above a cash benchmark. Investcorp's balance sheet has also provided initial capital for the launch, in H1 FY16, of a second fund.

Alternative Beta is considered a very attractive investment opportunity as it offers an uncorrelated source of returns, better liquidity, full transparency and lower fees compared to traditional hedge fund investments. These characteristics enable the construction of more resilient and reliable portfolios, while offering the potential to create a wide range of products and solutions for institutional investors, due to the diversity and breadth of return sources that are available.



Traditional Beta
A portion of returns associated with long-only exposure to traditional asset classes / indices

- S&P 500 Index
- Lehman Aggregate

Alternative Beta
A portion of returns associated with systematic long-short exposures embedded within broad market assets

- Carry
- Momentum
- Value
- Volatility
- Event
- Liquidity
- Structural

Alpha
A portion of returns associated with manager skill, driven by:

- Proprietary Information
- Speed
- Timing

In addition to committing balance sheet capital, Investcorp has recruited and hired dedicated resources and undertaken significant infrastructure and process development to support the long-term growth of this product line. Investcorp recognizes and is committed to meeting the needs of investors as their portfolio construction practices continue to evolve and move toward risk-aligned, dynamically managed portfolios. Investcorp's research has confirmed that major institutional investors across North America and the GCC have significant and rapidly growing interest in the Alternative Beta product segment and a pressing need for a fiduciary to offer guidance in this space. Recent industry surveys have also shown that investors are increasingly shifting from a product to a solutions mindset due to increasing institutional portfolio complexity.

Investcorp believes it is uniquely qualified to meet investors' needs in this evolving landscape through its:

- Open architecture: products / factors sourced externally and internally to deliver best-in-class portfolios
- Established fiduciary: experienced and dedicated team, institutional processes, robust infrastructure
- Due diligence capabilities:
    - Comprehensive qualitative and quantitative due diligence framework to identify very attractive risk premia and select best-in-class articulation
    - Fee and cost minimization through granular due diligence of factor providers and market levels
    - Operational due diligence ('ODD') on factor providers
- Strategic portfolio construction and dynamic allocation:
    - Strategic portfolio construction approach with long-term horizon
    - Leverage cross-asset research to formulate 'cycle-aware' views
    - Tilt portfolio based on fundamental, valuation, technical and flow-based signals
- Alignment of Interests
    - Long-term principal investor
    - Balance sheet co-investment in hedge funds

The Investcorp Alternative Beta team aims to deliver actively managed funds and solutions that provide uncorrelated returns and well-constructed portfolios that offer strong diversification to institutional client portfolios. Investcorp is committed to leveraging its unique expertise in the space to strive to deliver strong risk-adjusted performance to its clients.

Investcorp continued to provide its hallmark high touch service to its Gulf clients by providing broad coverage and ongoing communication across the markets in the Gulf.

In October 2014, an investor's conference was hosted by Investcorp in Bahrain, attended by approximately 150 clients and prospective clients. The conference examined the theme of entrepreneurship, a quality core to the development of Investcorp's business and those of its portfolio companies. Peter Hiscocks, CEO, Executive Education, Cambridge Judge Business School, shared his insights on entrepreneurship in a speech to attendees. Investcorp's senior investment team provided in-depth updates on the corporate investment business from a MENA, North American and European perspective, as well as presentations on the real estate and hedge funds businesses. CEOs from Investcorp's portfolio companies in the US, Europe, MENA and Turkey were also invited to provide their insights into current investment trends and opportunities within their industry segments. The special guests of honor were H.E. Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain, and H.E. Mohammed Al Shaibani, CEO and Executive Director of Investment Corporation of Dubai.

Between March 10 and 13, 2015, Investcorp hosted the Investcorp Leadership Program, an academic and practitioner led executive program that has been exclusively designed for young Arab professionals and future leaders. This initiative comes as part of Investcorp's on-going commitment to further develop human capital in the Gulf by providing a platform to foster knowledge sharing and promote understanding of critical issues influencing the world. The Program, which was held at the Cambridge Judge Business School, a world-leading center of rigorous thinking and high-impact transformative education, offered the participants key insights and learning into leadership, trust, innovation and sustainability. The Program was attended by 32 young Arab professionals from across Bahrain, Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, and Oman.

In June 2015, Investcorp's Qatar subsidiary was licensed by the Qatar Financial Centre Regulatory Authority to engage in advising and arranging activities. The subsidiary will begin operating from its office in the Qatar Financial Centre in September 2015.

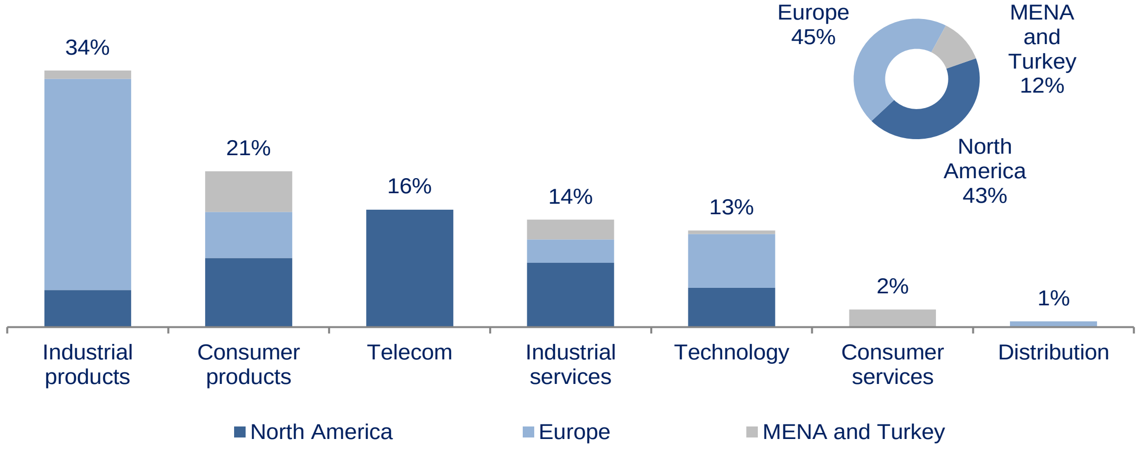
In July 2015, Investcorp's shareholders along with various representatives of the Ministry of Industry and Commerce, Central Bank of Bahrain and the Bahrain Bourse were invited to attend an Extraordinary General Meeting held at Investcorp's Bahrain office for the purpose of approving the Investcorp Group Remuneration Policies and amendments to Investcorp's Articles of Association to align them with amendments to the Bahrain Commercial Companies Law.

