INVESTCORP

Business Review

Fiscal Year 2018
For the period July 1, 2017 to June 30, 2018

"As we continue our growth momentum across the business, we are pleased that the Firm has continued to report strong performance across a range of our key indicators delivering high quality earnings.

Following the successful integration of Investcorp Credit Management, I am pleased to see the delivery of the anticipated strategic benefits of the acquisition in terms of diversification of both products and clients. Our real estate division produced strong results this year, while our corporate investment and alternative investment solutions teams continued to deliver.

2018 has presented a number of geopolitical and economic challenges, particularly in the Gulf region, yet fundraising activity remains high, there is an impressive pace of capital being deployed, and we have significantly expanded our global investor base. Our robust balance sheet, experience and expertise will enable us to take advantage of interesting investment opportunities globally and allow us to continue the growth trajectory that we have set. We look forward with great confidence as we become a bigger, more geographically diversified firm and are committed to continuing to seek superior returns for our clients and shareholders.

Finally, I'd like to take this opportunity to thank Mohammed Al-Shroogi who has elected to retire from his role as Co-CEO on 1 August. Mohammed has been one of the driving forces behind the Firm's successes over the last few years and I am delighted he will remain with us as a Senior Advisor."

Mohammed Alardhi

Figures throughout may not add up due to rounding

Business Highlights

Growth initiatives

A number of strategic initiatives have been completed and several are well underway to realize Investcorp's medium-term objective of more than doubling assets under management, including:

Inorganic growth:

The Firm announced that it had signed an agreement to acquire a minority ownership interest in an independent Swiss-regulated private bank based in Geneva and Luxembourg, subject to regulatory and other approvals which are expected to be received shortly

The Firm continues to receive and evaluate other potential opportunities

Fundraising platform:

Continued progress on implementation of a Global Distribution capability across the Firm's current markets

Recently established presence in Asia has contributed to fundraising for Investcorp's Technology Fund IV and the first investment from Asian based investors in Investcorp's real estate investments

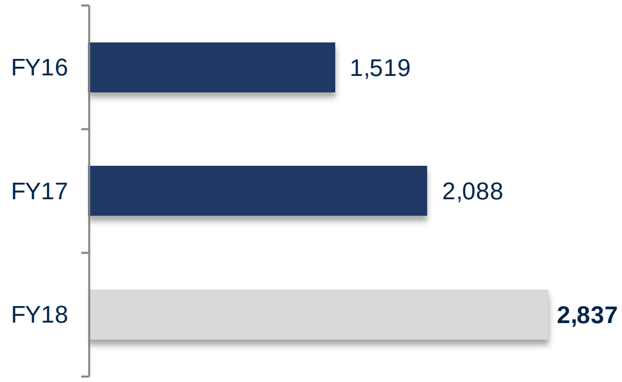
Investment platform:

Completed the acquisition of first two UK real estate portfolios as well as a substantial office property acquisition in Germany. The UK portfolios were successfully placed with investors in FY18 and the German portfolio will be offered to investors in FY19.

Third investment made by Investcorp's Technology Fund IV, which was launched last year

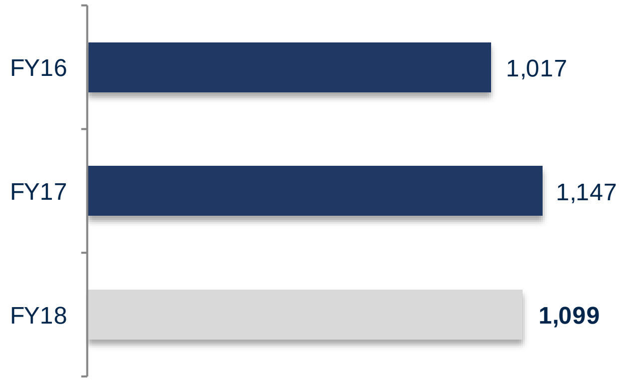
Completed acquisition of two office buildings in midtown Manhattan for Investcorp's third real estate club deal offering in the last two years

Investment activity ($m)



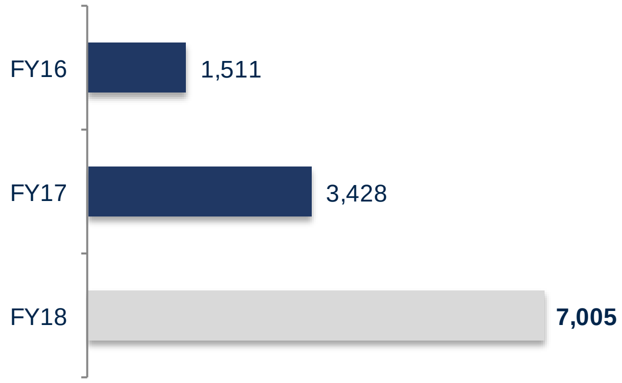
Robust levels of activity with $2.8 billion of aggregate investment across Investcorp's businesses, a 36% year-on-year increase

Deal-by-deal placement ($m)



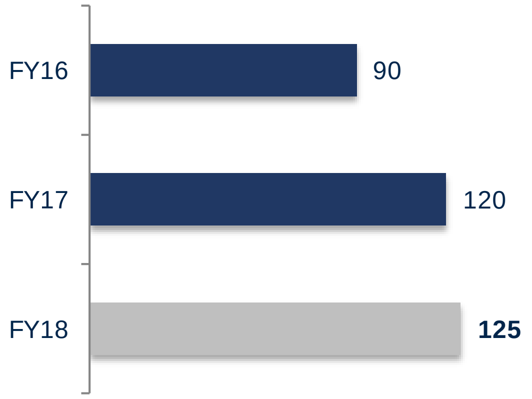
Investcorp raised more than $1.0 billion in new money from Gulf investors for the fourth year in a row, despite the challenging macro-economic and political conditions

Realizations and distributions ($m)



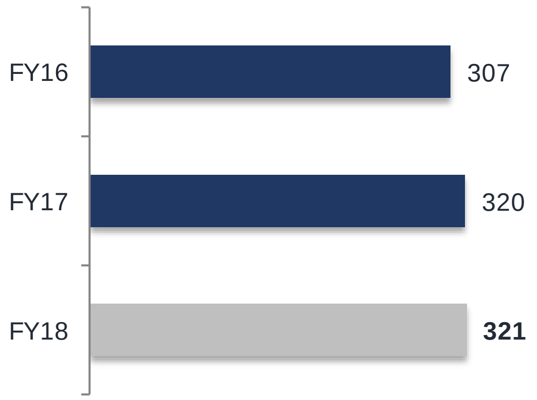
Distributions to Investcorp and its clients from investment realizations and other distributions more than doubled to $7.0 billion, the highest level in the Firm's history

Profit for the year ($m)



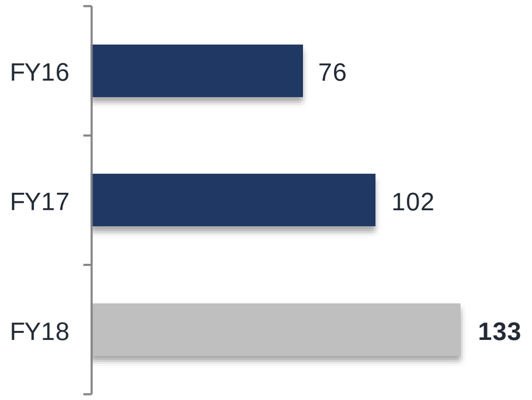
The rise in profit for the year is predominantly attributable to the contribution of the newly acquired credit management business and successful corporate investment realizations in US and Europe

Fee income ($m)



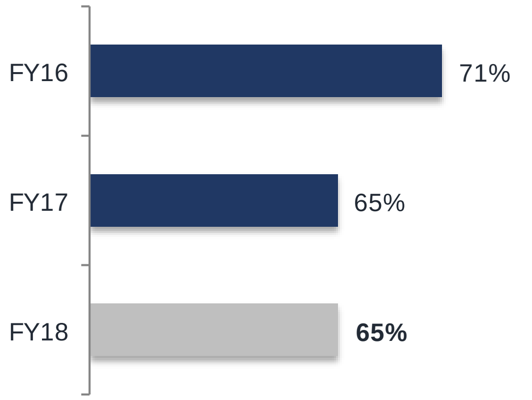
Fee income exceeded $300 million for the sixth consecutive year, with recurring AuM fees growing by 27%

Asset-based income ($m)



Asset based income grew by 30%, driven by successful corporate investment realizations in US and Europe

Cost-to-income



Interest expense decreased by 2% due to lower average drawn balances. Operating expenses increased by 9% reflecting the full year impact of the newly acquired credit management business and the expansion of Investcorp's distribution platform

Shareholder KPIs

$1.30	**Fully diluted EPS**
11%	**Return on equity**
$12.13	**Book value per share**

Balance sheet KPIs

Jun-17	Jun-18	
$2.7b	$2.5b	**Total assets** decrease reflects the utilization of cash & equivalents for buyback of $100 million preference shares and repayment of $250 million bond
$1.1b	$1.1b	**Total equity** remained constant with the reduction due to buyback of preference shares offset by the profit for the year
$984m	$996m	**Accessible liquidity** substantially covers next four years of debt
0.4x	0.5x	**Net leverage** remains well below 1.0x
31.7%	31.5%	**Basel III regulatory capital** well above CBB minimum requirements
0.7x	0.7x	**Co-investments / permanent & long-term capital** well below 1.0x

Fundraising ($m)

$580	Corporate investment
$569	Real estate
$563	Alternative investment solutions
$5,619	Credit management

*Total fundraising was **$7.3 billion** (FY17: $4.1 billion)*

***$482 million** placed with clients in corporate investments*

***$99 million** raised for the new technology fund*

***$569 million** placed with clients across five new real estate portfolios and one club deal*

***$546 million** of inflows for AIS. An additional $17 million was placed in a special opportunity portfolio*

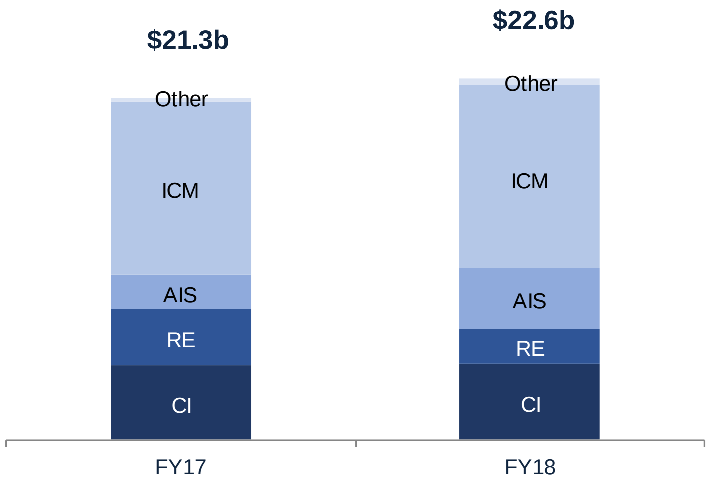
***$1.6 billion** raised for three new CLOs*

***$3.9 billion** of net new investments in six refinancings and six resets of older CLOs*

***$163 million** of inflows for senior secured loan funds*

***$31 million** for a new Credit Opportunities Portfolio product*

Total AUM ($b)



Corporate investments client AUM has increased by 5% to $3.8 billion, largely due to continued fundraising for Technology Fund IV.

Real estate client AUM increased by 4% during the year to $1.8 billion with strong fundraising for new portfolios partially offset by a good pace of realizations of older properties

AIS client AUM has increased by 8% to $3.5 billion, primarily due to the new partnerships entered into with Steamboat Capital Partners and Shoals Capital Management during FY18

Credit management AUM increased by 5% due to three new CLO issuances and subscriptions into open-ended funds

Investment Activity

$548 million…

*…the aggregate capital deployed in three new **CI investments**; including **$75 million** invested through or alongside Investcorp's technology funds in one new investment and five add-on investments. Also including **$48 million** of capital invested in two special opportunities and $20 million of support capital invested in two existing portfolio companies*

$1.7 billion…

*…the aggregate investment in six new CLOs for the **credit management** business*

JAMESTOWN CLO X **(Warehoused from FY17)** **$141 million** **July 2017**	**HARVEST CLO XVIII** **€420 million** **March 2018**	**HARVEST CLO XIX** **€390 million** **May 2018**
JAMESTOWN CLO XI **(Warehoused)** **$338 million** **June 2018**	**JAMESTOWN CLO XII** **(Warehoused)** **$85 million** **June 2018**	**HARVEST CLO XX** **(Warehoused)** **€143 million** **June 2018**


$565 million…

*…the aggregate capital deployed in six new **real estate portfolios**, including three apartment properties, and an industrial portfolio in US and an industrial property in the UK which will form part of portfolios for placement in FY19*



Exits & Distributions

*Corporate investment exits included the sale of **Esmalglass,** a leading producer of intermediate products for the global ceramic industry; **CEME,** a manufacturer of fluid control components for consumer applications; and signing of an agreement to sell **Nobel Learning,** a leading provider of private education in the United States (from pre-school up to high school).*

*Significant real estate exits included the realizations of three portfolios: **2014 Diversified Properties Portfolio** (with the sale of 3400 Carlisle, 2811 McKinney, One Allen Center and San Remo); **2013 Office I Portfolio** (Pin Oak Portfolio and Oak Creek Center Portfolio) and **Atlanta Multifamily Portfolio** (Manchester at Mansell and Chatsworth)*

Total realization proceeds and other distributions to Investcorp and its clients were $7.0 billion, including $5.5 billion related to the credit management business

Investcorp's key performance indicators*:

	FY14	FY15	FY16	FY17	**FY18**	5-year view (FY14-FY18)	
Fee income ($m)	316	308	307	320	**321**	1572	(cumulative)
Asset-based income ($m)	48	73	76	102	**133**	432	(cumulative)
Gross operating income ($m)	363	381	383	422	**454**	2003	(cumulative)
Cost-to-income ratio	66%	64%	71%	65%	**65%**	66%	(average)
Return on average assets	4%	5%	4%	5%	**5%**	5%	(average)
Return on ordinary shareholders' equity	11%	16%	10%	12%	**11%**	12%	(average)
Diluted earnings per share ($)**	0.76	1.29	0.94	1.25	**1.30**	5.54	(cumulative)
Book value per share ($)**	7.38	9.00	10.15	11.10	**12.13**	49.76	(cumulative growth)
Dividend per ordinary share ($)**	0.15	0.15	0.24	0.24	**0.24**	1.02	(cumulative)

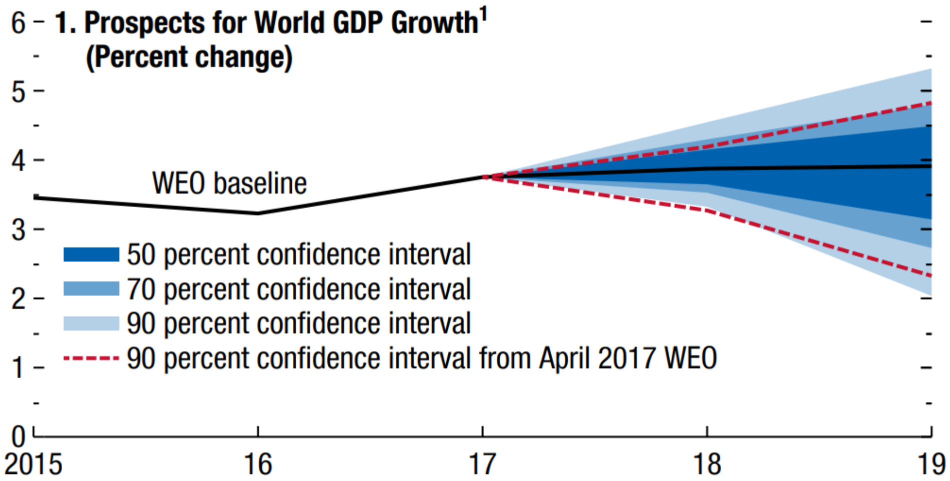
* Restated for adoption of IFRS15 for FY14
**The weighted average ordinary shares and the resulting metrics for FY14 and FY15 have been realigned to reflect the share split executed in FY16

Business Environment

Global growth hit 3.8% in 2017 and is expected to tick up to 3.9% in 2018 and 2019 according to the International Monetary Fund's World Economic Outlook. This continued strength has been driven by a notable rebound in global trade, resurgent investment spending in advanced nations as well as further growth in both emerging Asia and Europe. Factors supporting global growth are positive market sentiment, strong momentum and the domestic and international repercussions of US expansionary fiscal policy. This is good news in the short term, however, in the medium term global growth is projected to decline to approximately 3.7% as the cyclical upswing and US fiscal stimulus run their course.

The risks around the central growth forecast are two-sided and broadly even over 2018-2019.

(Percent change)



Source: World Economic Outlook April 2018, International Monetary Fund

Financial conditions still appear to be loose globally despite equity market turbulence in early February as well as declines in March. The markets are reflecting a confidence in the global outlook and financial conditions remain supportive. An example of this is central bank monetary policies being well absorbed by markets and well anticipated. In the United States, short-term interest rates increased in December and March as the labor market improved along with emerging signs of strengthening inflation. The European Central Bank announced in January 2018, that it would halve the pace of its asset purchase program from €60 billion to €30 billion and may continue at a measured pace until the end of September 2018. In other advanced economies, the United Kingdom elevated its bank rate to 50 bps in November, and Canada raised its policy rate to 1.25% in January. In emerging market economies, conditions since August 2017 have also pointed towards a pickup in economic activity. Brazil and Russia eased monetary policy, equity markets have strengthened and long-term interest rates on local currency bonds have increased.