Portfolio performance

Corporate investments

At June 30, 2015, the carrying value of Investcorp's balance sheet co-investment in corporate investments, excluding strategic investments and underwriting, was $618.3 million (42 companies) compared with $831.1 million at June 30, 2014 (39 companies). This represents 50% of total balance sheet co-investments at June 30, 2015 (FY14: 55% at June 30, 2014). Changes in the carrying value of co-investments reflects a combination of; the balance sheet retention of new investments; realizations during the year; changes in fair value; and the change in the carrying values of non-USD denominated co-investments resulting from movements in foreign exchange rates that are hedged in terms of income impact through forward foreign exchange contracts. Corporate investment underwriting at June 30, 2015 was $34.9 million (FY14: $85.8 million at June 30, 2014)

The corporate investment portfolio is diversified by sector and is predominantly located in North America and Europe.



Please refer to the table in Note 10 (A) of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2015 and June 30, 2014 carrying values by region and investment sector.

At June 30, 2015, Investcorp's aggregate CI North America co-investments were $267.5 million with 16 active portfolio companies (FY14: $385.6 million across 16 portfolio companies). Aggregate CI Europe co-investments were $278.0 million with 14 active portfolio companies (FY14: $385.4 across 13 portfolio companies). Aggregate CI MENA co-investments (including Turkey) were $72.9 million with twelve active portfolio companies (FY14: $60.1 million across ten portfolio companies). The single largest exposure in the corporate investment portfolio was TelePacific, at 11% of total shareholders' equity as of June 30, 2015.

For investments in the technology sector, clients participate on a portfolio basis through dedicated technology funds, in which Investcorp is a co-investor, as well as through direct investments on a deal-by-deal basis. Investcorp has raised three technology funds to date.

For corporate investments in MENA, clients participate on a portfolio basis through a dedicated fund, the Gulf Opportunity Fund I, in which Investcorp is a co-investor, as well as through direct investments on a deal-by-deal basis.

Please refer to the Corporate Investments Portfolio Review section which describes each of the CI North America, CI Europe and CI MENA portfolio companies. Please refer to the Investment, realizations and distributions section in the Business Review for portfolio company activities during FY15.

Portfolio companies have performed well overall, reflecting Investcorp's value enhancement driven post acquisition approach. On average, Investcorp's direct investments in 26 mid-market companies in the US, Europe and MENA increased their aggregate EBITDA by approximately 10.3% year-on-year, benefitting from the steady improvement in the overall economic environment as well as from Investcorp's post-acquisition efforts to grow value. Aggregate EBITDA for these companies was approximately $1.2 billion and the average debt across the portfolio is relatively modest at 3.2x aggregate EBITDA.

The realizations in FY15, discussed below are all examples of the success of Investcorp's value enhancement focus during its period of ownership.

Berlin Packaging was acquired in August 2007 and under Investcorp's management, the company was able to grow organically through the Great Recession, expanding its specialty divisions as well as enhancing management talent. The company's organic growth was supplemented by four strategic add-on acquisitions that helped almost quadruple EBITDA under Investcorp's ownership. Importantly, Investcorp supported the company's management team by raising an additional $50 million in equity investment to fund the acquisition of All-Pak, a Pittsburgh, Pennsylvania-based supplier of rigid packaging solutions, hazardous materials packaging and laboratory packaging supplies primarily in the US. This acquisition in early 2010 allowed Berlin Packaging to gain significant scale with suppliers and enter higher profitability end markets such as pharmaceuticals. In 2013, Investcorp completed a dividend recap of Berlin Packaging in partnership with the company's founders and management team. In September 2014, Investcorp concluded the sale of Berlin Packaging to Oak Hill Capital Partners at an enterprise value of $1.43 billion. In aggregate, $954 million has been distributed to Investcorp and its clients in proceeds from the recapitalization and the final sale.

Since its acquisition by Investcorp in 2012, **FishNet Security** has delivered strong organic growth and improved its profitability while continuously innovating its offerings to anticipate and address the complex challenges associated with cyber security. The transformative merger with Accuvant, which was completed early in 2015, was a unique opportunity to take advantage of the attractive IT security market by bringing together the complementary strengths of two market leading organizations to accelerate growth and financial performance. The transaction allows the new combined entity to provide a broader suite of services, more innovative solutions, greater expertise and expanded reach to innovate and meet customers' complex and rapidly expanding global information security needs. Investcorp and its clients maintained a material significant equity interest in the new, combined company.

Asiakastieto successfully priced its initial public offering ('IPO') in late March on the Helsinki Stock Exchange at €14.75 per share in a successful offering. This was the first IPO of an Investcorp portfolio company on a European stock exchange since the flotation of Leica Geosystems on the Swiss Stock Exchange in 2000. Asiakastieto is a leading provider of business and consumer credit information services in Finland with approximately 13,000 contract customers. Investcorp acquired Asiakastieto in May 2008 from GMT Communications and has since strengthened various critical functions of the company as well as reinforcing the leadership of the Firm by bringing on board top-notch professionals. Under Investcorp's stewardship, Asiakastieto's net sales increased by 55% from €26.7 million to €41.4 million and its EBITDA increased by 65% from €12.5 million to €20.6 million. The strong cash generation of the business enabled it to reduce the net debt from €85 million at the time of Investcorp's acquisition to near-zero by the end of 2014. Investcorp and its investors retained a 12% stake in Asiakastieto, which is subject to the customary 180-day lock-up period, post the IPO.

A definitive agreement was signed in March 2015 to sell **Skrill** Group, in which Investcorp had retained a substantial minority ownership position, to AIM listed Optimal Payments PLC for an enterprise value of approximately €1.1 billion. The purchase price is a combination of cash and Optimal shares and the sale is expected to be completed during the first quarter of FY16. The combined entity creates a large online payment company with over $175 million of EBITDA. Investcorp, through its technology fund, initially invested $25 million in Skrill (then named Moneybookers) in 2007 for a majority stake. Under Investcorp's stewardship, Skrill’s EBITDA grew from €2 million in 2007, to over €60 million at the time of the sale of a majority stake to CVC Capital Partners in 2013. Separately, Investcorp’s acquisition of Skrill was recently selected as a case study for a Venture Capital & Private Equity course at Harvard Business School as an example of a successful private equity transaction.

On June 26, 2015, **Sophos Group plc** (formerly known as Utimaco Safeware AG) successfully listed on the London Stock Exchange (‘LSE’) and priced at a market capitalization of £1.0 billion ($1.6 billion). The Sophos IPO is the largest software IPO completed in the LSE’s history as well as being the first IPO in the UK by an Investcorp portfolio company. Sophos is the leading global provider of cloud-enabled network security solutions, offering organizations end-to-end protection products against known and unknown IT security threats. Sophos today protects over 200,000 corporates and over 100 million end-users in 150 countries. Investcorp Technology Fund III initially invested in Utimaco Software AG, a German-based global leader of data security solutions, in June 2008 which was shortly afterwards acquired by Sophos in July 2008. Fund III subsequently rolled its investment during buy-out of Sophos by Apax in 2010.