Growth in the **United States** is projected to expand at a faster pace in 2018 and decrease slightly in 2019, with a growth forecast of 2.9% and 2.7% respectively. Stronger growth activity is expected in 2018 due to improved external demand as well as the economic impact of the December 2017 tax reform, most notably the lower corporate tax rates and allowance for full expensing of investment. The bi-partisan budget agreement passed in February is expected to add to growth through 2020; however, the potential increased fiscal deficit may offset some earlier growth gains from 2022 onward.

In the **Euro area**, the above trend growth rates in 2018 and 2019 are 2.4% and 2.0% respectively, a reflection of supportive monetary policy, stronger-than-expected domestic demand and improved external demand prospects. On a regional basis, growth is expected to decrease modestly in the medium term in Germany (2.5% in 2018 and 2.0% in 2019), Italy (1.5% in 2018 and 1.1% in 2019), Spain (2.8% in 2018 and 2.2% in 2019) and France (2.1% in 2018 and 2.0% in 2019). The IMF feels that this is due to low productivity in the region amid weak reform efforts and unfavorable demographics.

Growth in emerging markets and developing economies is expected to rise to 4.9% in 2018 and 5.1% in 2019. This projected uptick is a reflection of stabilization for commodity exporters, some of which underwent adjustments following a drastic price drop in commodity prices in 2016. Beyond 2019, growth in these markets is expected to stabilize at 5% over the medium term, a reflection of the further strengthening in commodity exports. Other factors contributing to the projected uptick in growth include a gradual increase in India's growth rate which is expected, structurally, to raise output as well as the strong growth in other commodity importers.

The outlook across the **Middle East** has turned somewhat positive as oil prices are helping the recovery in domestic demand in oil exporting countries. However, the fiscal adjustment that is still needed may continue to weigh on growth prospects. In Saudi Arabia, which is the region's largest economy, growth is expected to reach 1.7% in 2018 and 1.9% in 2019. Many countries within the Gulf Cooperation Council[1] ('GCC') have experienced a dip in growth rates in 2017 before experiencing a substantial uptick in 2018. Many of the region's oil importers are set to experience a continued acceleration with growth rising from 3.4% in 2018 to 3.7% in 2019.

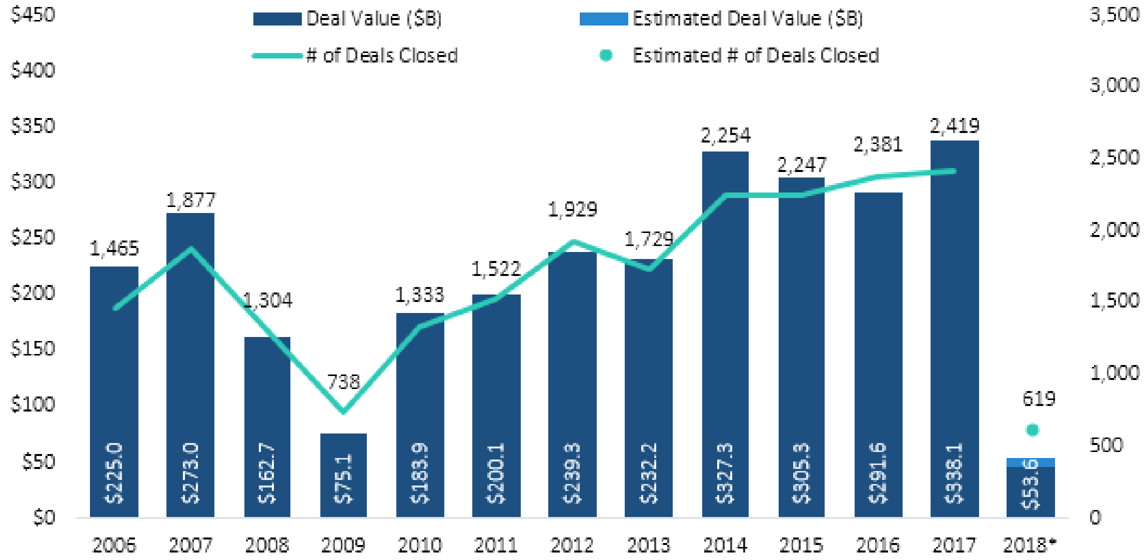
Corporate Investment – North America and Europe

The private equity market in 2018 remains as competitive as was the case in 2017. According to the IMF's World Economic Outlook issued in April this year, world growth strengthened in 2017 to 3.8%, driven by investment recovery in advanced economies and healthy growth in Asian emerging markets. In 2018, global growth is expected to reach 3.9% supported through favorable market sentiment and accommodative financial conditions.

In the US, 2017 was a record-setting year for both deal value and transaction count. In Q1 2018, 619 middle market transactions were completed, totaling $53.6 billion in deal value – a 17% increase in number of transactions but a 40% decrease in total value compared to the prior year. The greater number of deals but less capital invested signals a shift toward smaller transactions. The median middle market deal size was $170.0 million in Q1 2018, down from the $188.4 million median middle market deal size for the full year 2017. IT/Technology investment continues to grow – outpacing growth of any other deal types. Multiples in the US remain high due to increased competition among PE firms in the middle-market space.

1 The Gulf Cooperation Council consists of six Middle Eastern Countries: Bahrain, Kingdom of Saudi Arabia, Kuwait, Oman, Qatar, and the United Arab Emirates.

US PE deal flow by year

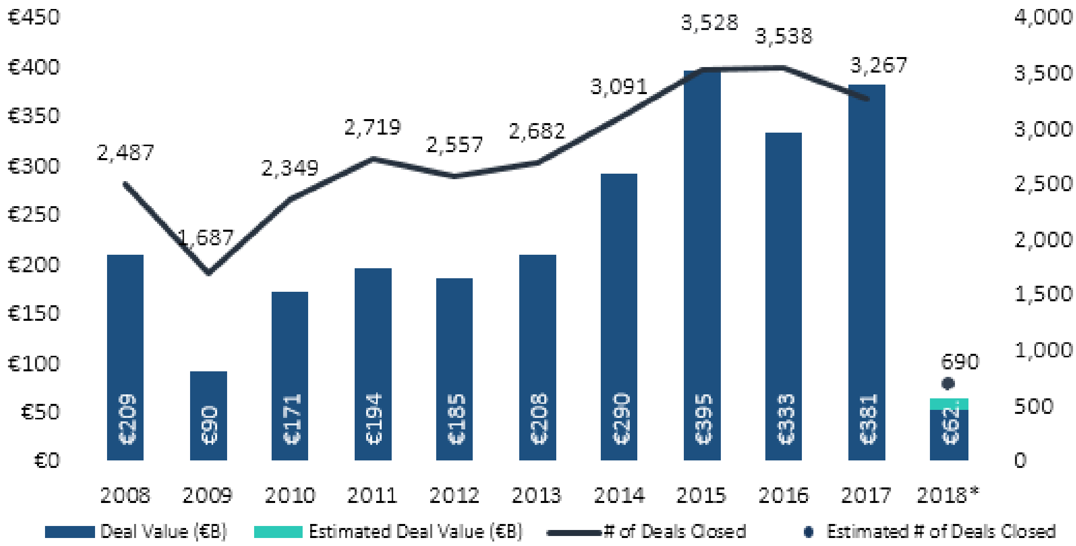


*As of March 31, 2018. Unknown values are estimated based on known figures.

Source: Pitchbook 1Q 2018 US Breakdown Report

In Europe, deal flow started relatively slowly in Q1 2018 though the significant pipeline of deals that were announced in Q4 2017 and Q1 2018 is expected to add to a steady deal count throughout the remainder of the year. Capital of €62.5 billion was deployed across 690 transactions in the first quarter of 2018 representing a 21% decrease in deal value and 7% decrease in number of deals closed, respectively, over the same period in the prior year. The median deal size increased to €33.9 million for deals closed in Q1 2018, higher than any full year total since 2006, which indicates that activity in the upper middle market is picking up. Similar to the US, the number of deals in IT/Technology sustained its growth in Q1 2018. This trend is expected to continue at least for the remainder of 2018.

Europe PE deal flow

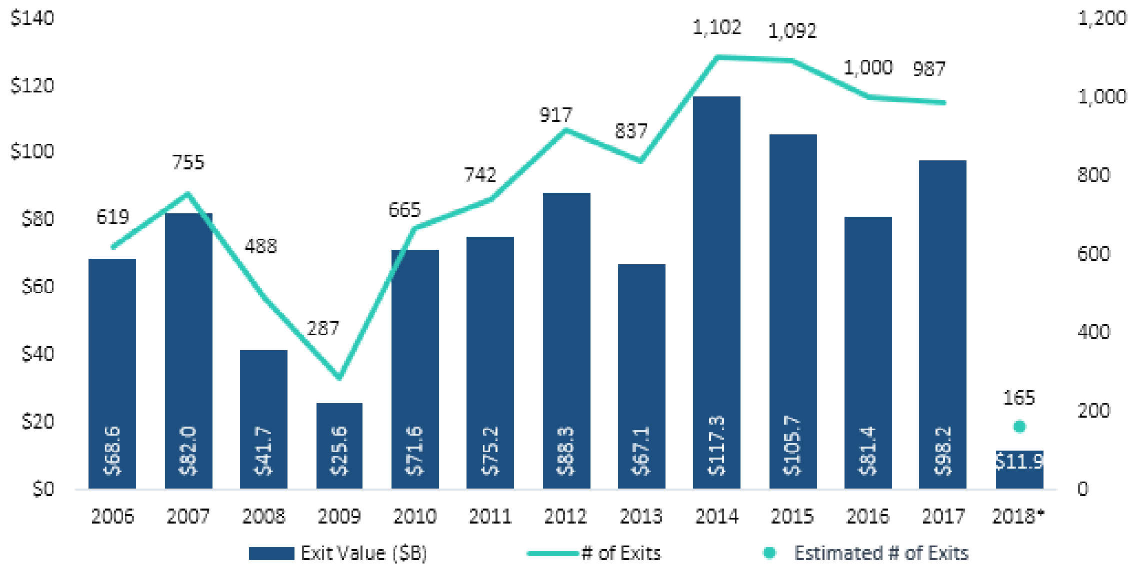


*As of March 31, 2018. Unknown values are estimated based on known figures.

Source: Pitchbook 1Q 2018 European Breakdown Report

The US exit market was at its lowest level in five years in the first three months of 2018, with 165 transactions and an exit volume of $12 billion. This trend is expected to continue as most investments made prior to 2008 have already been sold and the majority of companies acquired from 2014-2016 are not yet ready for sale. Secondary buyouts accounted for about one-half of middle market exits in Q1 2018, a trend that was the same in 2016 and 2017. IT deal exits follow a pattern similar to deal flow, with IT deals now accounting for a larger proportion of PE-backed exits.

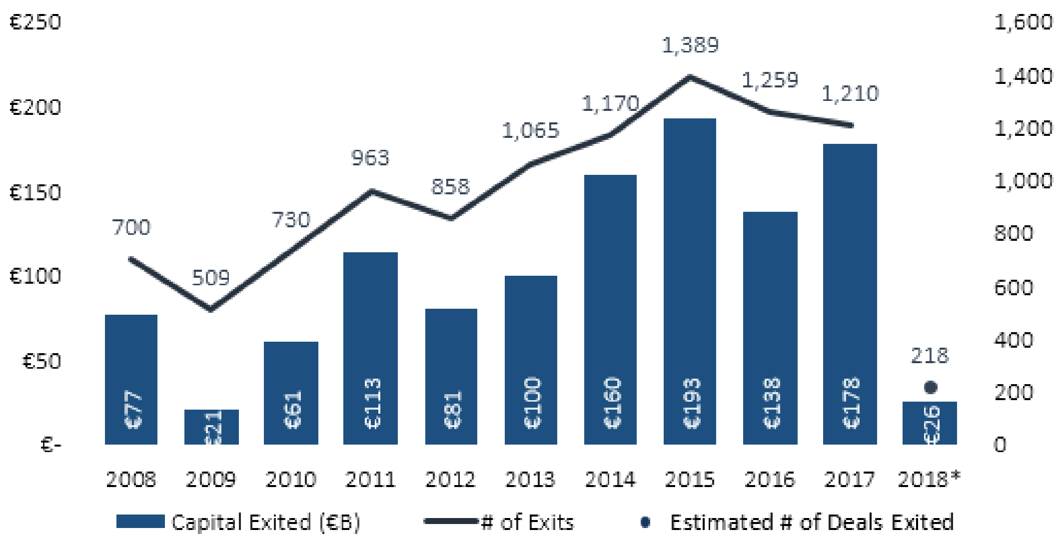
US PE-backed exits



*As of March 31, 2018. Unknown values are estimated based on known figures.
Source: Pitchbook 1Q 2018 US Breakdown Report

Similar to the US, the European exit market in Q1 2018 fell to its lowest level in the last four years. However, this trend is expected to reverse slightly during the remainder of 2018 as a number of exits of €1 billion or more announced in Q1 2018 have not yet closed. The median size of PE-backed IPOs fell from €120 million in Q1 2017 to €70 million in Q1 2018. The median size of M&A exits fell to €47 million in Q1 2018, the lowest level since 2010. Secondary buyouts continue to play a prominent role in European PE exits and accounted for 52% of all exits in the first quarter of 2018.

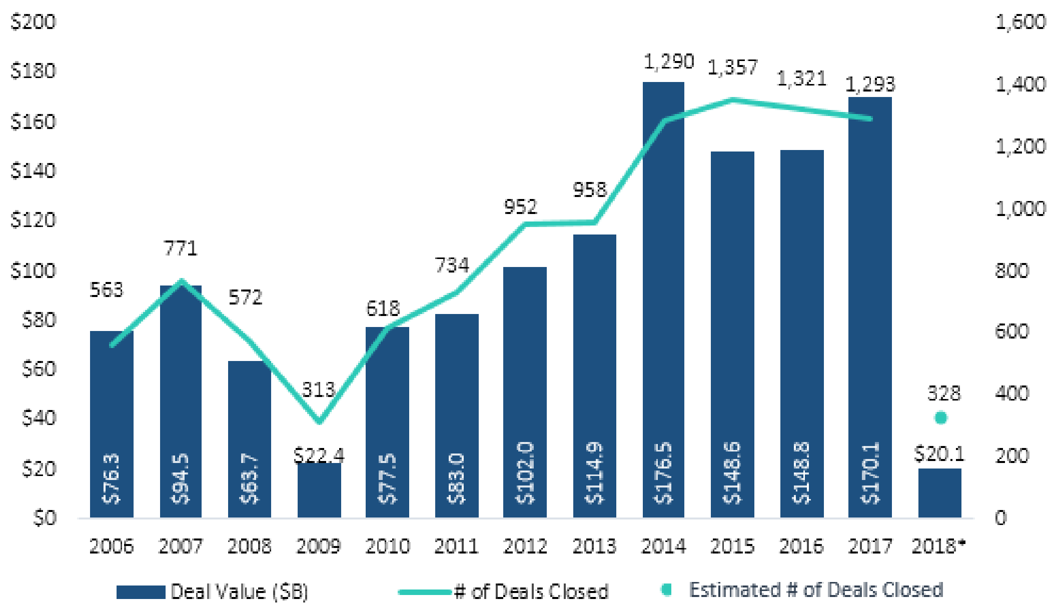
European PE-backed exits



*As of March 31, 2018. Unknown values are estimated based on known figures.
Source: Pitchbook 1Q 2018 European Breakdown Report

Add-on investments now represent more than half of all buyout activity. Nearly 30% of PE-backed companies now undertake at least one add-on acquisition, compared to less than 20% that did so in the early 2000s. Heightened add-on activity in recent years is largely being driven by prolific buyers that pursue numerous add-ons per platform. More than 25% of add-ons are now being acquired by platforms with at least five total add-on deals. It takes time to execute deals and integrate businesses; as such, the median time to exit tends to be about a year longer for companies that undergo at least one add-on investment.

US PE Add-on activity



*As of March 31, 2018. Unknown values are estimated based on known figures.
Source: Pitchbook 1Q 2018 US Breakdown Report

Corporate investment – MENA

The GCC witnessed a contraction in growth in 2017, with real GDP growth at -0.2% driven by the effect of the OPEC oil production cuts as well as overall economic slowdown.

Growth in Saudi Arabia in particular contracted by -0.7% last year on the back of government spending cuts as well as oil production cuts. Overall consumer spending has been impacted due to recent reforms such as the implementation of value added taxes ('VAT') and the reduction of fuel and electricity subsidies. The country is also witnessing a significant number of expatriates leaving the country on the back of expatriate levies as well as a strong push by the government on Saudization, which had an impact on both consumer spending and operating costs of private sector companies.

Nonetheless, the IMF expects the overall GCC real GDP growth in calendar year 2018 to pick up to 1.9%, underpinned by expansionary fiscal policies implemented by the GCC governments and recovery in oil prices. Non-oil GDP growth is expected to grow to 2.7% in 2018 compared to 1.8% in 2017, on the back of pro-growth government initiatives and a slower pace of fiscal consolidation. Similarly, growth in Saudi Arabia is expected to pick up to 1.7% in 2018.

During the first half of 2018 ('H1 2018'), crude oil prices averaged $71 per barrel, up 25% compared to $57 per barrel in the second half of 2017, amid falling inventory levels, geopolitical risks emerging from the withdrawal of the US from the Iran nuclear agreement and the reinstatement of US sanctions on Iran in May 2018. Oil prices were also buoyed by initial discussions concerning Saudi Arabia's willingness to continue production cuts into 2019, and the possible reduction in other oil producing countries. The US Energy Information Administration projects oil prices to average $72 per barrel in 2018.