The Investcorp Technology Fund III was raised in 2008 and $290 million was invested into nine companies (seven remaining at the end of FY15). Following the IPO of Sophos and full realization of Skrill (expected to occur by H1 FY16), the fund will have returned over $600 million on the invested capital to Investcorp’s investors with approximately an additional $200 million of value in the remaining investments. This performance positions the Investcorp Technology Fund III amongst the top vintage 2008 funds in the US and Europe for private equity and technology.

Other notable portfolio activities

In early March 2015, L’azurde distributed $16.7 million in dividends to its shareholders following a strong performance in 2014. Gulf Opportunity Fund I acquired a majority stake in L'azurde in 2009 alongside Eastgate Capital and The National Investor, its consortium partners. After the gold price shock in 2010, a new strategy for the business was developed with the objectives of strengthening its operations and ensuring it was positioned to maximize its growth potential, while being insulated from difficult market conditions and gold price volatility. Since that time, L'azurde has been steadily increasing its earnings, achieving double digit year-on-year growth.

Hedge funds

At June 30, 2015, the balance sheet carrying value of Investcorp's co-investment in hedge funds was $421.1 million compared with $476.4 million at June 30, 2014. The amount represents 34% of total balance sheet co-investments at June 30, 2015. Please refer to the table in Note 9 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2015 and June 30, 2014 carrying values.

Performance

During FY15, Investcorp's hedge funds co-investment portfolio delivered returns of 2.0%. During the same period, the industry benchmark, HFRI Fund of Funds Composite Index, returned +3.9%.

Investcorp's exposure in hedge funds consists primarily of the seed investments in managers on its single manager platform and investments in external hedge fund managers. There is also a relatively low exposure to illiquid side pocket investments resulting from certain legacy managers. The external liquid hedge fund exposure significantly outperformed the benchmark, generating a positive return of approximately +8.1% over the full fiscal year. While the single manager exposure performed poorly during H1 FY15, it recovered strongly during H2 FY15 ending the year with approximately +1.8%. Two single managers, in particular, had challenging performance in H1 FY15 that was partially offset by very strong performance from Kortright Capital Partners, which returned +26% for the full fiscal year. In the illiquid portfolio, certain idiosyncratic positions performed poorly in FY15 and hence detracted from performance. During the course of the year, Investcorp added some opportunistic but diversifying hedge fund balance sheet co-investments, while keeping the overall equity beta low.

Liquidity

Investcorp's hedge funds co-investment portfolio is constructed so that a significant part of it is available for monetization within a three to six-month window. As of June 30, 2015, approximately 74% of Investcorp's hedge fund co-investment was contractually available for monetization within a three-month window, 77% was available within a six-month window and 89% was available within a 12-month window. The liquidity profile within the three month window improved due to the introduction of Alternative Beta investments which have daily and weekly liquidity and the expiry of lock-ups on most of the single managers.

Exposure profile

Investcorp has consistently maintained a co-investment in the hedge funds business, in line with its philosophy of co-investing alongside its clients.

Total balance sheet hedge fund co-investment gross exposure was $421.1 million at June 30, 2015, reflecting a reduction relative to the previous fiscal year end when Investcorp had a gross exposure of $476.4 million at June 30, 2014.

A portion of the exposure is due to the seeding of managers on Investcorp's Single Manager business platform that typically provide a higher return on capital through a combination of investment returns and a share of underlying manager revenues. As of June 30, 2015, Investcorp's balance sheet co-investment in single managers was temporarily reduced to $96.7 million, compared to $231.8 million as of June 30, 2014 due to a redemption from one manager and decreased exposure to some others based on Investcorp's outlook for specific strategies. Investcorp allocated $40 million to its newly launched Alternative Beta product line, a suite of diversified risk premia products that are liquid, transparent, cost effective and uncorrelated with markets.

Investcorp's remaining hedge funds exposure is primarily through customized accounts, similar to the structures created for Investcorp's large institutional clients.

Strategy outlook

The highest allocation within Investcorp's hedge funds co-investment portfolio is to the Event Driven strategy. This is consistent with the investment team's positive view on the strategy and reflects allocations to two managers on the single manager platform within this strategy. The allocations to the Long / Short Hedge Equity strategies represent the next highest exposure, followed by the Credit and Macro strategies. The portfolio's smallest allocation is to Relative Value strategies.

Strategy	Very positive	Positive	Modestly positive	Neutral	Modestly negative
Special Situations / Event Driven	■				
Hedge Equities		■			
Macro		■			
Fixed Income Relative Value		■			
Equity Market Neutral			■		
CTA			■		
Structured Credit			■		
Convertible Arbitrage			■		
Corporate Credit				■	
Corporate Distressed					■

Investcorp has a 'very positive' rating on **Special Situations / Event Driven** strategies predicated on strong corporate balance sheets in the US that are flush with cash in excess of $2.0 trillion. Average earnings per share growth for companies in the S&P 500 is near 10%. Investcorp believes that shareholder pressure (or activism) will lead to a period of sustained high levels of event-driven activities including buybacks, mergers and recapitalizations.

Investcorp maintains a 'positive' rating on **Hedge Equities**. While the US had been the region with the most momentum in 2014, expansionary ECB monetary policy coupled with the continued Euro depreciation should support profit growth in the Eurozone with reduced downside risks from deflationary dynamics in the periphery. In addition, Japanese equities should benefit from the depreciation of the yen as well as the pickup in domestic inflows with the Government Pension Investment Fund's commitment to allocate into equities.

Investcorp is also ‘positive’ on **Macro Discretionary** strategies as it believes that the macro opportunity set will richen with growing policy divergences across the globe, which should manifest itself in reduced asset correlations and the formation of time-series trends.

Fixed Income Relative Value has been upgraded to ‘positive’. Investcorp structurally prefers Relative Value strategies as hedge funds step into the void left behind by the exit of bank proprietary trading desks. The current environment has started to provide FIRV managers with greater opportunities to trade volatility and to profit from banks reducing dealer inventory.

Investcorp is ‘modestly positive’ on **Equity Market Neutral** even as the strategy continues to see commoditized factor models delivering sub-optimal alphas in developed markets. However, returns to non-market factors are attractive in other parts of the world, especially the Asia-Pacific region.

Investcorp remains ‘modestly positive’ on **Systematic Macro** strategies. The extraordinary year in 2014 for trend-following strategies is unlikely to be repeated in the near term, but the return stream remains in play, if a bit more modest than before.

Investcorp upgraded **Structured Credit** to ‘modestly positive’ as it expects Europe to outperform the US on the back of the proposed purchases of asset-backed paper by the European Central Bank. As liftoff approaches, the floating rate will be more attractive, in addition to improved fundamentals.

The ‘modestly positive’ rating on **Convertible Arbitrage** is an upgrade that follows the recent energy-related sell-off and reflects more attractive valuations. Investcorp’s outlook for convertible bonds as an equity substitute is modestly positive because of the overweight in energy composition of the convert universe.