Brent Crude Oil Price: January 1, 2017 – June 30, 2018 ($/bbl)

Source: Bloomberg

Countries in the GCC region continue to focus on diversifying their economies, increasing the role of the private sector as well as promoting foreign direct participation within their economies.

In H1 2018, the UAE government approved 100% foreign ownership of UAE based businesses, with a ten-year visa for investors, scientists, doctors, engineers, entrepreneurs and innovators. A strong testament to the UAE's continued focus on diversification and growth is that the country ranked first in 11 global competitiveness indices among six different competitive reports, issued by the World Economic Forum, the World Bank Group, the European Institute of Business Administration ('INSEAD') and the International Institute for Management Development.

In February 2018, Saudi Arabia approved a new bankruptcy law geared towards increasing foreign and private sector investments in the country. The law focuses on adequate consideration for the rights of creditors, regulated selling of bankruptcy assets, reducing the cost of bankruptcy procedures, facilitation of proceedings for small debtors and raising the country's ranking in the settlement of bankruptcies.

In June 2018, Morgan Stanley Capital International ('MSCI') announced the inclusion of Saudi Arabia in the MSCI Emerging Markets Index, following a two-step inclusion process. The move followed a similar announcement by FTSE Russell in March 2018, to promote Saudi Arabia to "Secondary Emerging Market" status. These developments are expected to deepen the Saudi stock market, attract foreign investment and improve liquidity.

In April 2018, the Saudi Council of Economic and Development Affairs approved the Kingdom's privatization program, which aims to generate $9 - $11 billion in non-oil revenue by 2020 and create up to 12,000 jobs. The initiative also targets 14 public-private partnership ('PPP') investments worth approximately $7 billion. Key plans include the privatization of the national football league, flour mills and part of Saudi Saline Water Conversion Corporation. The full program has over 100 potential initiatives in more than 10 sectors including Healthcare, Education, Housing, and Energy and targets $16 billion in non-government investments by 2020 with a goal of contributing up to $4 billion to GDP and up to $9 billion worth of savings from PPP investments.

In addition, Saudi Arabia and SoftBank signed a memorandum of understanding to build a $200 billion solar power development that would almost triple Saudi Arabia's electricity generation capacity and cut $40 billion off power costs. Saudi Arabia also plans to grow its tourism and entertainment sector and recently lifted a 35-year old ban on cinemas with more than 300 cinemas expected to open by 2030.

GCC governments are also resorting to non-oil revenue sources by implementing new taxes thereby strengthening the tax culture and tax administration within their economies. Both Saudi Arabia and the UAE implemented a 5% VAT in January 2018, with other GCC countries expected to follow suit albeit at a slower pace than initially envisioned. Saudi Arabia expects a VAT income of approximately $9.4 billion in the first year, while UAE estimates a VAT income of approximately $3.3 billion.

In summary, while uncertainties around oil prices remain, GCC governments on the whole remain committed to wide-ranging economic and social reforms to transform their economies away from the traditional reliance on oil and to create a more dynamic private sector.

The Turkish economy registered a real GDP growth of 7.4% in Q1 2018, in line with full year 2017 growth, mainly fueled by a credit impulse supported by state loan guarantees and fiscal expansion policies. Current account deficit ('CAD') and inflation, however, continue to remain key issues with CAD widening to 5.6% in 2017 on account of rising core imports, higher gold and energy prices and inflation reaching 11.9% in 2017 on the back of currency depreciation as well the upward pressure on energy prices. The widening CAD and rising inflation also led to the Central Bank of Turkey raising interest rates by 500 bps during H1 2018 to 17.75%.

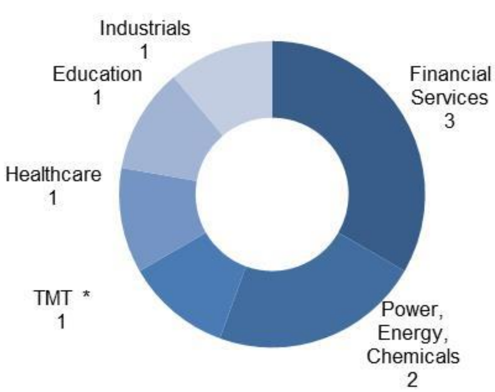
A decision to hold snap elections in the country during the end of June created further political uncertainty during H1 2018 causing the Turkish Lira to depreciate by 21% to reach TL4.60: US$1 as of June 30, 2018, having already remained vulnerable to the large CAD and investor concerns over geopolitical risks.

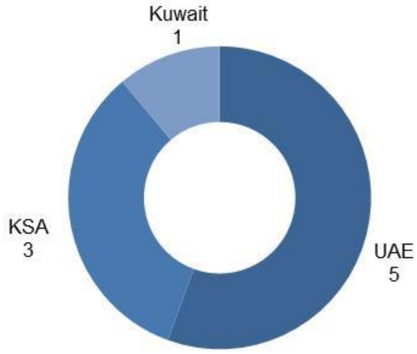
The IMF expects Turkey's real GDP growth in 2018 to moderate towards 4.4% as the impact of expansionary fiscal measures implemented in 2017 fades and as interest rates increase. Furthermore, while higher oil prices continue to pose upside risks for the CAD, a moderation in gold imports and continued recovery in the tourism sector could help contain this risk.

During H1 2018, the primary GCC stock exchanges registered five real estate investment trust ('REIT') issuances in Saudi Arabia and two initial public offerings ('IPO') in Oman, with a total capital raised of approximately $730 million. This compares to four REIT issuances and one IPO in H1 2017, with a total capital raised of $365 million. The Saudi NOMU market (an alternative equity market to the Saudi Tadawul) which was launched in Q1 2017 and aimed at smaller cap companies registered only one IPO in H1 2018 compared to 8 IPOs in H1 2017.

The first half of 2018 recorded 45 M&A transactions in the GCC region, relatively in line with the first half of 2017 which recorded 48 transactions. Nine of these transactions were led by a financial buyer in H1 2018 compared to seven transactions in H1 2017. Financial Services was the most active sector with the UAE being the most active market. During the same period, there were five exits by a financial investor.

Breakdown of GCC Private Equity Transactions in H1 2018 (January 1 – June 30)





Source: Merger Market, Investcorp Analysis as of June 30, 2018
*TMT (technology, media, and telecom)

In H1 2018, Turkey recorded three IPOs of greater than $100 million in value with a total capital raised of $1.3 billion, compared to the same number of IPOs in 2017 but with $722 million capital raised.

On the M&A front, Turkey recorded 35 M&A transactions in H1 2018 compared to 42 transactions in H1 2017 (-17%). Six out of these transactions were led by a financial buyer compared to nine transactions in H1 2017. During the same period, there were exits by a financial investor.

In summary, the medium to long-term outlook of the GCC region remains positive, supported by favorable demographic trends and initiatives by the governments to increase participation of the private sector and foreign direct investments.

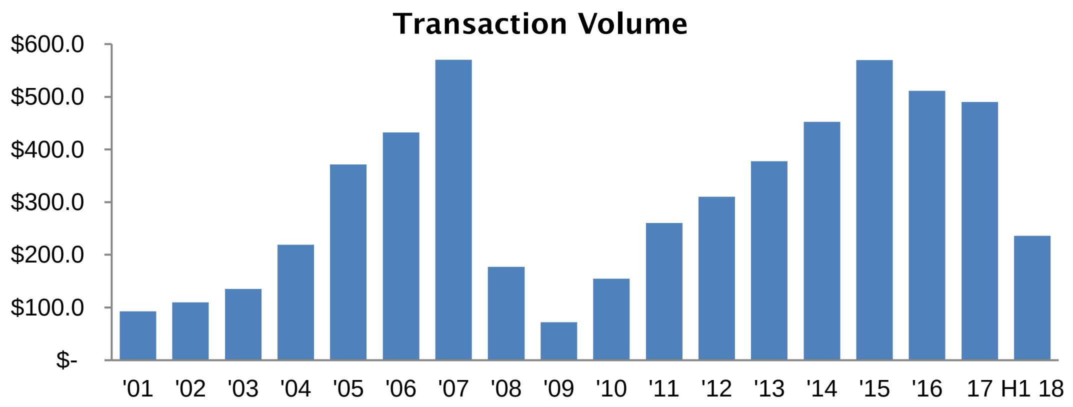
While near term risks remain, the medium to long-term outlook for the Turkish economy remains positive on account of the country's strong fundamentals such as its sizeable young population, its aspiring middle class, its entrepreneurial culture and its strategic geographical position as a trading hub.

Real Estate Investment – North America

Commercial real estate market fundamentals in the US remain healthy across most asset classes in a majority of metropolitan areas. A relatively stable US economy continues to drive demand for US property with an increase in leasing activity, market rents and values. US job growth has continued to grow, with the US adding over 2.3 million jobs through June 2018, up from 2 million for the same prior year period, and the unemployment rate stands at 4.0% as of June 2018 (versus 4.4% in June 2017). In addition, US consumer confidence remains high. These positive trends continue to have a favorable impact on the office, multifamily, retail, industrial and hospitality sectors.

US real estate transaction volume is up 2% year-to-date through June 2018 versus the same period last year. However, the growth was not uniform across property types. The industrial sector experienced record high volume levels in Q2 2018; while the retail sector saw the biggest volume drop during the quarter. Overall prices have held steady and capitalization rates remain largely unchanged from a year ago. Further, operating fundamentals remain solid. Even though the Fed has raised rates, the spread between capitalization rates and Treasuries is wide enough that the interest rate increases have not resulted in higher capitalization rates. Capital flows into the US are expected to continue to remain strong because the US is seen as a safe haven relative to other countries.

Transaction Volume ($b)



Source: Real Capital Analytics, Inc. 2018

US office market fundamentals remained sound through Q1 2018. Office-using employment remained resilient and expanded in Q1 2018, with tech markets and low-cost markets in the south and west continuing to see the highest office-using job growth. According to CBRE, office vacancy rates across the US ticked up for the quarter to 13.3%, due to an increase in new supply. Rents increased year-over-year in most of the largest office markets. However, markets such as Houston saw a decrease in rents as the metro continues to recover from the energy industry downturn. The top markets for construction were New York City, San Francisco, Washington D.C., Dallas and Seattle - with these 5 markets accounting for half of the square footage under construction in the US. Leasing demand continues to be led by the high-tech and financial sectors. Many southern and western markets, such as Tampa, Phoenix, and Orlando, outperformed other markets due to increased job growth and limited new construction.

US retail market fundamentals remained stable through the Q1 2018 due to consistent demand and relatively low supply. According to CBRE, net absorption was positive in Q1 2018 at 14.2 million square feet and up significantly from Q1 2017. The rise is due to a decrease in the number of store closings last year. Demand was strongest in neighborhood, community and smaller shopping centers, and demand remained relatively weak at power centers and lifestyle and mall properties. Vacancy decreased in Q1 2018 across all major retail property types except for the lifestyle and mall segment. Retail sales, excluding sales at gasoline stations, increased by just under 4% year-over-year as demand drivers such as employment and personal income remain relatively strong. E-commerce sales accounted for an estimated 9.4% of total retail sales in Q1 2018, up from 8.5% in Q1 2017. New supply decreased by 23% year-over-year representing the lowest level recorded since Q1 2015 according to CBRE.

Growth in the industrial market continued throughout the Q1 2018. Per CBRE, demand outpaced new supply for the 32nd consecutive quarter. Increased consumer spending, business inventories and industrial production were the major drivers of industrial demand. Industrial leasing demand continues to be led by three industries – e-commerce, food and beverage, and third-party logistics companies. Demand continued to be broad-based, with strong growth in core distribution markets such as Atlanta, Dallas/Fort Worth, the Inland Empire region of Southern California, Houston and Cincinnati. The US industrial availability rate declined to 7.3% - the lowest level since Q1 2001. Savannah, Detroit, Oakland, Cincinnati and the San Francisco peninsula led the way with the lowest availability rates, all below 4.2%. Low availability rates and strong leasing demand have resulted in sustained rental growth. The average net asking rent grew 1.9% in Q1 2018 to $7.01 per square foot - the highest level since CBRE began tracking the metric in 1989. Rents increased 5.9% year-over-year. Construction is under way in many markets although supply remains limited.

US market fundamentals in the ‘for rent’ multifamily market remained healthy in Q1 2018. According to CBRE, the vacancy rate ticked up to 5.0% year-over-year. Markets with the lowest vacancy rates were Minneapolis, New York metro, Detroit, Orlando and Los Angeles / Southern California. Average monthly rent rose 2.0% year-over-year, below the 20-year historical average of 2.5%. Demand remains strong due to favorable demographics and shifting lifestyle preferences favoring renting rather than owning. As of Q1 2018, the national home-ownership rate increased slightly to 64.2%. While urban fundamentals and millennial demand are still solid, suburban markets are also improving, led by baby boomer demand. Supply has been on the uptick; however, half of all new US supply is located in only 10 markets. Markets that saw the biggest increase in supply for the four quarters ended in Q1 2018 were New York, Dallas/Fort Worth and Los Angeles/Southern California. Demand in each of these markets remains solid.

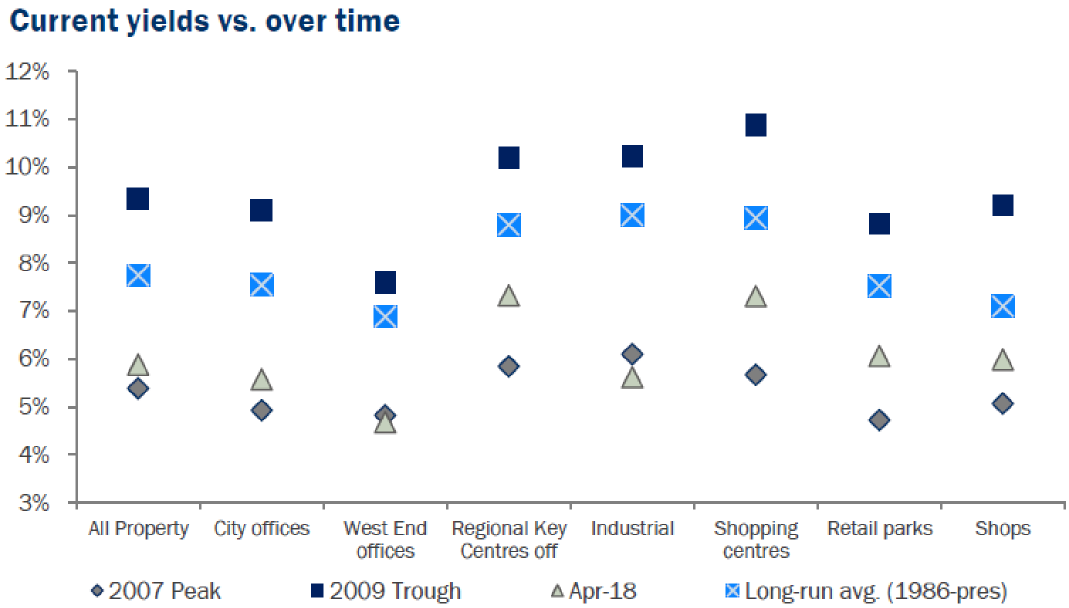
The US hospitality market remained healthy in Q1 2018. According to CBRE, demand growth grew by 3.0% year-over-year and supply increased by 2.0%. The markets which saw the largest year-over-year demand increases were Pittsburgh, Houston and Philadelphia. US occupancy increased by 0.9% year-over-year. Average daily rate increases remained modest at 2.5% but combined with a higher occupancy level resulted in revenue per available room growth of 3.5%. Minneapolis had the best year-over-year performance due to high demand during the Superbowl weekend. Other markets with strong performance were Miami, Philadelphia and Orlando. Markets that saw the biggest increase in supply for 2017 were Austin, Charleston and Dallas.

Real Estate Investment – Europe

While the UK economy provided solid GDP growth in 2017 at 1.8%, this was the slowest growth since 2012 and exceeded only Italy among G7 countries in terms of GDP growth. Domestic inflation reached approximately 3%, primarily driven by a decline in Sterling, and continued to exceed the BOE target of 2%, though many expect that inflation will moderate in 2018. Interest rates have increased along with expectations for future rate increases.

Most business investors would hope for a "soft Brexit" and the mood in the UK seems to fluctuate depending on the current status of the negotiations, and most commentators believe there will be a few bumps in the road before the final status of the UK withdrawal from Europe is settled. It is clear though that the continued Brexit uncertainty has generally led to a delay in capital investment decisions by companies.

Increasing rates have had little impact on property yields. Yields were most affected by the continued weight of money chasing predictable cash flows, the health of the supply/demand equation and sector fundamentals. For example, retail continues to suffer from significant headwinds, and yields for retail assets have widened. City of London office yields are bifurcated between trophy assets selling for less than -4% yields and less prime assets where investor demand is more attenuated.



Source: Canacoord June 2018

There continues to be a good dynamic in the warehouse/logistics area with limited new supply and continued strong demand from tenants, resulting in good rental growth around the UK. Regional offices are also in vogue as investors look to markets like Bristol, Leeds, Manchester and Birmingham for some yield enhancement and positive real estate fundamentals. In the regional office sector, rising building costs and limited capital for speculative development, coupled with obsolete stock being converted into residential product through "Permitted Development" planning legislation has led to a reduction in stock. In some markets, Grade A space is in increasingly short supply, with Grade A vacancy across the Big 6 (Manchester, Birmingham, Leeds, Bristol, Edinburgh and Glasgow) remaining at 1.7% (according to JLL).

Transaction volumes in the UK totaled €78.7 billion (CBRE), with significant capital flows from Asia including the Logicor platform acquisition (which was treated as a UK transaction).

The German economy performed well in 2017, with approximately 2.3% GDP growth. Consensus estimates for 2018 predict GDP growth of approximately 2.2%. Employment in Germany remains at high levels with an unemployment rate of 5.5% as of March 2018. One significant dampener on sentiment is the threat of protectionism.

The health of the German economy has translated into strong performance in the office sector in Germany's major cities. Take-up of space was strong, and supply is under control. C&W estimate that vacancy levels have fallen 15% in 2017, and in Munich and Berlin, vacancy rates have declined to 3.4% and 2.2% respectively (C&W). As a result, prime rents in all major cities in Germany rose in 2017.

Investors continue to acquire real estate assets in Germany, attracted by the supply/demand dynamic for space and continued low levels on interest rates. Yields for prime real estate continue to fall and volumes have increased; in fact, some market participants feel that volumes were affected by the lack of product for sale.

Transaction volume in Germany remained very robust at €57.6 billion (CBRE), which was significantly ahead of all other EU markets, but still trailing the UK in terms of overall volume.

Alternative Investment Solutions

Hedge funds delivered positive performance of 5.3% for FY18, as measured by the HFRI Fund of Funds Composite Index, compared to FY17 performance of 6.5%.[2]

Long/short equities led positive performance across all major hedge fund strategies. Results were strongest in the Asia Pacific and US regions, followed by the European region.

For **long/short equities**, FY18 can best be described as a tale of two halves. During the first half of the year, investors' risk appetite for secular growth companies drove equity market performance for Asia, as well as the US. Managers in both regions benefited from this phenomenon, especially if they held large cap growth stocks in the Information Technology (IT) or Consumer Discretionary sectors. While the European markets also gained heading into the end of calendar year 2017, performance lagged behind the funds that were invested in Asia or the US. The weaker US Dollar and benign inflationary backdrop also provided a strong tailwind for Emerging Markets during the first half of FY18. However, the equity markets abruptly reversed course in February 2018 when investors became more concerned about rising inflation, higher interest rates and a political narrative suggesting the potential for a global trade war. Market volatility increased and funds experienced mark-to-market losses resulting from high gross and net exposures stemming from the buoyant, liquidity-driven bull market that characterized 2017. As most of the trends from last year reversed in calendar year 2018, the equity markets remain range bound with US IT stocks being the strongest area of investment on a global basis. Funds have only marginally de-risked, while concentrating their portfolios in high conviction positions driven by the prospects of positive earnings growth or expanding margin growth.

[2] Source: PerTrac: HFRI Fund of Funds Composite Index

Traditional **credit** indices have been hampered by a rising interest rate environment, while credit spreads remain nearly unchanged year over year. Rising rates have been offset by positive carry leading to high yield returns of 2.8%.[3] Against this backdrop, and despite their partially hedged exposure, credit-focused hedge funds outperformed the long-only indices, benefitting from their expertise across credit selection and portfolio sizing. The higher turnover funds typically outperformed those pursuing a more traditional buy-and-hold approach. Structured credit funds produced more robust gains due to their exposure to levered structures and events including collateralized loan obligations ('CLOs') refinancings and resets, callable legacy residential mortgage backed securities ('RMBS'), mortgage put-back litigation, and maturing legacy commercial mortgage backed securities ('CMBS').

Global macro discretionary funds performed in-line with the broader hedge fund asset class during FY18. Consistent performance was generated across the peer groups with strong returns coming from managers with a focus on emerging markets, Asia, commodities as well as more traditional FX and rates. The most successful managers within FX and rates were able to successfully capture the approximately 100 bps sell-off in US duration from Q3 2017 to May 2018. In addition, they were also successful in navigating the weakening of the USD through 2017 into February 2018, followed by the subsequent strengthening into June 2018. Some commodity managers captured the approximately 50% increase in the price of oil, while others benefitted from attractive spreads between related oil products. Emerging markets managers were able to harvest risk premia across the EM complex but suffered reversals, particularly after volatility in February and March.

Commodity trading advisors ('CTA') funds were one of the weaker performing groups across hedge funds during FY18. The universe was most affected by the strong reversal in equity markets in February 2018 and the ensuing volatility that negatively impacted the significant net long positioning that had been accumulated. Funds also struggled to transition their fixed income duration exposure over the fiscal year from broadly long to a more balanced positioning.

Equity market neutral strategies performed in-line with the broader hedge fund asset class during FY18. Statistical arbitrage managers performed well and were beneficiaries of general increased equity market volatility and stock dispersion. Fundamental managers that have a distinct value bias struggled, particularly in the first half of calendar year 2018 as the value factor significantly underperformed growth and momentum factors.

Performance of **event-driven** hedge funds was relatively subdued for the year compared to other net long equity hedge fund strategies. Underperformance in the strategy came from across the event-driven spectrum ranging from hard events to special situations. Hard events focused hedge funds underperformed due to regulatory headwinds from the US administration's renewed focus on trade policy and its impact on cross-border deals. As a result, merger deals widened to reflect higher risk. Special situations hedge funds overweighted to value stocks underperformed those that were more exposed to growth companies. For reference, the S&P 500 Value index was up just 7.6%[4] vs. the S&P 500 Growth index which was up 20.6%[5] during FY18. Other obstacles were uncertainty in US policies surrounding global trade, taxation (during H1 2018), healthcare and immigration and these resulted in slowdowns for

3 Source: PerTrac: Bloomberg Barclays US Corporate High Yield Index

4 Source: PerTrac, S&P Dow Jones Indices LLC, a division of S&P Global: S&P 500 Value (TR) Index

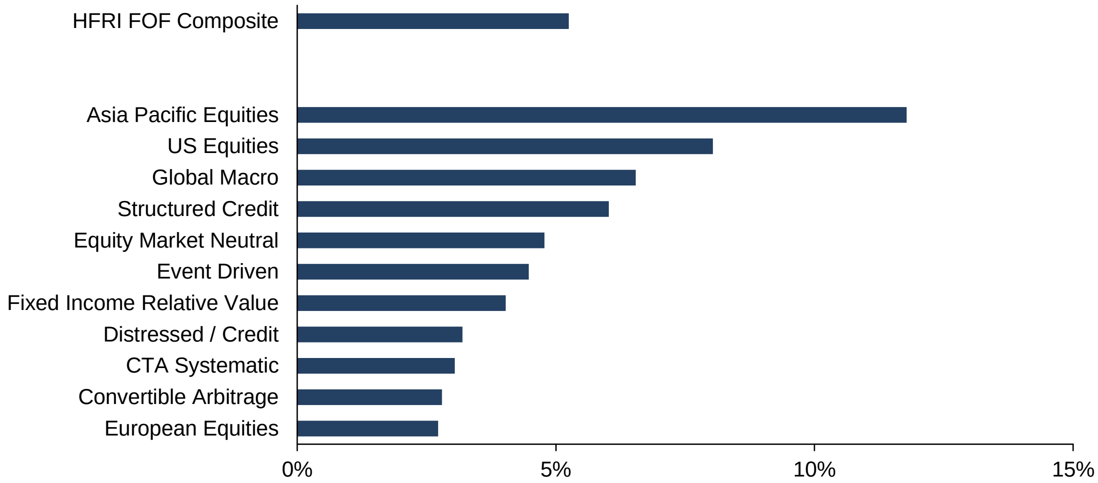
5 Source: PerTrac, S&P Dow Jones Indices LLC, a division of S&P Global: S&P 500 Growth (TR) Index

corporate activity and capital spending decisions. Expectations around tightening of financial conditions in the US, rising inflation and peak valuations kept risk appetite subdued among event-driven hedge funds.

Fixed income relative value strategies underperformed during FY18. Some managers were able to benefit from classic cash/futures basis trading in both the US and Europe. This strategy currently benefits from the regulatory induced reduction of bank proprietary trading desks, thereby increasing barriers to entry and limiting competition. Managers with a long volatility bias struggled in the first half of the fiscal year as all asset class volatilities trended lower before some respite after February 2018 when there was a pick-up in fixed income volatility.

Convertible arbitrage strategies produced consistent returns over the fiscal year and proved resilient through the market volatility in February/March; however, they underperformed broader hedge fund indices in FY18. Subdued levels of volatility in the first half of FY18 limited gamma trading opportunities. In addition, full valuations in the asset class did not provide compelling credit related returns. Strong issuance trends in calendar year 2018 have improved the outlook somewhat but these have not yet been reflected into broader strategy returns.

Performance of hedge fund strategies (July 2017 – June 2018)



Source: PerTrac, Investcorp

The hedge fund industry experienced estimated investor inflows of $10 billion during the first three quarters of FY18 (July 2017 – March 2018) as industry assets, which have grown to a record $3.2 trillion, continued their rise for the seventh consecutive quarter (since the beginning in April 2016).[6]

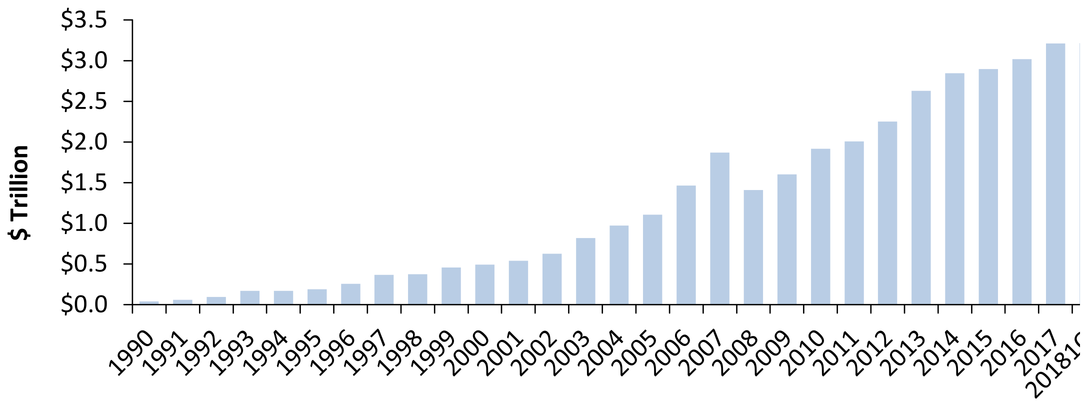
Asset inflows were strongest in the event driven strategies followed by macro strategies and relative value strategies. Long/short equity strategies experienced outflows as investors reduced market beta.

Hedge fund assets have continued to increase, albeit at a slower pace over the last five years and the estimated number of hedge funds has remained roughly flat. Investor surveys by Deutsche Bank and Barclays Investment Bank anticipate net inflows of approximately $40 billion in calendar year 2018.[7]

6 HFR Industry Reports © HFR, Inc. Q1 2018, www.hedgefundresearch.com

7 Deutsche Bank, *16th annual Alternative Investment Survey*, February 2018; Barclays Investment Bank, *Go with the flows: Global hedge fund industry outlook,* Mar 2018

Hedge Fund Industry Assets Under Management



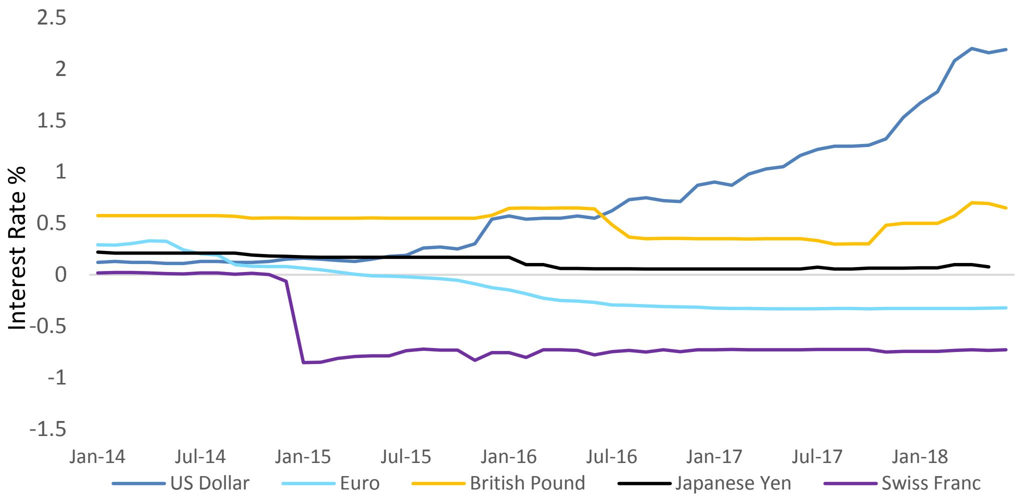
Source: HFR Industry Reports © HFR, Inc. Q1 2018, www.hedgefundresearch.com.

Credit Management

Globally, the leveraged loan asset class continued to provide attractive risk adjusted returns to investors. The leveraged loan market in the US benefitted from a growing economy, a rising interest rate environment, and optimism around corporate tax cuts enacted at the end of 2017. The US Federal Reserve raised the Fed funds rate three times in the past twelve months, with the most recent increase in June. The market anticipates another two measured increases before the end of 2018, which has led to continued increases in US short term borrowing rates. Key economic indicators in the US point to a healthy economic outlook. US GDP is expected to rise to 2.8% by the end of the year and the unemployment rate is expected to fall to 3.6%. In Europe, steadily improving economic conditions supported the European leveraged loan market in the first half of 2018. In Q1 2018, the ECB confirmed an end to its QE program, with the bond purchasing program set to finish at the end of 2018. Any near term upward pressure on rates in Europe became moot following the ECB's announcement to keep rates low through mid-2019. Nevertheless, longer duration fixed rate bonds in both the US and Europe experienced pressure in the second calendar quarter of 2018 in response to a medium term rising rate environment. Historically, this type of interest rate environment has favored the floating rate loan asset class.

Short-Term Global Interest Rates

January 2014 – June 2018*



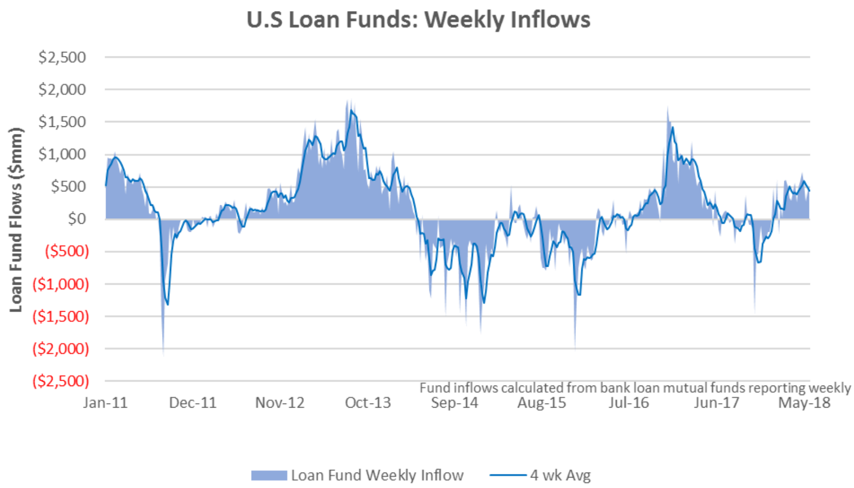
*Japanese Yen as at May 2018

Source: OECD

Demand for the loan asset class remains very strong, as evidenced by another year of positive mutual fund inflows and increased CLO formation. For the twelve months ended June 30, 2018, US loan mutual funds experienced net inflows of approximately $4 billion, albeit down from a net inflow of $32 billion a year ago. During the same period, US CLO formation increased $35 billion to $134 billion; European CLO formation increased more than €7 billion to €25 billion. Anecdotally, demand from separately managed accounts remained robust throughout the year. In fact, the US leveraged loan market crossed the $1 trillion mark for the first time this year, now rivalling the high-yield bond market in size and liquidity. By comparison, the European leveraged loan market is approximately one fifth the size of the US leveraged loan market.