Investcorp has downgraded its view on **Corporate Credit** to ‘neutral’, as valuations fully reflect the low default-rate environment and further re-leveraging of corporate balance sheets in the US. Although the micro environment in Europe may remain credit friendly, US net leverage ratios now compare less favorably in relation to past numbers.

Investcorp maintains a ‘modestly negative’ rating on **Corporate Distressed**. A low distressed ratio of just 3% in bonds currently provides very little opportunity to earn an outsized systematic risk premium from this strategy. We do have a more favorable view on European distressed versus US distressed basically for reasons of supply from deleveraging European banks.

Alternative Beta

Investcorp’s outlook for Alternative Beta strategies favors Carry across major asset classes, particularly commodity and rates strategies constructed using a relative value approach. Carry strategies seek to harvest uncorrelated returns from futures and forward markets by investing in baskets of high-yielding currency pairs, bonds, or commodities either outright or in a hedged pair trade relative to lower-yielding instruments. One of the attractive features of multi-asset Carry risk premiums is that their yields spreads are fairly slow moving and so are decent leading indicators of future returns.

Trend-Following has also seen positive returns across asset classes, a reflection of the persistence in several underlying macro trends. While Trend-Following strategies were mixed in Q2 2015, Investcorp believes further strengthening of the USD currency as investors anticipate hikes in US interest rates, sustained demand for fixed-income instruments from new regulatory requirements, and reflationary monetary policy in developed markets (with the exception of the US) should benefit Trend-Following strategies. Investcorp's view is that Equity Value and Low Beta will not fare well in the current environment and will underperform Equity Momentum in the near term.

Real estate investment

At June 30, 2015, Investcorp's real estate balance sheet co-investments excluding underwriting totaled $142.9 million compared with $130.0 million at June 30, 2014. The amount represents 12% of total balance sheet co-investments at June 30, 2015. Please refer to the table in Note 11 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2015 and June 30, 2014 carrying values by portfolio type. For details on real estate underwriting, please refer to the table in Note 8 of the Consolidated Financial Statements of Investcorp Bank B.S.C.

Real estate co-investments comprised $119.5 million of marked-to-market equity investments and $23.4 million of debt investments, held at net amortized cost inclusive of any provisions for impairment.

Carrying values for Investcorp's real estate co-investment by vintage year are shown below. Carrying values reflect some reduction in value for legacy pre-2009 investments together with the impact of exits, and new acquisitions and placements during the period.

Investcorp currently has 27 active real estate investment portfolios, including its two debt funds. At June 30, 2015, 23 of these were on or ahead of plan. The remaining four, which are pre-2009 portfolios that have been written down significantly in value already and are rated behind plan, are generally those holding hotels, condominium developments and offices in regions where the economic environment has been generally subdued. Overall, the strategy for these portfolios is to position them for medium to long-term ownership in stable capital structures with modest or no additional capital investment requirements.

Investcorp co-investment by year ($m)	Properties # vs. current	Sector	Geographic location	Carrying value end of Jun-15	Jun-14
Commercial IV	12 / 2	Office	E		
Vintage FY05				**0.1**	**0.1**
Retail IV	29 / 22	Retail	SW		
Vintage FY06				**2.5**	**3.6**
Diversified VI	3 / 1	Retail / Hotel	SE / SW / MW		
Diversified VII	4 / 2	Industrial / Office	E		
Hotel	9 / 4	Hotel	SE / SW / MW		
Vintage FY07				**15.1**	**20.5**
Diversified VIII	5 / 3	Office / Hotel	W / SW / MW		
Weststate	1 / 1	Opportunistic	W		
Vintage FY08				**8.8**	**12.2**
Commercial VI	3 / 3	Retail & Office	E / SE / SW		
Diversified IX	2 / 2	Office / Hotel	W		
Vintage FY11				**14.0**	**11.8**
Diversified X	3 / 1	Office	W		
Northern California	14 / 0	Diversified	W		
Southland & Arundel Mill Mezz	n.a. *	Retail / Hotel	SE / E		
Texas Apartment	5 / 0	Residential	SW		
Vintage FY12				**0.6**	**1.3**
2012 Office	4 / 4	Office	SW / SE / W		
Texas Apartment II	5 / 2	Residential	SW		
2013 Office	16 / 16	Office	SW / MW		
2013 Office II	5 / 5	Office	SE / W / SW		
Vintage FY13				**4.6**	**6.2**
2013 US Residential	6 / 6	Residential	SW / W / MW		
2013 US Commercial / 2014 Office	9 / 9	Office / Retail / Medical	W / MW / E		
Southeast Multifamily	4 / 4	Residential	SE / E		
2014 Diversified	4 / 4	Office / Retail / Residential	SW / SE		
Houston Multifamily	3 / 3	Residential	SW		
Vintage FY14				**18.7**	**18.0**
Tryp by Wyndham	1 / 1	Hotel	E		
Canal Center	4 / 4	Office	E		
2014 Office and Industrial	24 / 24	Office / Industrial	E / SE / W		
2015 Residential Portfolio	4 / 4	Residential	SE / W / E		
Atlanta Multifamily Portfolio	2 / 2	Residential	SE		
Vintage FY15				**40.7**	**4.9**
Others				**37.5**	**47.7**
Sub-total	**181 / 129**			**142.6**	**130.0**
New portfolio under construction				**0.3**	**N.A.**
Total including new portfolio under construction				**142.9**	**N.A.**

* Mezzanine investments
W=West, E=East, SW =Southwest, SE=Southeast, MW=Midwest

Investcorp targets existing office, retail, industrial, multifamily and hospitality properties located in the largest 30 US metropolitan areas. The emphasis is on properties in proven locations with some opportunity for value enhancement over the investment term. Acquisitions tend to have strong cash flows, a proven operating history and high initial occupancy. While the majority of investments are in the form of common equity, they may also be structured as preferred equity and high-yield mortgage and mezzanine debt.

Post-acquisition, Investcorp actively manages its real estate investments with a dedicated team of asset managers and real estate financial controls specialists. Local knowledge is essential in any real estate investment. Investcorp's real estate team employs the skills of regional and national property management firms which may also have minority co-investments in each property. Investcorp builds value in its portfolio through hands-on expense management, revenue enhancement, modest capital improvement and/or property repositioning and creative capital structuring.

In addition to the deal-by-deal offering of equity and debt investments in US commercial real estate, Investcorp's clients have had the opportunity to make debt investments through a fund format. The $176 million Investcorp Real Estate Credit Fund I, created in FY08, is fully deployed. The $100 million Investcorp Real Estate Credit Fund III, created in FY13, closed its investment period in May 2014. Another fund, the $108 million US Mezzanine Fund I, created in FY07, sold its last two investments in H1 FY15.

Investcorp's real estate co-investment portfolio remains well diversified across sectors and geography. The single largest exposure in the real estate investment portfolio was the Tryp by Wyndham (formerly known as Best Western President Hotel) at $33.1 million.