US Loan Mutual Fund Flows by Week

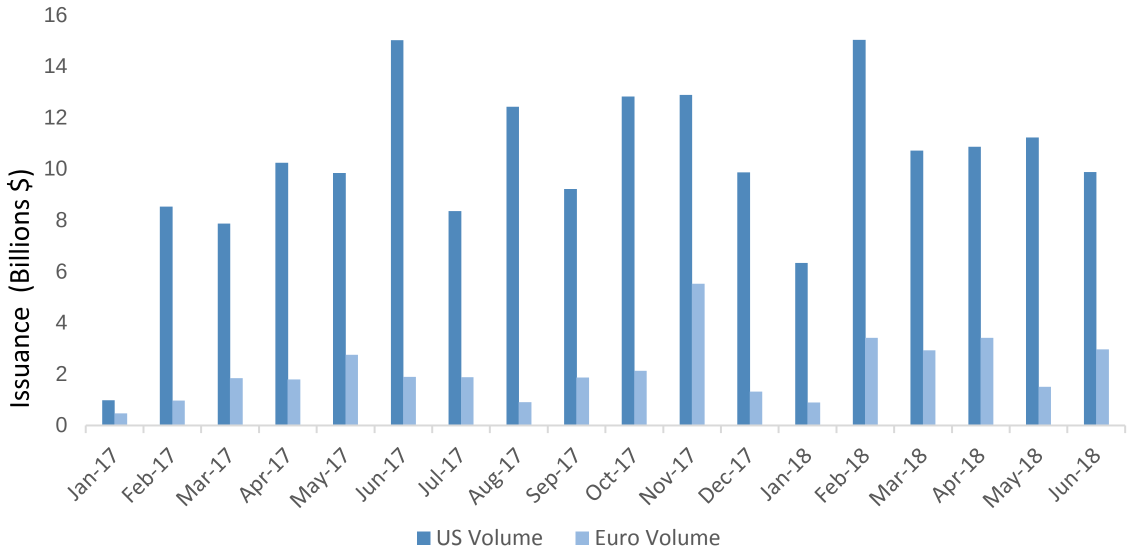
January 2011 to June 2018



Source: LCD

US and European New Issue CLO Issuance by Month

January 2017 to June 2018



Source: LCD, Wells Fargo Securities

FX Rate as at June 30, 2018

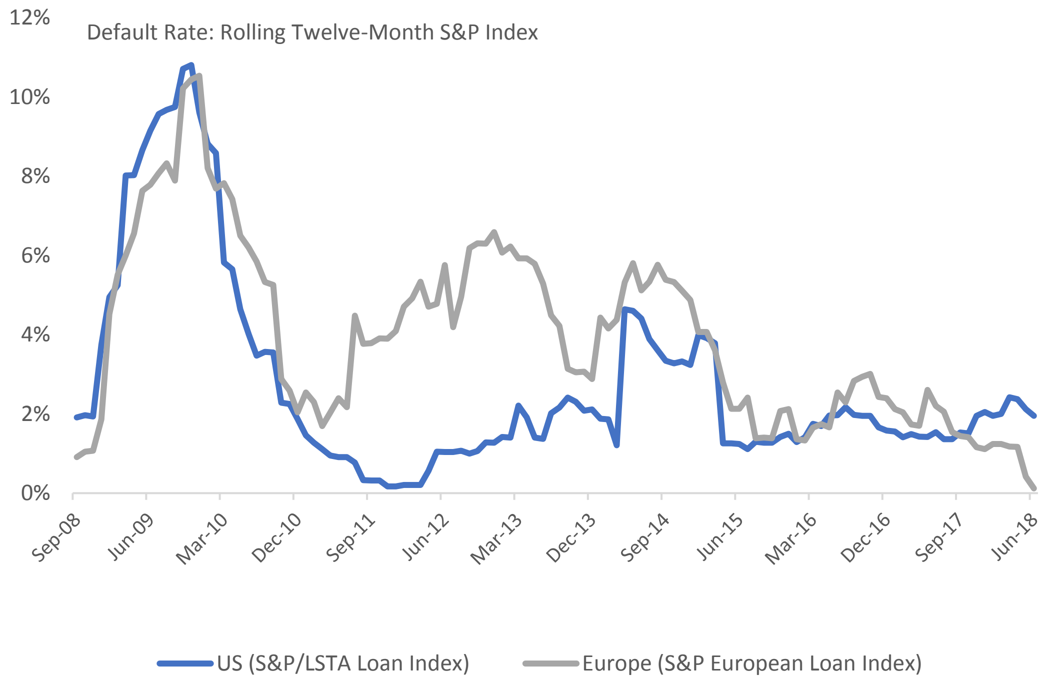
Corporate borrowers took advantage of the strong market technicals, which drove a wave of repricings and resulted in credit spread compression. The three-year discount margin ('DM') in the US declined by 60bp from the beginning of FY18 to a low of 382bp in April 2018 (versus a recent high of 692bp in February 2016). In Europe, the DM declined by 36bp to a low of 371bp during the same time period (versus a high of 633bp in February 2016). Despite the coupon tightening, loan prices increased in the first ten months of the fiscal year as the average loan price went from 97.19 to 98.23 in the US and 98.83 to 99.35 in Europe. In addition to tightening coupons, corporate borrowers were able to negotiate better terms in their credit agreements.

Towards the end of FY18, heightened geo-political risk and fears of a potential trade war combined with increased new issuance resulted in more cautious investor sentiment. By June 2018, the DM widened to 400bp and 405bp in the US and Europe, respectively. In particular, lower spread loans traded down in the secondary market in reaction to the widening spreads in the primary market. As a result, the average loan price fell back to 97.85 in the US and 98.33 in Europe. Even with the uptick in pricing, the percentage of loans trading above par is 20.1% at June 30th, residing near lows not seen since 2016. This suggests that the recent flurry of refinancing activity may subside. Essentially, loan buyers took advantage of a more balanced market to push back on lower yields and, importantly, on the weakening documentation terms. Heading into fiscal year 2019, the supply/demand situation feels more in balance.

For the twelve months ended June 30, 2018, the coupon-like return of 4.67% in the US demonstrates the direct benefits of floating rate loans as a more than 100bp increase in the 3-month LIBOR rate (from last year) more than offset spread compression that was driven by repricings. It is noteworthy that leveraged loan returns outperformed all other fixed income asset classes for the same period. The diversion in performance can be explained, at least in part, by rising Treasury rates that negatively impacted longer duration fixed income classes. In Europe, the return for leveraged loans was 3.30% for calendar year 2017, falling to 2.12% for the last twelve months ended June 2018, due to the impact of the price declines seen in May and June. The return is below the coupon as the secondary market has seen a price correction to adjust low margin assets in line with current market yields. Similarly to the US market, the leveraged loan market in Europe still outperformed other fixed income classes. For example, European high-yield bonds returned only 0.70% for the same period. Default rates have remained low at 1.95% in the US and particularly low in Europe at 0.12% for the trailing twelve-month period ending June 30th.

US and European Loan Market Default Rates (By Principal)

September 2008 to June 2018



All industry sectors posted positive results in the US during FY18. Many of the sectors that underperformed during the same period last year were the best performers this year. Commodity related industries were the top performers as both energy and metals/minerals returned in excess of 8%, benefitting from a rebound in energy markets and higher commodity prices. The utilities sector also bounced back from a weak year as independent power producers profited from higher electricity prices in many major markets. The retail sector exhibited volatility in performance in both the US and Europe as the sector continues to be impacted by online threats and changing consumer buying patterns (Amazon impact) and the high fixed cost base for brick and mortar stores. Investors have become increasingly wary of the retail sector, selling down even the performing assets. The weakest performing sector in Europe was telecommunications (-1.45% return for last twelve months). The underperformance was not necessarily due to any credit issues, but more the result of investors having re-based the yield requirements for the sector following a slew of very tightly priced issues in 2016 and 2017 that now look unattractive in the current market on a relative value basis.

Discussion of Results

Profit for the Year

Profit for the year 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') and real estate ('RE') products, accrued returns on credit management ('CM') exposures and realized changes in the fair value of alternative investment solutions ('AIS') products.

Profit for the year of $125 million for FY18 was 4% higher than profit for the prior fiscal year ('FY17'). Continued geographical diversification of the Firm's client base and product set has helped support record levels of activity in terms of distributions to clients, investment activity and fundraising across all markets. This has resulted in higher gross operating income during the year, which grew to $454 million, reflecting an 8% increase over FY17. Investcorp's FY18 results represent a return on equity ('ROE') of 11% and fully diluted earnings per share ('EPS') of $1.30 per ordinary share.

Income ($m)	**FY18**	**FY17**	**% Change B/(W)**
Fee income	321	320	0%
Asset-based income	133	102	30%
Gross operating income	**454**	**422**	**8%**
Provisions for impairment	(4)	(4)	0%
Interest expense	(56)	(57)	(2%)
Operating expenses	(256)	(234)	9%
Net income before tax	**138**	**127**	**9%**
Income tax expense	(13)	(7)	86%
Net income	**125**	**120**	**4%**
Basic earnings per ordinary share ($)	1.34	1.28	5%
Fully diluted earnings per ordinary share ($)	1.30	1.25	4%

Fee income increased marginally to $321 million (FY17: $320 million) with growth in AUM fees more than offsetting lower deal fees. Asset-based income increased 30% to $133 million (FY17: $102 million) primarily driven by higher corporate investment returns.

Interest expense decreased by 2% due to lower average drawn balances. Operating expenses increased by 9% to $256 million (FY17: $234 million) reflecting the full year impact of the credit management business and the expansion of Investcorp's distribution platform. The tax expense increased by $6 million, which was primarily driven by a one-off charge in relation to a deferred tax asset arising from the changes in the federal corporate tax rates in the US.

Fee Income

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

Summary of fees ($m)	FY18	FY17	% Change B/(W)
AIS fees	13	12	8%
CM fees	46	15	>100%
Other management fees	114	109	5%
AUM Fees	**173**	**136**	**27%**
Activity fees	128	164	(24%)
Performance fees	20	20	0%
Deal fees	**148**	**184**	**(20%)**
Fee income	**321**	**320**	**0%**

Total fee income in FY18 increased marginally to $321 million (FY17: $320 million).

AUM fees were $173 million in FY18, 27% higher than FY17. The increase reflects a higher level of client assets under management, primarily driven by the acquisition of the CM business in H2 2017.

The increase in AUM fees was offset by a decrease in deal fees in FY18 to $148 million (FY17: $184 million), mainly driven by lower activity fees relative to FY17. Performance fees of $20 million remained flat relative to FY17 reflecting the stable performance of the underlying CI portfolio. Activity fees decreased by 24% to $128 million (FY17: $164 million). The decrease primarily reflects lower CI activity fees, driven by the impact of regional and global political and economic factors causing uncertainty and affecting investor sentiment and the pace of placement in the Gulf. The overhang of uncertainty also led to a deliberate decrease by the Firm in the pace and volume of new investment activity, particularly in CI.

Asset-based Income

Asset-based income is earned on Investcorp's CI, RE, CM and AIS co-investments held on the balance sheet, including invested liquidity. Asset-based income includes unrealized changes in the fair value of CI and RE co-investments, accrued returns on CM exposures and realized changes in the fair value of AIS co-investments.

Gross asset-based income during FY18 increased by $31 million relative to FY17 to a net gain of $133 million, primarily driven by a significant increase in the CI returns from successful realizations during the year.

Asset-based income ($m)	FY18	FY17	% Change B/(W)
Corporate investment	61	19	>100%
Credit management investment	28	34	(18%)
Alternative investment solutions	10	16	(38%)
Real estate investment	24	22	9%
Treasury and other asset-based income	10	11	(9%)
Gross asset-based income	**133**	**102**	**30%**

The tables below summarize the primary drivers of asset-based income for CI, AIS and RE.

CI asset-based income KPIs ($m)	FY18	FY17	% Change B/(W)
Asset-based income	61	19	>100%
Average co-investments	539	561	(4%)
Absolute yield	11.3%	3.4%	7.9%

CI asset-based income in FY18 was positively impacted by steady growth across most of the US and European portfolio and successful realizations during the year. Positive returns were partially offset by lower returns for investments in the MENA and Turkey region which were impacted by the uncertain geopolitical situation and economic softness driven by low oil prices.

CM asset-based income KPIs ($m)	FY18	FY17	% Change B/(W)
Asset-based income	28	34	(18%)
Average co-investments	347	280	24%
Absolute yield	8.1%	12.0%	(3.9%)

The CM asset based return decreased by $6 million to $28 million as compared to FY17, primarily due to one off gains included in the FY17 income generated at the time of acquisition of the business. The income represents returns on CLO co-investment exposures, which delivered steady returns during the period, and which were supported by active management of the CLO funds by the credit management team.

AIS asset-based income KPIs ($m)	FY18	FY17	% Change B/(W)
Asset-based income	10	16	(38%)
Average co-investments	207	278	(23%)
Absolute yield	4.8%	5.7%	(0.9%)

AIS returns declined by 38% in FY18 to $10 million. The return was primarily affected by a lower average co-investment balance and the underperformance of Investcorp’s alternative risk premia investments during the year.

RE asset-based income KPIs ($m)	FY18	FY17	% Change B/(W)
Asset-based income	24	22	9%
Average co-investments	338	312	8%
Absolute yield	7.1%	7.1%	0.0%

RE asset-based income is primarily driven by rental yields. The higher income in FY18 compared to FY17 reflects higher average co-investments related to the increased level of investment activity in the business during FY18. A large portion of the average co-investments relates to underwriting on which Investcorp earns the rental yield during the period of underwriting.

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	FY14	FY15	FY16	FY17	FY18	Average (FY14 – FY18)
Corporate investment	2.6%	6.8%	16.5%	3.4%	11.3%	8.1%
Credit Management	-	-	-	12.0%	8.1%	10.1%
Alternative Investment Solutions	7.2%	2.0%	(6.2%)	5.7%	4.8%	2.7%
Real estate investment	(3.6%)	5.5%	(0.6%)	7.1%	7.1%	3.1%
Average co-investment yield	2.9%	5.0%	5.4%	6.4%	8.6%	5.7%

Interest Expense

Total interest expense, including commitment fees on undrawn revolving credit facilities, decreased by 2% to $56 million in FY18 from $57 million in FY17. The decrease was due to lower average interest-bearing liabilities as shown in the table below. This effect was somewhat offset by a higher overall cost of funding which was primarily the result of increases in LIBOR although the average spread to LIBOR decreased compared to FY17.

Interest expense ($m)	FY18	FY17	Change H/(L)
Total interest expense	**56**	**57**	**(1)**
Average short-term interest-bearing liabilities	504	598	(94)
Average medium- and long-term interest-bearing liabilities	775	822	(47)
Average interest-bearing liabilities	**1,279**	**1,420**	**(141)**
Interest expense on funded liabilities[a]	50	51	(1)
Average cost of funding on funded liabilities	**3.9%**	**3.6%**	**0.3%**
Average 1-month US LIBOR	1.5%	0.7%	0.8%
Spread over LIBOR	**2.4%**	**2.9%**	**(0.5%)**

(a) Does not include commitment fee cost on undrawn revolvers.

Operating Expenses

Operating expenses increased by 9% to $256 million in FY18 from $234 million in FY17. The increase primarily reflects the full year of operations of the credit management business under Investcorp's ownership and also reflects the ongoing expansion of Investcorp's capabilities and the investment in resources required for growth. Staff compensation, which includes fixed and variable components, increased by 9%. This was primarily due to a 4% increase in global headcount across the Gulf, Europe and the US. Other expenses, comprising professional fees, travel and business development, administration and infrastructure costs and non-compensation personnel costs such as training and recruitment increased by 10%, which is in line with the increase in gross operating income. Total expenses, as a percentage of net revenues, remained constant at 65%.

Operating expenses ($m)	FY18	FY17	Change H/(L)
Staff compensation	164	150	14
Other personnel costs and charges	11	11	-
Other operating expenses	81	73	8
Total operating expenses	**256**	**234**	**22**
Full time employees ('FTE') at end of period	402	388	14
Staff compensation per FTE ('000)	408	387	5%
Other operating expenses per FTE ('000)	199	188	6%
Total staff compensation / total operating expenses	64%	64%	(0%)
Operating expenses / Net revenue[a]	65%	65%	0%

(a) Net revenue represents gross operating income less provisions for impairment and interest expense

Balance Sheet

Key balance sheet metrics are shown in the table below.

Balance sheet metrics	Jun-18	Jun-17
Total assets	$2.5 billion	$2.7 billion
Leverage[a]	1.3x	1.3x
Net leverage ratio[b]	0.5x	0.4x
Shareholders' equity	$1.1 billion	$1.1 billion
Co-investments[c] / long-term capital[d]	0.7x	0.7x
Capital adequacy ratio	31.5%	31.7%
Residual maturity – medium- and long-term facilities	69 months	69 months

(a) Calculated in accordance with bond covenants.

(b) Calculated in accordance with bank loan covenants and is net of liquidity, underwriting and deferred fees.

(c) Excludes underwriting and is net of facilities secured against alternative investment solutions and credit management co-investments.

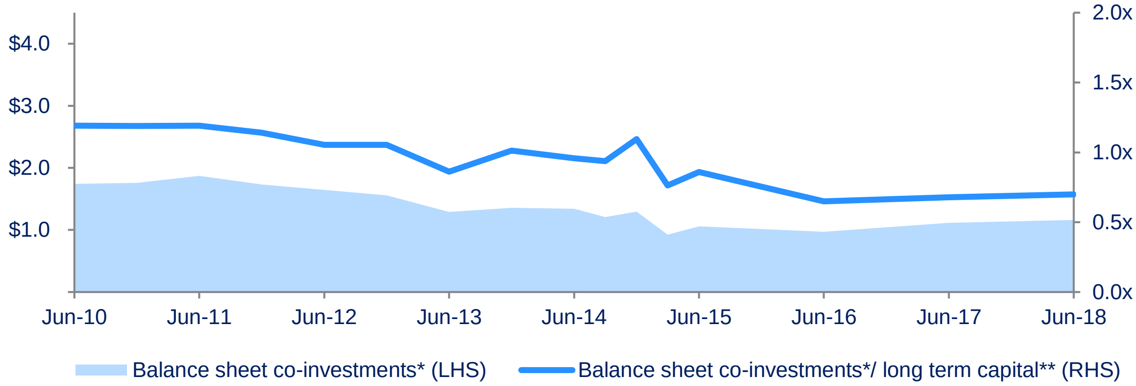
(d) JPY37 billion debt maturing in 2030, $42 million secured financings maturing in 2030/2031 and $50 million debt maturing in 2032, deferred fees and total equity.

Assets

Assets ($m)	Jun-18	Jun-17	Change H/(L)
Cash and other liquid assets	371	562	(191)
CI, RE and AIS underwriting & CM warehousing	446	460	(14)
CM co-investments	272	259	13
AIS co-investments	189	236	(47)
CI and RE co-investments (excluding underwriting)	701	618	83
Other (working capital and fixed assets)	514	521	(7)
Total assets	**2,493**	**2,656**	**(163)**
Co-investment assets (excluding underwriting)	**1,162**	**1,113**	**49**

At June 30, 2018, total assets were $2.5 billion, 6% lower than at June 30, 2017. Total co-investments increased by $49 million to $1.16 billion, primarily driven by $99 million of increase in CI and CM, which was partially offset by a decrease in AIS and RE co-investments. As at June 30, 2018, gross co-investments in CM were $272 million of which $42 million was utilized to secure amounts drawn under long term repo financing agreements.

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



* Excludes underwriting and is net of the amount of a secured facilities (which are secured against ICM co-investments)

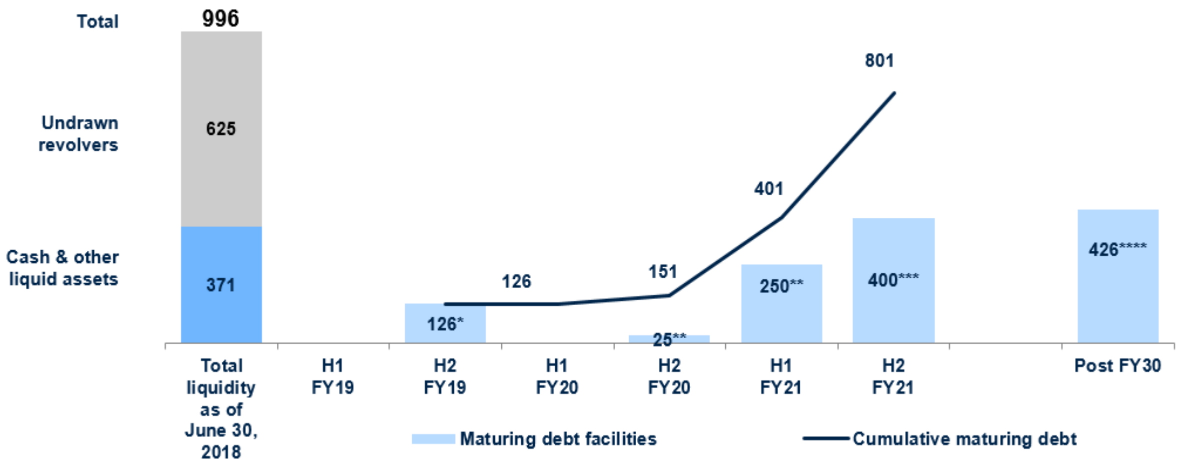
** Long-term capital consists of JPY 37 billion debt maturing in 2030, $42 million secured financings maturing in 2030/2031, $50 million debt maturing in 2032, total equity and deferred fees

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, 2018 the aggregate level of co-investments net of a $42 million repo credit facility secured against CM co-investments remained fully covered by permanent and long-term sources of capital.

Liquidity

Despite the repayment of the $250 million bond that matured during the fiscal year and the buyback of $100 million of preference shares, accessible liquidity, comprising undrawn committed revolving facilities plus balance sheet cash and other liquid assets of $996 million was maintained at a similar level as compared to FY17 (June 30, 2017: $984 million) and substantially covers all outstanding medium-term debt maturing over the next four years.

Liquidity cover ($m)



*CHF 125 million ($126 million at current exchange rates)

**Syndicated revolving facilities

***Syndicated revolving facilities- includes €100m ($117m at current exchange rates)

****JPY 37 billion ($334 million at current exchange rates) debt maturing in FY30, €36m ($41m at current exchange rates) debt maturing in FY31 & $50 million maturing in FY33

Liabilities

Total liabilities decreased by $141 million to $1.37 billion at June 30, 2018.

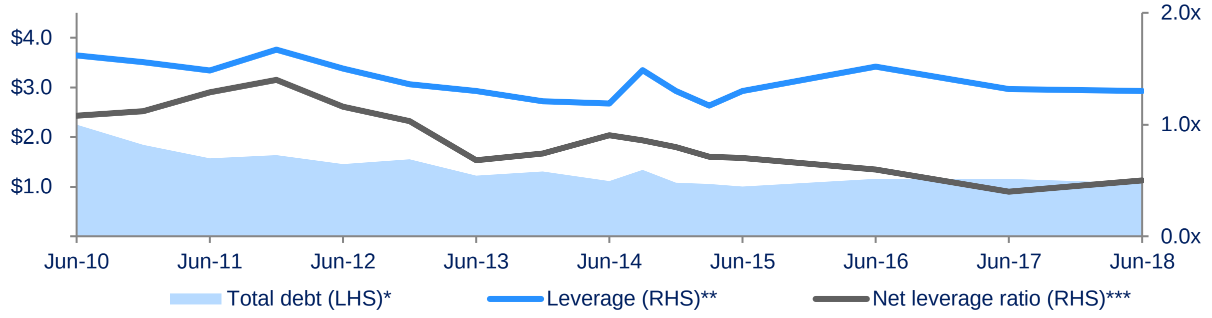
Liabilities ($m)	Jun-18	Jun-17	Change H/(L)
Term and institutional accounts	300	185	115
Call accounts	149	249	(100)
Medium-term debt	167	382	(215)
Long-term debt	450	410	40
Total debt	**1,066**	**1,226**	**(160)**
Deferred fees	72	87	(15)
Other liabilities(a)	232	198	34
Total liabilities	**1,370**	**1,511**	**(141)**

(a) 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 the repayment of a $250 million bond that matured during the fiscal year, which was partially offset by increased drawdowns of revolving facilities.

The increase in long-term debt was primarily due to two new secured financing repurchase facilities amounting to $42 million entered into during the year. The facilities are secured against CM co-investments. Currency translation risks are fully hedged, and hence there is no material impact on profit for the year from this or other exchange rate movements.

Financial leverage



* Total debt is defined as call accounts, term and institutional accounts, 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 in line with Investcorp's medium-term objectives to maintain comfortable covenant headroom.

Net leverage, as defined in the 4-year syndicated revolving credit facility, is calculated by deducting cash, underwriting balances and deferred fees (arising from the introduction of IFRS 15) from liabilities.

Credit Ratings

Investcorp held its annual rating review with both Moody's and Fitch in October 2017. Moody's reaffirmed the Ba2 rating and upgraded the outlook from "Negative" to "Stable". The semi-annual credit opinion released in April 2018 did not change Moody's rating and outlook on Investcorp. Following the yearly review, Fitch Ratings re-affirmed Investcorp's credit ratings at BB in December 2017 and confirmed the "Positive" outlook.

Agency	Rating grade	Comment
Moody's Investor Service	Ba2 / Stable outlook	Rating and outlook confirmed in published Semi Annual Credit Opinion in April 2018
Fitch Ratings	BB / Positive Outlook	Rating and outlook confirmed in Dec 2017

Equity

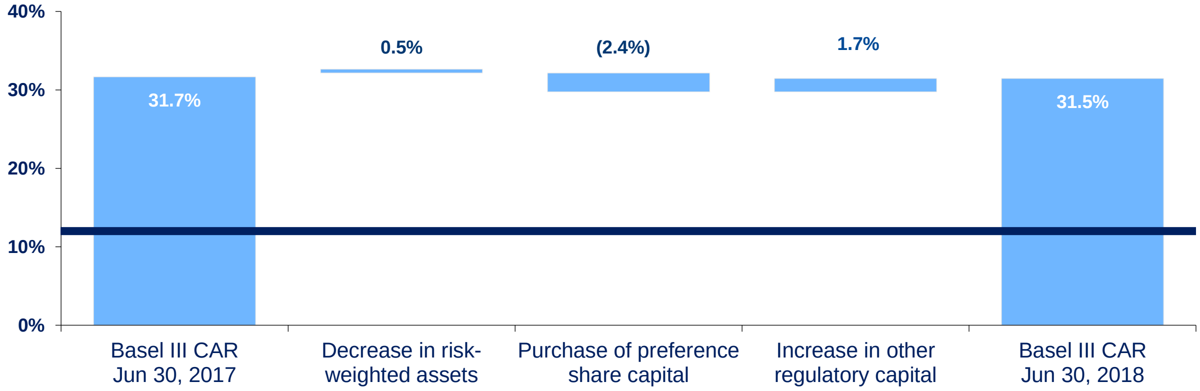
Equity ($m)	Jun-18	Jun-17	Change H/(L)
Ordinary shareholders’ equity	964	884	80
Preference share capital	123	223	(100)
Proposed appropriations	41	44	(3)
Other reserves	(5)	(6)	1
Net book equity	**1,123**	**1,145**	**(22)**

Net equity at June 30, 2018 was $1.1 billion, reflecting a decrease in equity from preference shares redemptions and dividend distributions partially offset by net income for the year. Book value per ordinary share as of June 30, 2018 increased by 9% to $12.13 (FY17: $11.10).

Capital Adequacy

Investcorp’s capital adequacy ratio (‘CAR’) at June 30, 2018 was 31.5% (June 30, 2017: 31.7%), reflecting marginally lower risk-weighted assets offset by a decrease in regulatory capital which primarily resulted from the $100 million preference share redemption during the year. The CAR is comfortably in excess of the Central Bank of Bahrain’s (‘CBB’) regulatory minimum requirement of 12.5%.

Regulatory capital adequacy ratio (CAR)



The CBB has designated Investcorp as a Domestic Systemically Important Bank (‘DSiB’). As a result of this designation, Investcorp is subject to an increased frequency of prudential meetings and inspections by the CBB.

Investment Activity

New Acquisitions: Corporate Investment

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

The aggregate capital deployed in corporate investments during FY18 was $548 million. $406 million was deployed across three new corporate investments and a further $48 million was invested in two special opportunities, $75 million was invested through or alongside Investcorp's technology funds in one new investment and five add-on investments, and $20 million of support capital was invested in two existing portfolio companies.

New acquisitions

Impero

A leading online student safety, classroom and network management software

Date of Investment	**July 2017**
Investors	**Technology fund**
Industry Sector	**Technology – security**
Headquarters	**Nottingham, United Kingdom**

Kee Safety

A leading global provider of fall protection solutions and products associated with working at height

Date of Investment	**October 2017**
Investors	**Deal-by-deal**
Industry Sector	**Industrial products**
Headquarters	**Birmingham, United Kingdom**

KS Group

A value-added, industry-leading distributor of quality replacement auto body parts

Date of Investment	**March 2018**
Investors	**Deal-by-deal**
Industry Sector	**Industrial products**
Headquarters	**New Jersey, US**

ICR

A leading strategic communications and advisory firm

Date of Investment	**March 2018**
Investors	**Deal-by-deal**
Industry Sector	**Industrial services**
Headquarters	**Connecticut, US**

In addition to the above new acquisitions, Investcorp also invested in two special opportunities in FY18. In April, Investcorp made an initial investment in a project to develop a new landmark hospital complex on Reem Island, Abu Dhabi, UAE. The complex comprises a modern and highly specialised Rehabilitation Centre combined with a Children's' & Women's Hospital and a Family Medical Centre. The investment was made in partnership with VAMED, a leading global provider of development, design and operational management services for hospitals.

In Germany, Investcorp made the first two investments of a buy-and-build strategy in the German healthcare market. In May 2018, Investcorp announced the acquisition of **Acura Kliniken**, a licensed hospital in Albstadt, Germany and **Privatzahnarztklinik Schloss Schellenstein GmbH**, one of the leading centres for implantology and dental surgery. The two acquisitions will serve as a platform to make further investments in the highly-fragmented German dental market as part of a wider consolidation and buy-and-build strategy.

Other corporate investment activity

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

August 2017: CI-Tech portfolio company **eviivo** acquired Xotelia, based in Lyon. Through this strategic transaction the company now serves a total of approximately 12,500 accommodation providers across Europe and is one of the leading providers in both the U.K. and France.

October 2017: CI-Tech portfolio company **Calligo** acquired Canadian-based 3 Peaks to accelerate its North American market entry.

November 2017: CI-Tech portfolio company **Calligo** acquired Toronto-based HyperT Systems, which marks its fourth add-on acquisition.

April 2018: Additional capital was provided to CI-Tech portfolio company **Ageras** to support its international expansion, in particular its expansion into the UK. The company's presence in the UK has grown rapidly, with close to 50 paying subscribers on the platform and more than one hundred validated leads generated per month by the end of the quarter.

May 2018: CI-Tech portfolio company **Calligo** acquired Canadian-based Mico Systems, which further strengthens its North American market position and managed services offering.

Investcorp also provides support funding to its portfolio companies from time to time to help stabilize and turn around companies that are facing challenging market conditions.

September 2017: Investcorp provided the second of two tranches of support funding, after the first in May 2017, to CI North America portfolio company **totes>>ISOTONER** to support the incoming senior management team and facilitate the implementation of growth initiatives.

December 2017: Investcorp provided support capital to CI MENA portfolio company **Hydrasun** to help stabilize its capital structure so that the management team can focus on returning the company to a growth trajectory.

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

December 2017: CI Europe portfolio company **ABAX** completed the add-on acquisition of Fleetfinder, doubling its subscription base in Denmark, and making ABAX one of the market leaders in Denmark.

December 2017: CI MENA portfolio company **Al Borg Medical Laboratories** completed the add-on acquisition of Proficiency Healthcare Diagnostics ('PHD'), a leading private independent laboratory network in Abu Dhabi, UAE. PHD offers a range of routine and specialty tests mainly to clinics and hospitals.

February 2018: CI Europe portfolio company **Kee Safety** acquired Lighthouse Safety, a Wisconsin-based installer as part of the value creation initiatives of the company.

March 2018: CI North America portfolio company **The Wrench Group** completed the add-on acquisition of Ragsdale Heating and Air Conditioning Inc. in a deal aimed at expanding its footprint in the Atlanta market.

April 2018: CI MENA portfolio company **L'azurde** announced the signing of a memorandum of understanding to acquire the TOUS Saudi Arabian franchise, a leading retailer in the affordable luxury jewelry market.

May 2018: CI North America portfolio company **The Wrench Group** completed the add-on acquisition of Plumbline Services, Inc., an HVAC company located in Denver, Colorado, accelerating growth and expansion into the Mountain states and adding another heritage home services brand to the growing portfolio of best-in-class home services companies.

New Acquisitions: Real Estate

Investcorp focuses on the acquisition of existing core and core-plus commercial and residential real estate assets situated in many of the largest and most diversified markets in the US and Europe. The Firm seeks properties that 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 FY18 was $565 million.

UK Industrial and Logistics Portfolio

Shari'ah compliant equity ownership interests in nine industrial and logistics properties located in Hull*, Doncaster*, High Wycombe, Leeds, South Elmsall, Liverpool, Warrington, Glasgow and Edinburgh.

* signed and purchased in FY17

Number of properties	**9**

2018 Residential Properties Portfolio

Shari'ah compliant equity ownership interests in a student housing property in Orlando, Florida (Mercury 3100*), two apartment properties in Dallas, Texas, (Bel Air Keystone Ranch and Bel Air Willow Bend), an apartment property in Suburban Atlanta, Georgia (Overlook at Berkeley Lake), and an apartment property in Westmont Illinois (Brook Hill*).

*signed and purchased in FY17

Number of properties	**5**

Midtown Manhattan Office Portfolio

Shari'ah compliant equity ownership interests in two multitenant office properties in New York, New York.

Number of properties	**2**

2018 Warehouse Portfolio

Shari'ah compliant equity ownership interests in four industrial portfolios comprising 2.7 million square feet and 38 properties. The four portfolios comprise 9 properties in Phoenix, Arizona; 7 properties in Minneapolis, Minnesota; 7 properties in Austin, Texas; and 15 properties in Chicago, Illinois.

Number of properties	**38**

UK Industrial and Logistics Portfolio II	
Shari'ah compliant equity ownership interests in nine industrial and logistics properties located in Leeds, Doncaster (2 properties), Rotherham, Tamwort (2 properties), Bilston, Uddingston and Eurocentral.	
Number of properties	**9**

German Office Portfolio	
Shari'ah compliant equity ownership interests in two office campus properties located in Stuttgart and Frankfurt (Germany).	
Number of properties	**2**

In addition, three apartment properties and an industrial portfolio were acquired in the US These properties will form part of two new portfolios which are expected to be placed in FY19

In Europe, besides the German Office Portfolio shown above which is expected to be placed in FY19, there is one additional industrial property in the UK that was acquired during the year and which will form part of a portfolio expected for placement in FY19.

Credit Management

The aggregate amount of new investments activities associated with CLO assembly during FY18 was $1.7 billion. This included $141 million of warehousing for the US CLO, Jamestown X, which closed in July 2017. It includes $1.0 billion related to the assembly and issuance of two new European CLOs, Harvest XVIII and Harvest XIX. It also includes warehousing of $0.6 billion for two new US CLOs and one new European CLO which are all expected to close in H1 2019.

FY18 has also been a very active period in terms of the refinancing and resets of existing CLOs. This activity is beneficial both to clients wanting liquidity and/or an extended investments horizon and also to the business as a reset effectively allows the CLO manager to extend the lives of the deals, thereby extending the period over which management fees will be generated. In addition, both refinancings and resets typically provide additional returns to equity investors.

The European team worked on four resets during this period. The Harvest IX CLO (originally issued in June 2014) was reset in August 2017, the Harvest XII CLO (originally issued in July 2015) was reset in October 2017, the Harvest VIII CLO (originally issued in March 2014) was reset in January 2018 and the Harvest XV CLO (originally issued in March 2016) was reset in May 2018. The total value of all transactions was in excess of €1.7 billion.

The US team worked on a reset and a reissue during this period. Jamestown II (originally issued in 2013) was reset in April 2018 and Jamestown VI (originally issued in 2015) was reissued in May 2018.