Corporate investment portfolio

As of June 30, 2015, Investcorp's aggregate balance sheet co-investment was $618 million across 42 companies. The sections below provide a detailed overview of our 42 current portfolio companies. Investments have been acquired and underwritten for placement on a deal-by-deal ('DBD') format basis and/or invested through the Investcorp Private Equity 2007 Fund ('IPE 2007') and/or Investcorp's Technology Funds I – III ('IT') or the Gulf Opportunity Fund I ('GOF I').

CI North America

As of June 30, 2015, Investcorp's aggregate balance sheet co-investment in North America was $268 million across 16 companies.

Portfolio company name	Acquired	Industry sector	Location
Nobel Learning Communities	**Jan 2015**	**Consumer services – business services**	**Pennsylvania, US**
NOBEL LEARNING COMMUNITIES INC.	Founded in 1984, Nobel Learning operates a network of 176 schools across 18 states with a commitment to outstanding education. The company also has an accredited online private school that offers college preparatory programs to students from over 55 countries worldwide. With approximately 5,000 teachers and staff and 25,000 students, Nobel Learning is one of the largest private operators in the US. **www.nobellearning.com**		
PRO Unlimited	**Oct 2014**	**Industrial services – business services**	**Florida, US**
PRO Unlimited	Founded in 1991, PRO Unlimited delivers a full range of services to address procurement, management and compliance issues related to contingent workers, including independent contractors, consultants, temps and freelancers. PRO Unlimited operates in over 50 countries and provides services to some of the world's largest and most prestigious companies through its integrated, vendor-neutral software and services platform. **www.prounlimited.com**		
totes>>ISOTONER	**Apr 2014**	**Consumer products – retail**	**Ohio, US**
totes»ISOTONER®	Founded in 1923 and headquartered in Cincinnati, Ohio, totes»ISOTONER is the world's leading designer, marketer and distributor of functional accessories in the rain, cold weather and footwear categories. The company's broad product portfolio includes umbrellas, gloves, hats, slippers and sandals. In 1997, Totes and ISOTONER merged to form the totes»ISOTONER Corporation. The company offers quality products from two of the most recognized apparel brand names in the US and has a growing international presence in Europe and Asia. **www.totes-isotoner.com**		

Portfolio company name	Acquired	Industry sector	Location
Paper Source	**Sep 2013**	**Consumer products – specialty retail**	**Illinois, US**

Paper Source is a multi-channel retailer offering a premium selection of uniquely designed and curated gifts, stationery and crafting supplies. The company operates 97 stores, which average 2,800 square feet of selling space. The company goes to market through retail stores, direct-to-consumer and wholesale channels. Paper Source offers over 8,300 Stock Keeping Units ('SKUs') across five main categories: gifts and toys, stationery, crafting, fine paper and gift wrap, and single greeting cards.

www.paper-source.com

Sur La Table	**Jul 2011**	**Consumer products – specialty retail**	**Washington, US**

Sur La Table is a specialty retailer of culinary merchandise and a leading provider of non-degree culinary courses in North America. Offering a broad selection of the best culinary brands and an assortment of innovative kitchenware products, Sur La Table currently operates over 122 stores across the US with a widely distributed catalog and a premium online platform. The company provides items for cooking and entertaining and has a knowledgeable staff that provides high level service in its stores. Since acquisition, Sur La Table has almost doubled the number of cooking class locations, offering classes in over 57 stores serving well over 100,000 customers annually. Sur La Table has built a multi-channel business in which each channel is profitable on a standalone basis.

www.surlatable.com

T3 Media	**Mar 2011**	**Technology – digital content**	**Colorado, US**

T3 Media (formerly Thought Equity Motion) is a leading provider of cloud-based video management services to premium video content rights holders. The company operates through two primary lines of business, Licensing and Platform Services. In the Licensing business, T3 Media represents major video content rights owners and employs an active sales force to license footage in exchange for a percentage of the royalty payments received. In the Platform Services business, T3 Media ingests, digitizes and hosts video content on behalf of content rights owners. T3 Media provides content rights owners with virtual access and distribution capabilities in exchange for an annual subscription fee. The two business lines are complimentary with many customers utilizing both offerings.

www.t3media.com

Veritext	**Jul 2010**	**Industrial services – business services**	**New Jersey, US**

Veritext is a leading national provider of deposition and litigation support services to law firms, Fortune 500 corporations and regulatory agencies in the US. The company's core product is the conversion of a witness's or expert's spoken testimony under oath into a certified written transcript. The company also provides other value-added services that capture additional information during the deposition and allow clients to manage the information more efficiently. Since the original acquisition transaction, Veritext has completed several add-on acquisitions in the court reporting space. These acquisitions have increased the company's geographic reach, added scale and created equity value through synergies.

www.veritext.com

Portfolio company name	Acquired	Industry sector	Location
OpSec	**Mar 2010**	**Technology – enterprise software**	**Colorado, US**

OpSec Security Group is the global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection, to over 300 brand owners and over 50 governments worldwide. The company operates manufacturing facilities and laboratories in the US and the UK, and has sales operations in the Americas, Europe and Asia.

www.opsecsecurity.com

CSIdentity	**Dec 2009**	**Technology – enterprise software**	**Texas, US**

CSIdentity is the technology leader in providing identity theft and fraud protection services to businesses and consumers. Founded in 2005, the company offers a comprehensive suite of business and personal security solutions targeting all aspects of identity theft. CSIdentity's solutions are used by Fortune 100 financial institutions, public pension funds, telecommunications companies and businesses that offer direct-to-consumer identity theft protection services.

www.csidentity.com

Randall-Reilly	**Feb 2008**	**Industrial services**	**Alabama, US**

Randall-Reilly is a leading diversified business-to-business media and data company focused on the trucking, infrastructure-oriented construction and industrial end markets in the US. Its products include B2B trade publications, live events and trade shows, recruitment products and indoor advertising displays. In addition, its Equipment Data Associates ('EDA') business is an industry-leading collector and aggregator of industrial equipment purchase data that provides subscription-based sales lead generation and market intelligence products to the industrial equipment markets.

www.randallreilly.com

Magnum	**Jun 2005**	**Technology – digital content**	**California, US**

Magnum Semiconductor is a leading provider of silicon, modules, software and IP for the professional broadcast infrastructure market. Magnum provides top of the line products, tools and technologies for the entire video content creation and distribution chain, from contribution and production through distribution over cable, satellite and IPTV to Over-the-Top video streaming. Magnum Semiconductor is headquartered in Milpitas, California, with sales and engineering offices in Canada, Europe, China and Korea.

www.magnumsemi.com

Portfolio company name	Acquired	Industry sector	Location
Spyglass by Atrenta	**Jun 2004**	**Technology – enterprise software**	**California, US**

Atrenta is a provider of Electronic Design Automation (EDA) software, supplying software tools used by the semiconductor industry for the verification of the design of integrated circuits. Atrenta offers a predictive approach to chip design by delivering automated analysis and verification solutions that find complex design problems and address downstream implementation and verification issues early in the design cycle.