Two European CLOs and four US CLOs were also refinanced during this period. In Europe, Harvest X (originally issued in October 2014) was refinanced in August 2017 and Harvest XIV (originally issued in

October 2015) was refinanced in October 2017. In the US, Jamestown VI (originally issued in 2015) was refinanced in July 2017, Jamestown IV (originally issued in 2014) was refinanced in November 2017, Jamestown VII (originally issued in 2015) was refinanced in December 2017 and Jamestown VIII (originally issued in 2015 was refinanced in January 2018. The total value of these refinancings was over €700 million in Europe and over $1.7 billion in the US.

Realizations & Distributions

Total realization proceeds and other distributions to Investcorp and its clients were $7.0 billion in FY18.

Corporate Investment Realizations

Total corporate investment realization proceeds and other distributions to Investcorp and its clients were $789 million in FY18.

Esmalglass

A leading producer of intermediate products for the global ceramic industry.

Date of Investment	July 2012
Date of Realization	July 2017
Investors	Deal-by-deal
Industry Sector	Industrial products

CEME

A manufacturer of fluid control components for consumer applications.

Date of Investment	July 2008
Date of Realization	March 2018
Investors	Deal-by-deal
Industry Sector	Industrial products

Nobel Learning

A leading provider of private education in the United States (from pre-school up to high school).

Date of Investment	April 2015
Date of Realization	June 2018
Investors	Deal-by-deal
Industry Sector	Business services – knowledge & professional services

In July 2017, Investcorp agreed to sell portfolio company **Esmalglass-Itaca** ('Esmalglass') to global private equity firm Lone Star Fund X for an enterprise value of €605 million. Esmalglass is a leading worldwide producer of ceramic colors and glazes. Investcorp acquired Esmalglass in July 2012 and during its ownership period, it worked with the management team to solidify the company's position across international markets and extend its product offering, establishing it as a leading business in the ceramic colors and glazes sector. Under Investcorp's ownership, EBITDA doubled, with strong organic growth in the color business complemented by the company's acquisition of Fritta in 2015, which enabled Esmalglass to strengthen its position in the glazes market.

In March 2018, Investcorp completed the sale of **CEME Group** ('CEME') to private equity firm Investindustrial for an enterprise value of €285 million. CEME is a global manufacturer of fluid control solutions serving critical functions in a diverse range of niche consumer and industrial applications, including single serve coffee, steam cleaning and ironing systems, air conditioning, medical and water dispensing. The company provides a wide portfolio of highly engineered and innovative solutions to its customers, each tailored for their critical requirements. Headquartered in Trivolzio (Italy), CEME sells its products in more than 70 countries worldwide and has a strong presence in emerging markets. Under Investcorp's ownership, CEME entered the US market, reinforced its presence in China and expanded into new fast-growing markets, including medical, water dispensing and sanitary applications.

In June 2018, Investcorp agreed to sell **Nobel Learning** to Spring Education Group, the leading PreK-12 private school operator in the United States and portfolio company of Primavera Capital Group, an Asia-based investment firm. Founded in 1984, Nobel Learning operates a network of over 190 private schools across 19 states in the United States. Nobel Learning schools are known nationwide for their commitment to quality private education through small class sizes, qualified teachers, and personalized learning plans. The company also has an accredited online private school, Laurel Springs, that offers college preparatory programs to students from over 80 countries worldwide. With over 25,000 students, Nobel Learning is one of the largest private school operators in North America. Since acquiring Nobel Learning in 2015, Investcorp has worked closely with the company to achieve significant growth, acquiring 25 schools, opening 9 greenfields, and driving organic enrollment thereby collectively achieving EBITDA growth of over 50 percent during its period of ownership. The sale is expected to close in August 2018.

Other Transactional Activities

December 2017:	CI North America portfolio company **The Wrench Group** completed a senior debt refinancing with the concurrent issuance of a dividend to shareholders.
January 2018:	CI Europe portfolio company **SecureLink** successfully listed its first bond on the Oslo Stock Exchange. The proceeds from the transaction were used to refinance existing bank loans. This instrument provides the company with enhanced operational flexibility and the ability to tap into a larger liquidity pool to support further organic and inorganic growth.
April 2018:	CI Europe portfolio company **SPGPrints** disposed of Veco, a subsidiary that manufactures high-precision metal components for a broad range of applications, to Gilde Buy Out Partners. The remaining digital printing business of SPGPrints remains under Investcorp ownership.
May 2018:	CI Europe portfolio company **Georg Jensen** successfully closed the books for a senior secured Nordic bond listed on the Nasdaq Stockholm exchange. The proceeds from the transaction were used to refinance existing bank loans and leave cash on the balance sheet.
May 2018:	CI North America portfolio company **AlixPartners** successfully upsized its term loan to pay a dividend to investors. The refinancing is consistent with Investcorp's initial investment thesis of deriving significant cash yield from interim distributions given the company's high cash flow generation.

June 2018: CI Europe portfolio company **Dainese** successfully completed its refinancing at attractive market conditions. The proceeds from the transaction were used to refinance existing bank loans and preserve cash on the balance sheet for corporate purposes.

Real Estate Realizations

Total real estate realization proceeds and other distributions to Investcorp and its clients were $713 million in FY18.

Three portfolios were fully realized in FY18 with the sale of 3400 Carlisle, 2811 McKinney, One Allen Center and San Remo from **2014 Diversified Properties Portfolio**; the sale of Pin Oak Portfolio and Oak Creek Center Portfolio from **2013 Office I Portfolio**; and the sale of Manchester at Mansell and Chatsworth from **Atlanta Multifamily Portfolio**.

A complete list of real estate properties realized in FY18 can be found below.

3400 Carlisle

A 76,000-square foot office property.

Date of Investment	**April 2014**
Date of Realization	**August 2017**
Portfolio Name	**2014 Diversified Properties Portfolio**
Location	**Dallas, Texas**

2811 McKinney

A 94,095-square foot office property.

Date of Investment	**April 2014**
Date of Realization	**August 2017**
Portfolio Name	**2014 Diversified Properties Portfolio**
Location	**Dallas, Texas**

Orion on Orpington

A 624-bed student housing property.

Date of Investment	**October 2014**
Date of Realization	**September 2017**
Portfolio Name	**2015 Residential Properties Portfolio**
Location	**Orlando, Florida**

One Allen Center

A 150,501-square foot office property.

Date of Investment	March 2014
Date of Realization	October 2017
Portfolio Name	2014 Diversified Properties Portfolio
Location	Allen, Texas

San Remo

A 180-unit apartment property.

Date of Investment	April 2014
Date of Realization	October 2017
Portfolio Name	2014 Diversified Properties Portfolio
Location	Coral Springs, Florida

Waterleaf Apartments

A 456-unit apartment property.

Date of Investment	January 2015
Date of Realization	November 2017
Portfolio Name	2015 Residential Properties Portfolio
Location	Vista, California

Westin DFW and Marriott Palm Beach Gardens

Two hotels (785 rooms combined).

Date of Investment	March 2007
Date of Realization	December 2017
Portfolio Name	US Hotels Portfolio
Location	Dallas, Texas and Palm Beach Gardens, Florida

Pin Oak Portfolio

Five property office park

Date of Investment	December 2012
Date of Realization	January 2018
Portfolio Name	2013 Office I Portfolio
Location	Houston, Texas

Marriott Schaumburg

A 398-room hotel

Date of Investment	**March 2007**
Date of Realization	**February 2018**
Portfolio Name	**US Hotels Portfolio**
Location	**Schaumburg, Illinois**

Oak Creek Center Portfolio

A 427,000 square foot eleven-property office park

Date of Investment	**December 2012**
Date of Realization	**February 2018**
Portfolio Name	**2013 Office I Portfolio**
Location	**Lombard, Illinois**

Meridian Corporate Center

A nine-building office and flex portfolio

Date of Investment	**August 2014**
Date of Realization	**March 2018**
Portfolio Name	**2014 Office & Industrial Portfolio**
Location	**Durham, North Carolina**

Flagler Center

A 1.4 million square foot office and industrial portfolio

Date of Investment	**August 2014**
Date of Realization	**March 2018**
Portfolio Name	**2014 Office & Industrial Portfolio**
Location	**Jacksonville, Florida**

100 Merrick

Class B office property; one of three assets in Long Island Office Portfolio

Date of Investment	**September 2013**
Date of Realization	**April 2018**
Portfolio Name	**2013 US Commercial and 2014 Office Portfolios**
Location	**Long Island, New York**

Reserve at Hoffman Estates

Multifamily property

Date of Investment	July 2015
Date of Realization	May 2018
Portfolio Name	2015 Residential II Portfolio
Location	Chicago, Illinois

Arcadian Apartments

A 432-unit multifamily property

Date of Investment	January 2015
Date of Realization	May 2018
Portfolio Name	2015 Residential Portfolio
Location	Silver Spring, Maryland

Manchester at Mansell

Multifamily property

Date of Investment	May 2015
Date of Realization	May 2018
Portfolio Name	Atlanta Multifamily Portfolio
Location	Atlanta, Georgia

Chatsworth

Multifamily property

Date of Investment	May 2015
Date of Realization	May 2018
Portfolio Name	Atlanta Multifamily Portfolio
Location	Atlanta, Georgia

1603 & 1629 Orrington

Class A office and retail complex

Date of Investment	September 2013
Date of Realization	June 2018
Portfolio Name	2013 US Commercial and 2014 Office Portfolios
Location	Evanston, Illinois

Solis at Flamingo

Multifamily property

Date of Investment	**June 2015**
Date of Realization	**June 2018**
Portfolio Name	**2015 Residential II Portfolio**
Location	**Las Vegas, Nevada**

Other Realizations and Distributions

Special Opportunities Portfolio IV made distributions in August 2017, November 2017, January 2018, March 2018 and May 2018. Special Opportunities Portfolio VI made distributions in October 2017 and December 2017. A total of $32 million of distributions to Investcorp and its clients was made across all Special Opportunities Portfolios.

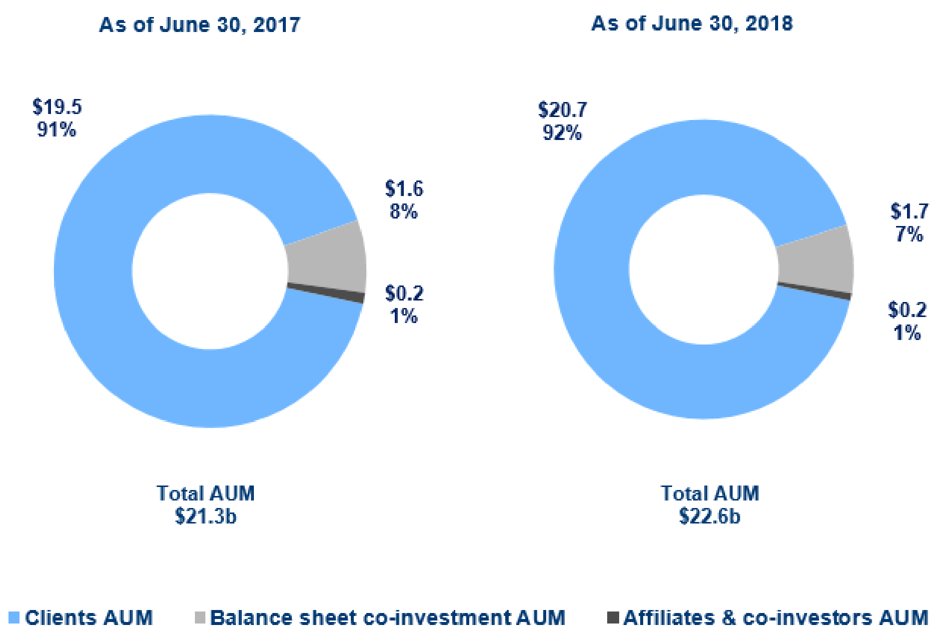
Total credit management realization proceeds and other distributions to Investcorp and its clients amounted to $5.5 billion over the period. Approximately $3.8 billion of this amount relates to the amounts returned to clients as the result of refinancing and reset activity net of any amounts that were reinvested. The remaining $1.7 billion relates to regular distributions to investors in the CLOs and other credit products in the form of interest income and principal repayments.

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.

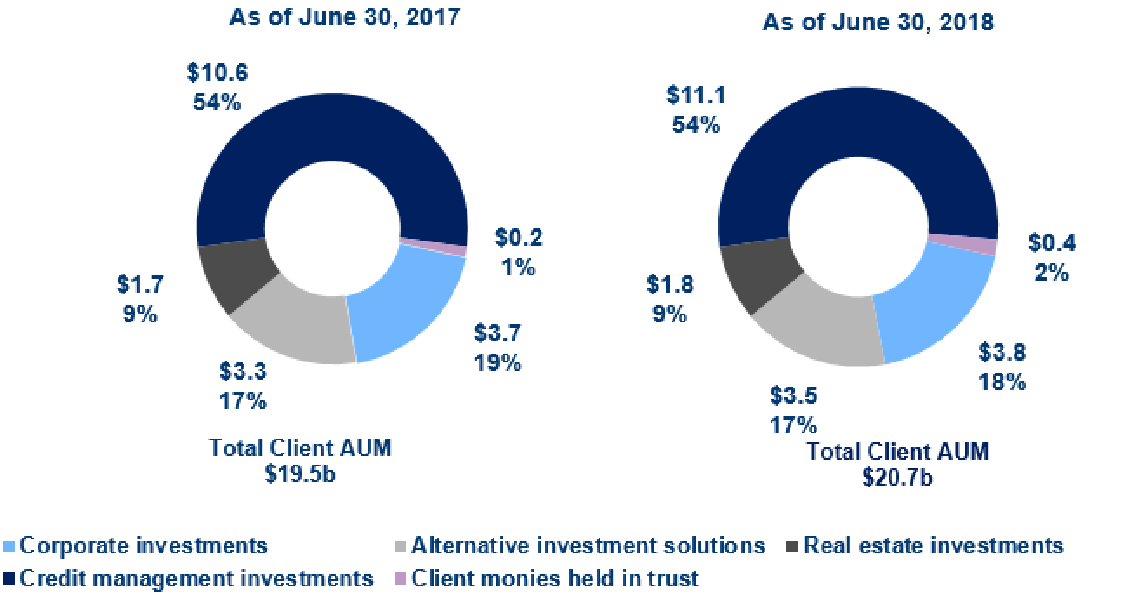
Total assets under management ($b)



Total AUM increased to $ 22.6 billion at June 30, 2018 from $21.3 billion at June 30, 2017, driven by growth in AUM across all asset classes.

[8] Includes $2.4 billion (June 30, 2017: $2.0 billion) of hedge fund partnerships (including exposure through multi-manager solutions) managed by third party managers and assets subject to a non-discretionary advisory mandate where Investcorp receives fees calculated on the basis of AUM.

Total client assets under management ($b)



Total client AUM increased by 6% to $20.7 billion at June 30, 2018 from $19.5 billion at June 30, 2017.

The most dominant asset class in client AUM continues to be credit management with 54% of the total. The increase in total client AUM in FY18 is largely attributable to the 5% increase in credit management client AUM from $10.6 billion to $11.1 billion. AIS client AUM has increased by 8% to $3.5 billion, primarily due to the new partnerships entered with Steamboat Capital Partners and Shoals Capital Management during FY18. Corporate investments client AUM has increased by 5% to $3.8 billion, largely due to continued fundraising for Technology Fund IV. Real estate client AUM increased by 4% during the year to $1.8 billion with strong fundraising for new portfolios partially offset by a good pace of realizations of older properties.

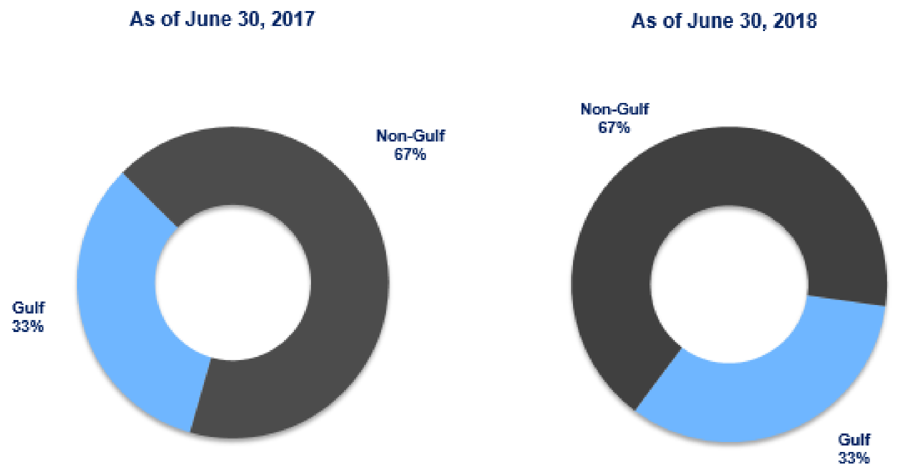
Corporate investment ($m)	**Jun-18**	**Jun-17**	**% Change B/(W)**
Client AUM			
Closed-end funds	1,098	944	16%
Deal-by-deal investments	2,749	2,728	1%
Total client AUM – at period end	**3,847**	**3,672**	**5%**
Average client AUM	3,760	3,583	5%

Real estate investment ($m)	**Jun-18**	**Jun-17**	**% Change B/(W)**
Client AUM			
Closed-end funds (Mezzanine/debt)	25	33	(24%)
Deal-by-deal investments	1,789	1,716	4%
Total client AUM – at period end	**1,814**	**1,749**	4%
Average client AUM	1,781	1,577	13%

Credit management investment ($m)	Jun-18	Jun-17	% Change B/(W)
Client AUM			
Closed-ended funds	10,772	10,186	6%
Open-ended funds	355	398	(11%)
Total client AUM – at period end	**11,127**	**10,584**	5%
Average total client AUM [9]	10,855	10,744	1%

Alternative investment solutions ($m)	Jun-18	Jun-17	% Change B/(W)
Client AUM			
Multi-manager solutions	2,004	1,927	4%
Hedge funds partnerships	1,371	962	43%
Special opportunities portfolios	121	107	13%
Alternative Risk Premia	38	263	(86%)
Total client AUM – at period end	**3,534**	**3,259**	8%
Average total client AUM	3,396	3,472	(2%)

Geographical split of client assets under management ($b)



Investcorp's continued progress on implementing a global distribution capability along with the acquisition of the CM business in FY17 have led to a shift in the mix of Investcorp's client assets under management away from a Gulf-oriented client base to a more geographically diversified profile. As at June 30, 2018 67% of the Firm's client assets under management are from outside of the Gulf region, consistent with the level of non-Gulf client assets under management as at June 30, 2017 but up significantly from 34% as at June 30, 2016.