A definitive agreement was signed to sell Atrenta to Synopsis in June 2015.

www.atrenta.com

Portfolio company name	Acquired	Industry sector	Location
TelePacific	**Apr 2000**	**Telecom**	**California, US**

TelePacific is a leading provider of network and communications services headquartered in Los Angeles. In business since 1998, the Company provides services on TelePacific owned switches and network infrastructure, including local and long distance voice, dedicated internet access, private networking, and data transport services as well as bundled voice and internet solutions. Since its acquisition of TelWest, the company has continued its growth plan for the Texas business through implementation of its product suite and operating practices.

www.telepacific.com

CI Europe

As of June 30, 2015, Investcorp's aggregate balance sheet co-investment in Europe was $278 million across 14 companies.

Portfolio company name	Acquired	Sector	Location
Dainese	**Dec 2014**	**Consumer products**	**Vicenza, Italy**

Founded in 1972, Dainese is the most recognized and respected brand for safety and quality in the motorcycle and other dynamic sports market. Originally known for its competitive motorcycling racing wear, Dainese has subsequently diversified its product range and today provides protective gear for road and racing use alike, as well as for use in winter sports, biking and horse riding. In addition, through the AGV brand name, Dainese is one of the leading protective helmet manufacturers for the motorcycle market. Through its Dainese Technology Center (D-Tec), an R&D technical center for the study of protective technology and the development of innovative products, the Company strives to ensure it remains at the forefront of innovation.

www.dainese.com

Portfolio company name	Acquired	Industry sector	Location	Description
SPG Prints	Jun 2014	Industrial products	Boxmeer, The Netherlands	Based in Holland, SPGPrints is a leading global manufacturer of consumables for printed textiles and labels. The product offering primarily consists of consumables used in the printing process (rotary screens, lacquers, digital inks and digital engraving) complemented by a full range of printing systems/equipment and after-sales spare parts, installation and maintenance services. SPGPrints is represented in more than 100 countries worldwide and commands a leading market position in each of its segments. **www.spgprints.com**
Tyrrells	Aug 2013	Consumer products - retail	Herefordshire, UK	Founded in 2002, Tyrrells has established itself as a leading crisps brand in the UK. The company offers high quality products and a distinctive brand, quintessentially English and entertaining, distinguishing it from the competition. Through continued innovation, new product launches, strong penetration of the retail channel and geographic expansion, Tyrrells has achieved market leading positions in the UK but also has expanded internationally in France, Germany, the Netherlands, Switzerland, Australia and the US. Moreover, Tyrrells is one of the very few large scale European producers of vegetable crisps. The key drivers of growth and resilience of the premium hand-cooked crisps market are convenience, 'premiumization' and health consciousness. Going forward, the company's target market is expected to continue to enjoy growth rates exceeding that of the broader crisps market. **www.tyrrellscrisps.co.uk/**
Georg Jensen	Nov 2012	Consumer products – specialty retail	Copenhagen, Denmark	Georg Jensen designs, manufactures and distributes luxury products ranging from high-end silverware to jewelry, watches and high-end home ware. The company, headquartered in Copenhagen, Denmark, and founded in 1904, has expanded internationally and now derives the majority of its revenue outside of Scandinavia. With a history that spans 110 years, the Georg Jensen brand has a deep heritage in silversmith and represents quality craftsmanship and timeless designs. The brand is also endorsed by the Queen of Denmark. **www.georgjensen.com**
Esmalglass	Jul 2012	Industrial products	Villarreal, Spain	Esmalglass Itaca ('Esmalglass') is one of the leading global producers serving the global ceramics intermediate products industry. Established in 1978 in Villarreal, Spain, Esmalglass produces ceramic glazes, ceramic colors and inkjet inks (an innovative and rapidly growing technology to decorate tile surfaces). The company has a strong market position in all segments of its target markets and services more than 1000 customers in 50 countries worldwide. The company generates more than half of its sales from emerging market economies including Brazil, the Middle East, and China. Its global activities are supported by three manufacturing plants in Spain and Brazil and mixing plants in Portugal, Italy, Russia and Indonesia. **www.esmalglass-itaca.com**

Portfolio company name	Acquired	Industry sector	Location
GL Education Group	Mar 2012	Industrial services – education	London, UK
	Established more than 30 years ago, GL Education Group ('GLE') is the UK's leading independent provider of pupil assessments and school improvement solutions. GLE's 'high stakes' assessments are used by teachers as a key determinant for making significant decisions about the direction and nature of pupils' learning paths. GLE delivers to more than 16,000 schools the tools they require to raise standards in children's education. GLE focuses on: (i) measuring a pupil's potential and abilities; (ii) measuring a pupil's performance in core skill development areas; and (iii) identifying any potential learning impediments (such as dyslexia and dyscalculia). This is achieved via GLE's full suite of cognitive ability, subject/curriculum based and psychological assessment products. GLE's assessments are complemented by supporting schools in their performance management through the provision of resources such as school self-evaluation and stakeholder surveys, data interpretation and analysis services and professional development support (teacher training). **www.gl-education.com**		
eviivo	Mar 2011	Technology – enterprise software	London, UK
	eviivo is the UK's leading software provider for small and medium-sized accommodation businesses to manage their online and offline bookings, allocate rooms, and allow for flexible pricing, invoice and process payments. The company partners with approximately 6,000 independent businesses in the UK and the Mediterranean region (France, Italy, Spain, Greece, Tunisia and Turkey), and includes B&Bs, guest accommodation, inns, farmhouses, cottages, restaurants with rooms and smaller boutique hotels. **www.eviivo.com**		
N&W	Nov 2008	Industrial products	Valbrembo, Italy
	Headquartered in Valbrembo, Italy, N&W is the leading manufacturer of food and beverage vending machines used for selling items for immediate consumption. N&W is the market leader and only pan-European manufacturer offering a full suite of products in a market otherwise composed of smaller, regional players. The company manufactures (i) hot and cold-serving vending machines that automatically prepare coffee, hot chocolate, tea and other drinks; (ii) snack & food vending machines; (iii) can & bottle vending machines; (iv) fully-automatic coffee machines for hotels, restaurants and cafeterias; and (v) coffee machines for use in offices. **www.nwglobalvending.com**		

Portfolio company name	Acquired	Industry sector	Location
CEME	Jul 2008	Industrial products	Milan, Italy

CEME is a leading manufacturer of fluid control components for consumer applications such as espresso machines and steam ironing systems. CEME's product range includes solenoid pumps and valves, as well as electromechanical pumps for a broad range of industrial applications. The company's primary client base consists of well-established western European manufacturers including Nespresso, Saeco, De'Longhi, Philips and SEB. At the same time, CEME is diversifying its customer base by focusing on developing its distribution network in China and the Far East. CEME products are the global industry 'reference' in coffee machines (solenoid pumps) and steam ironing systems (solenoid valves).

www.ceme.com

Sophos	Jun 2008	Technology – enterprise software	Abingdon, UK

Sophos (formerly Utimaco Safeware AG) is a leading international provider of endpoint security and network access control solutions. Through an integrated architecture, its security solutions protect against intrusion and malicious software. Sophos' endpoint security solution provides a single set of policies to support a variety of operating systems, such as Windows, MAC OS, and Linux. Furthermore, Sophos has a network access control solution which extends its platform to the enforcement of security policies and aims to restrict network access to endpoints that comply with pre-defined IT policies. The company focuses on serving the enterprise market.

Sophos successfully completed its initial public offering and listed its shares on the premium segment at the London Stock Exchange in June 2015.

www.sophos.com

Asiakastieto	May 2008	Industrial services	Helsinki, Finland

Asiakastieto is a leading Finnish provider of business and consumer information services. The company's products and services are primarily used for risk management, decision-making and sales and marketing purposes. The company believes that it is the market leader by revenue in credit information services in Finland. The company also operates in the market for business and consumer information, as well as the market for sales and marketing information services in Finland. The company has approximately 13,000 contract customers and its largest customers include financial institutions, insurance companies, telecommunication operators and wholesale and retail companies

Asiakastieto priced its IPO on the Helsinki Stock Exchange in December 2014. Investcorp and its investors will continue to retain a portion of their stakes in Asiakastieto.

www.asiakastieto.fi/en

Portfolio company name	Acquired	Industry sector	Location
Icopal	**Jul 2007**	**Industrial products**	**Herlev, Denmark**

Established in 1876 as a manufacturer of roofing material, Icopal is today the world's leading producer of roofing and waterproofing membranes and the market leader in the Nordic countries in the area of roof installation services. The Company's product portfolio also includes construction materials for the protection of buildings and other structures and maintenance products. Icopal's products are primarily used for non-residential construction applications across Europe, with an increasing focus on the higher growth markets of Central and Eastern Europe. Icopal currently has 37 manufacturing sites and 90 offices throughout Europe and North America and employs approximately 3,400 people.

www.icopal.com

Portfolio company name	Acquired	Industry sector	Location
Skrill	**Mar 2007**	**Technology – digital content**	**London, UK**

Skrill (formerly Moneybookers) is a leading independent online payments and Digital Wallets service. Skrill's offering includes an e-wallet, Payment Gateway, pre-paid vouchers, pre-paid debit cards, Person2Person money transfer, online bank transfer, invoice & installment, and mobile payment today. Skrill has grown the number of users from 2.6 million at the time of initial investment to over 36 million today. Skrill is available in 200 countries and territories, offering 100 local payment options and 40 currencies. 36 million account holders and 156,000 merchants already choose Skrill to pay and get paid globally.

A definitive agreement was signed in March 2015 to sell Skrill Group to Optimal Payments PLC. The sale is subject to regulatory approvals and expected to close in Q1 FY16.

www.skrill.com

Portfolio company name	Acquired	Industry sector	Location
Autodistribution	**Mar 2006**	**Distribution**	**Paris, France**

Autodistribution is the leading independent distributor of car and heavy goods vehicle parts in France. With more than 5,500 employees in France and 1,000 in Poland, the Group's customers benefit from its experience and knowledge of multi-brand car and HGV parts, which it has acquired since its founding in 1962. In order to supplement its own distribution network, the Group has pioneered the creation of a consortium of Autodistribution independent distributors, comprised of distributors of light and heavy goods vehicle parts. The Group provides its customers with a range of more than one million different car part listings from 350 suppliers and the distribution network is made up of over 355 sales outlets in France.

www.autodistribution.com

CI MENA

As of June 30, 2015, Investcorp's aggregate balance sheet co-investment in MENA was $73 million across 12 companies.

Portfolio company name	Acquired	Sector	Location
NDT Corrosion Control Services Company LLC (NDTCCS)	May 2015	Industrial services	Dammam, Saudi Arabia
	Established in 1975, NDT Corrosion Control Services Co. ('NDTCCS') is the largest non-destructive testing ('NDT') service provider in Saudi Arabia. NDTCCS is an essential service which involves the evaluation and testing of pipes, pressure vessels, oil platforms and other key industrial components to identify faults, cracks or defects without causing damage. NDTCCS, which also has operations in the UAE, provides conventional and advanced NDT services for a range of industrial sectors including oil and gas, petrochemicals, mining, nuclear and utilities. **www.ndtcorrosion.com**		
Arvento Mobile Systems (Arvento)	Mar 2015	Technology – infrastructure and others	Istanbul, Turkey
	Established in 2005, Arvento is a provider of telematics solutions, delivered as a software-as-a-service, which provide fleet operators with visibility into vehicle location, fuel usage, speed and mileage and other insights into their mobile workforce, enabling them to reduce their operating costs and increase their revenues. The company designs, develops and sells its own range of hardware products and software applications. The business has established itself as the market leader in Turkey as well as one of the leading players in the Kingdom of Saudi Arabia and the UAE. It is a multiple award winner for its technology and its rapid growth. According to an independent research published by ABI Research, Arvento is recognized as the world's fifth biggest telematics business. **www.arvento.com**		
Namet Gida Sanayi ve Ticaret A.S. (Namet)	Dec 2013	Consumer products	Istanbul, Turkey
	Established in 1998 and acquired in 2005 by the Kayar family, Namet is the largest integrated producer of fresh cut and packaged processed red meat products in Turkey. The company processes and sells unpacked and packed fresh cut meat (e.g. cut, diced and minced meat), delicatessen products (e.g. sujuk, pastrami, salami, sausages), frozen products (e.g. burger patties) and further processed products (e.g. meatballs, burgers, doner/shawarma and other marinated products). Products are sold under the Namet and Maret (acquired in September 2014) brands or as private label products to the retail and B2B (hotels/restaurants/catering) channels. **www.namet.com.tr**		

<table>
<tr><th>Portfolio company name</th><th>Acquired</th><th>Industry sector</th><th>Location</th></tr>
<tr><td>AYTB Al Yusr Industrial Contracting Company W.L.L. (AYTB)</td><td>Oct 2013</td><td>Industrial services</td><td>Jubail, Saudi Arabia</td></tr>
<tr><td></td><td colspan="3">AYTB was founded in 1979 in Jubail and over its 36 year history has made a significant contribution to the industrial growth of Saudi Arabia. The company supports the petrochemical and oil and gas sectors and supplies technical and logistical support, in addition to maintenance, construction, industrial cleaning as well as facility management, catering and accommodation services. AYTB's clients include many of the region's leading petrochemical and oil and gas companies, including SABIC and Saudi Aramco. The company employs over 6,000 people across its operations in Saudi Arabia and Qatar.

www.aytb.com</td></tr>
<tr><td>Leejam</td><td>Jul 2013</td><td>Consumer services</td><td>Riyadh,
Saudi Arabia</td></tr>
<tr><td></td><td colspan="3">Leejam is the leading fitness club chain operator in Saudi Arabia and the region, operating under the "Fitness Time" brand. Established in 2007, Leejam is a family owned business founded by CEO Abdulmohsen Al Haqbani. Leejam operates a rapidly growing nationwide network with 82 clubs and over 100,000 members targeting various customer segments (e.g. FT Plus, FT Regular, FT Pro, etc.). Its service offering extends beyond a typical gym to include swimming pool, basketball, volleyball and football facilities. The fitness market in Saudi Arabia is highly fragmented and expected to grow at double digit rates over the next five years, mainly driven by strong demographics and macro fundamentals, growing health awareness and lack of entertainment substitutes. Leejam is the number one player in Saudi Arabia and Investcorp believes that it is uniquely positioned to capture strong market growth and further increase its market share.

www.fitnesstime.com.sa</td></tr>
<tr><td>Theeb Rent a Car Co.</td><td>Jun 2013</td><td>Consumer services</td><td>Riyadh,
Saudi Arabia</td></tr>
<tr><td></td><td colspan="3">Theeb, a leading car rental company in Saudi Arabia, is a family owned business established in 1991 by the Al Theeb family in Riyadh. Theeb operates a fleet size of more than 13,000 vehicles with a wide network of 49 locations including fifteen international and regional airports in Saudi Arabia. Theeb primarily serves the 'Individual' segment with short-term rental services. Theeb has built over the years a strong local brand and membership program with over 104,000 members. The car rental market in Saudi Arabia is highly fragmented and expected to grow at double digit rates over the next five years, driven by strong demographics and macro fundamentals, growth in airports and domestic travelers and an increasing number of business enterprises.

www.theeb.com.sa</td></tr>
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Portfolio company name	Acquired	Industry sector	Location
Hydrasun Group Holdings Ltd.	**Mar 2013**	**Industrial services**	**Aberdeen, Scotland**

Founded in 1976 in Aberdeen, Scotland, Hydrasun has international operational bases in the UK, the Middle East, the Netherlands, the Caspian Sea, Brazil, West Africa and the Gulf Coast of the US. Hydrasun is engaged in the integration, manufacture and testing of hydraulic equipment and fluid connectors for the offshore oil and gas sector. Its products and services are mainly used across the offshore oil and gas sector with further application in the petrochemical sector. The company employs around 600 personnel and has state-of-the-art engineering, production, manufacturing, training and warehousing facilities. Clients include British Petroleum, Emerson Group, General Electric and Hyundai.

www.hydrasun.com

Portfolio company name	Acquired	Industry sector	Location
Automak Automotive Company	**Oct 2012**	**Industrial services**	**Kuwait**

Founded in 2002 by Al Kharafi Projects Co. W.L.L. and Mr. Ghazi Omar, Automak is one of the few major players in the vehicles rental and fleet leasing business in Kuwait. Automak operates a fleet of in excess of 6,800 vehicles leased on a long-term basis (24-36 months) primarily to key companies in the oil, public and corporate sectors in Kuwait and on a short-term basis in the spot rental market. Automak also provides a wide spectrum of services and products including quick service and distribution of spare parts, tires and lube oil.

www.automak.com

Portfolio company name	Acquired	Industry sector	Location
ORKA Group	**Sep 2012**	**Consumer products – specialty retail**	**Istanbul, Turkey**

ORKA Holding is one of the largest menswear retailers in Turkey with 174 directly operated stores (158 in Turkey and 16 around the world). Founded in 1986 by Süleyman Orakçıoglu, Orka Group has become a respected provider of menswear in Turkey and in the region through its brands Damat, Tween and D'S Damat. All three of the ORKA brands operate in menswear, presenting a sophisticated fit range – suited to a broad customer base. The strength of each brand lies in its ability to meet the needs of its particular market, with differences in their offerings. Orka targets the Classic/High End segment with the Damat brand as well as the contemporary/mid to high-end segment with the Tween brand. Orka also has a more affordable brand (D'S Damat) targeting the Classic and Contemporary mid Segment. Damat is the #1 apparel brand in Turkey with an estimated 97% brand awareness.

www.orkagroup.com

Portfolio company name	Acquired	Industry sector	Location
Tiryaki Group	Sep 2010	Consumer products – trading and logistics	Istanbul, Turkey

Tiryaki Agro is the leading trader and supply chain manager of agro commodities in Turkey. Founded in Gaziantep, Turkey, in 1965 by the Tiryakioglu family, the company has expanded over two generations to become one of the most successful family businesses in Turkey with sales operations across the globe. Tiryaki Agro's business is in the sourcing, processing, storage and trading of conventional and organic grains (wheat, corn and barley), pulses (lentils, chickpeas, peas, beans, rice and bulgur), oil seeds (sunflower, sesame, canola and soybean), feed stuff and nuts (pistachios, almonds, walnuts and peanuts) across Europe, Africa, the Middle East, the CIS, America and Asia. The company has a team of approximately 700 professionals, has processing and storage facilities in Turkey and serves a broad customer base including food processors, retailers, governmental agencies and other agro wholesalers.

www.tiryaki.net

Portfolio company name	Acquired	Industry sector	Location
Gulf Cryo	Nov 2009	Industrial products	Kuwait and UAE

Established in 1953, Gulf Cryo is a manufacturer, distributor and service provider of industrial gases in the Middle East. The company was founded and is majority-owned by the Al Huneidi family. Gulf Cryo manufactures industrial, medical and specialty gases for a wide range of industries and applications such as metal fabrication, welding, cutting, oil and gas, healthcare, and food and beverage. Gases include oxygen, nitrogen, argon, CO_2, etc. and are delivered by pipeline, in bulk or in cylinders. Gulf Cryo is dual-headquartered in the UAE and Kuwait with operations in Kuwait, the UAE, Saudi Arabia, Qatar, Oman, Jordan, Egypt, Turkey and Iraq.

www.gulfcryo.com

Portfolio company name	Acquired	Industry sector	Location
L’azurde	Mar 2009	Consumer products	Riyadh, Saudi Arabia

L’azurde is a family owned business established in 1980 in Saudi Arabia and currently has two large state-of-the-art industrial plants in Riyadh and Cairo. L'azurde is the Arab world's leading designer, manufacturer and distributor of gold jewelry for the premium mass market, and one of the largest gold jewelry manufacturers globally. The company has high quality products and designs, a diversified regional distribution network, strong manufacturing capabilities, and significant economies of scale advantages with approximately 1,000 wholesale relationships that span the MENA region. The MENA region is one of the largest jewelry markets in the world, in part due to a strong cultural attraction to gold jewelry.

www.lazurde.com