[9] FY17 Average Client AUM from closing of the acquisition in March 2017 to June 2017

Fundraising

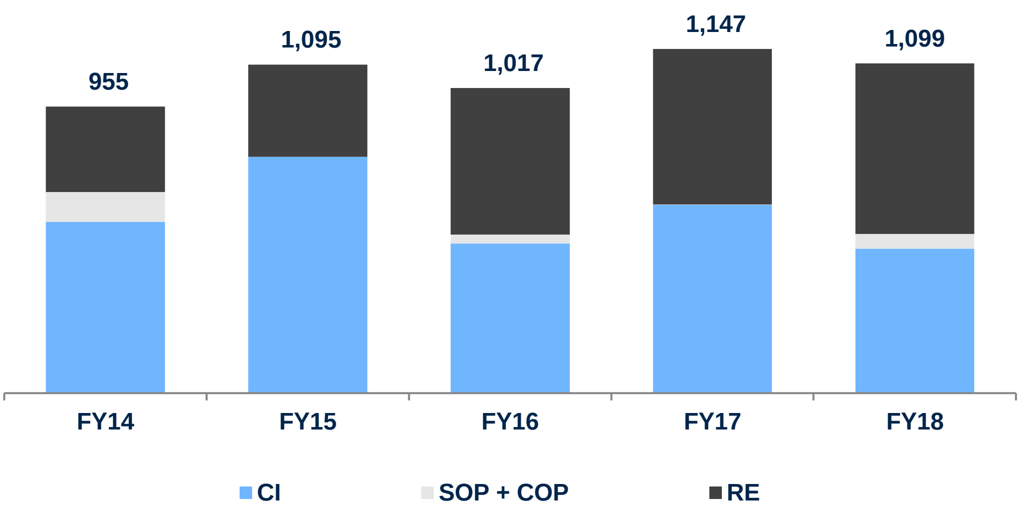
Investcorp's history, commitment and track record in the GCC region means it is trusted by Gulf investors to provide them with unique and non-traditional investment opportunities and services that are suitable for their risk return preferences. Investcorp is committed to ensuring its clients receive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

During FY18, fundraising in Investcorp's core Gulf markets was strong, despite the challenging macro-economic and political conditions, the strength in fundraising was driven by continued client appetite for attractive alternative investments. Total deal-by-deal fundraising including new commitments into institutional investor programs was $1.1 billion, marking the fourth consecutive year that Investcorp has crossed the significant threshold of $1 billion in deal-by-deal placement activity.

Although total deal-by-deal fundraising remained at similar levels to FY17, the product mix shifted as investors expressed greater demand for the relatively lower risk and cash yielding real estate investments. Total real estate deal-by-deal placement across five new portfolios, one new club investment and four portfolios carried over from the previous year was up 10% to $569 million in FY18 from $518 million in FY17. Real estate placement included for the first time the placement of European real estate portfolios, with one portfolio placed in the first half of the fiscal year and the second portfolio launched in June.

The increased investor demand for real estate was offset by a decrease in corporate investment placement from $628 million in FY17 to $482 million in FY18. Placement in FY18 included new offerings for Abax, Kee Safety, ICR, and KS Group. It also included new commitments into institutional investor programs.

Total deal-by-deal placement ($m)

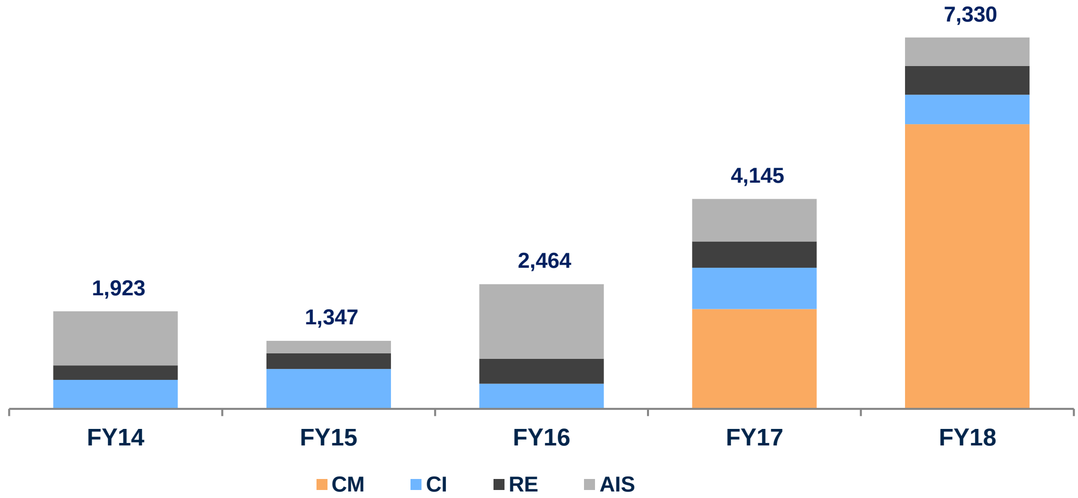


Fundraising continued in FY18 for Investcorp's fourth technology fund, established to invest in European lower middle market tech-enabled companies, continued fundraising in FY18 with the focus shifting to investors outside of the Gulf. An additional $99 million in new commitments was raised during the fiscal year including the first commitment from an Asian investor. The total size of the fund as at June 30, 2018 is $320 million.

Fundraising in credit management totaled $5.6 billion in FY18. A total of $1.6 billion was raised from the issuance of one new CLO in the US and two new European CLOs. Net new investments in six refinancing and six resets of older CLOs totaled $3.9 billion. New subscriptions into the two open-ended senior secured loan funds, the ICM Senior Loan Fund and the ICM Global Floating Rate Income Fund, totaled $163 million. Fundraising also includes $31 million from Gulf investors for a new Credit Opportunities Portfolio ('COP') product comprising a diversified portfolio of CLO equity positions in the US and Europe.

Total new subscriptions for AIS products in FY18 amounted to $563 million. Redemptions net of performance for the year were $288 million resulting in a net increase in client AUM of $275 million. New subscriptions in AIS products includes $17 million raised from Gulf clients for a new Special Opportunities Portfolio ('SOP') offering.

Total Fundraising – by product ($m)

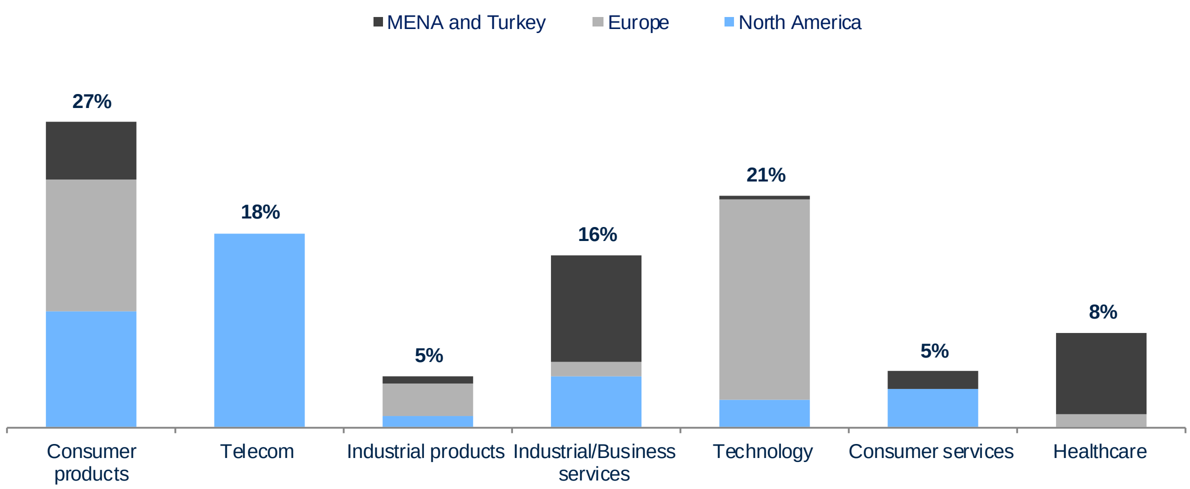


Portfolio Performance

Corporate Investment

At June 30, 2018, the carrying value of Investcorp's balance sheet co-investment in CI, excluding strategic investments and underwriting, was $609 million (invested in 40 companies) compared with $515 million at June 30, 2017 (invested in 38 companies). This represents 52% of total balance sheet co-investments at June 30, 2018 (FY17: 46% at June 30, 2017). CI underwriting at June 30, 2018 was $123 million (FY17: $190 million at June 30, 2017).

The corporate investment portfolio is diversified by sector and geography across North America, Europe and the MENA region.



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, 2018 and June 30, 2017 carrying values of CI co-investments by region and investment sector.

At June 30, 2018, Investcorp's aggregate CI North America co-investments were $242 million invested in 13 portfolio companies (FY17: $231 million at June 30, 2016 invested in 12 portfolio companies). Aggregate CI Europe co-investments were $216 million invested in 13 portfolio companies and an initial investment for a buy-and-build platform in the German dental care market (FY17: $175 million at June 30, 2017 invested in 13 portfolio companies). Aggregate CI MENA co-investments were $151 million invested in 14 portfolio companies (FY17: $109 million at June 30, 2017 invested in 13 portfolio companies).

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 four technology funds to date of which three are currently active.

For CI MENA investments, 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 Investment Portfolio Listing section in this Business Review which describes each of the CI North America, CI Europe and CI MENA portfolio companies. Please refer to the Investments and Realizations section for portfolio company activities during FY18.

On average, Investcorp's direct investments in mid-market companies in the US and Europe increased their aggregate EBITDA by 7% year-on-year, benefiting from a supportive economic environment as well as from Investcorp's post-acquisition efforts to grow value. Aggregate EBITDA for the MENA portfolio companies, however, contracted by 5% during the year largely due to uncertain macroeconomic and geopolitical conditions in the region. Aggregate EBITDA across the portfolio in all regions was approximately $1.5 billion and the average debt across the portfolio is relatively modest at 3.3x.

The FY18 add-on investments discussed previously in *Investment Activity* and realizations discussed previously in *Realizations & Distributions* reflect Investcorp's strong post-acquisition focus during its period of ownership.

Other corporate investment news

July 2017:	CI Technology portfolio company **Calligo** became a global launch partner for Microsoft's new Azure partnership model.
July 2017:	CI Europe portfolio company **POC's** helmets, were worn by the Cannondale-Drapac Pro Cycling Team in the Tour de France 2017. Currently POC's 'kit partnership' with the Cannondale-Drapac team sees the riders equipped with POC jerseys, shorts, socks, helmets and eyewear. It was also chosen as 'Brand of the Year 2017' by the Bicycle Brand Contest.
August 2017:	CI North America portfolio company **Sur La Table** announced the appointment of Billy May as Chief Executive Officer. Mr. May, a fourth-generation retailer with over two decades of retail, digital marketing, and eCommerce experience, also joined the Board of Directors.
August 2017:	CI Europe portfolio company **Dainese** presented its 2018 bike product range at this year's Eurobike in Friedrichshafen, Germany. From August 30 to September 2, journalists from the bike world were introduced to Dainese's brand new product range for the new season.
August 2017:	CI Europe portfolio company **Dainese** launched its new Retail Store Concept opening the first store with the new design and layout in Berlin followed by a further store opening in New York. Upgrades of existing stores with the new design started at the same time in Vicenza, the headquarters of Dainese.
October 2017:	CI Europe portfolio company **SPGPrints** opened its digital textile printing technology experience center in the Netherlands: a 700 sq. m. demonstration and training facility at the Boxmeer (Netherlands) HQ. It is part of an €8 million investment programme that includes a 3000 sq. m. expansion and the building of a larger factory for the production of inkjet inks to enable the company to boost capacity in response to the growth of the digital textile printing sector.

October 2017: CI Europe portfolio company **Dainese** revealed the newest brand name to join the Group's family of brands. Dainese Settantadue presented itself as a contemporary interpretation of iconic motorcycle clothing. The brand features technical garments inspired by the extensive design legacy of the parent company and is made specifically for cult followers of motorcycles.

November 2017: CI Europe portfolio company **SecureLink**, opened a cyber defense center ('CDC') in Shanghai, China. The CDC is based on an advanced technology, powered by a strong combination of artificial and human intelligence-driven solutions. The intelligent foundation, combined with a strong focus on best practice, ensures integrity, quality and security for all CDC customers.

November 2017: CI MENA portfolio company **Orka Group**, signed a fashion sponsorship agreement with Yildirim Demiroren, the President of the Turkish Football Federation. In accordance with the agreement, Damat, Orka's brand, will provide clothing supplies to the Turkish National Football team players for one full year.

November 2017: CI North America portfolio company **Paper Source** united with Paperless Post to merge the best of digital and paper invitations and greeting cards for customers' most meaningful events. Paperless Post, a platform focused on design-driven digital and printed invitations and stationery, including greeting cards and announcements, named Paper Source as their exclusive print partner.

December 2017: CI Europe portfolio company **Dainese** was awarded the Compasso D'Oro Excellence Award. The Association for Industrial Design awarded the prestigious Compasso d'Oro to the Pro-Armor system, for the quality of the technical and stylistic solutions adopted and for the structure, which was inspired by the fractal geometry of the family of protective products developed by Dainese to protect the back, elbows and knees.

February 2018: CI Technology portfolio company **Impero** strengthened its existing presence in the US market by opening an office in Austin, Texas. The team was up and running ahead of schedule and has built a strong pipeline, with conversion better than expected and significant growth in US sales. In the mid-term, Impero plans to grow its US presence further following the success of this early investment.

February 2018: CI Europe portfolio company **Dainese** received two prestigious ISPO Awards at the world's largest trade fair for sporting goods and sportswear. The HP1 RC 'Race Carve' Ski Jacket was chosen as the winner in the Snowsports/Multi-Layer category, and the Pro-Armor Waistcoat Back Protector was selected for the Snowsports/Protection category.

March 2018: CI Europe portfolio company **Dainese** presented Custom Works to the public, a service for the personalization of Dainese leather garments. The service is a multi-channel experience that begins online, with the 3D Configurator, and continues in the store where the personalized garment is delivered to the customer, an engaging process that combines the practicality of digital configuration with the craftsmanship of a unique, handmade product.

March 2018: CRN, a brand of The Channel Company, named CI North America portfolio company **TPx Communications** to its 2018 Managed Service Provider ('MSP') 500 list in the MSP Elite 150 category. This annual list recognizes North American solution providers with cutting-edge approaches to delivering managed services. TPx is debuting on the MSP Elite 150 list because of significant strategic investments it has made in the last few years to reposition itself from a regional competitive telecom provider to a nationwide managed services carrier – a new class of MSP.

April 2018: CI North America portfolio company **PRO Unlimited** announced the release of Wand Notes & Notifications. This state-of-the-art technology gives managers, suppliers and managed service provider users the ability to collaborate and communicate directly within the Wand vendor management system via "Notes" (a collection of comments), reducing email clutter, driving faster hiring, and further satisfying program compliance.

May 2018: As part of CI North America's involvement with the American Investment Council, **The Wrench Group** CEO Ken Haines and Head of CI North America Dave Tayeh met with members of the US congress last week to tell the Wrench story as well as highlight Investcorp's continued strategy to invest in growing US businesses.

June 2018: CI MENA portfolio company **Bindawood** has been ranked #36 on Forbes 50 Biggest Private Companies in the Arab World 2018. The list highlights private businesses that have had an impact in the region.

Alternative Investment Solutions ('AIS')

At June 30, 2018, the balance sheet carrying value of Investcorp's co-investment in AIS was $189 million compared with $236 million at June 30, 2017. The amount represents 16% of total balance sheet co-investments at June 30, 2018. Please refer to the table in Note 12 of the Consolidate Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2018 and June 30, 2017 carrying values.

Exposure Profile

Investcorp has consistently maintained a co-investment in the AIS business, in-line with its philosophy of co-investing alongside its clients. Allocations were further reduced from FY16 levels due to the challenges faced by some hedge fund managers in the current market environment.

Total balance sheet AIS co-investment was $189 million at June 30, 2018, reflecting a reduction relative to the previous fiscal year end when Investcorp had a gross exposure of $236 million at June 30, 2017.

The exposure consists of investments in managers who are on Investcorp's hedge fund partnerships platform, external liquid managers, alternative risk premia and co-investments in Investcorp's Special Opportunity Portfolios. As of June 30, 2018, Investcorp's balance sheet co-investment in hedge fund partnerships was $65 million, compared to $71 million as of June 30, 2017. This reflects the ongoing investment in Nut Tree Capital Management ('Nut Tree'), a November 2017 acceleration investment in Steamboat Capital ('Steamboat') which is a long / short equity manager, and a February 2018 seed investment in Shoals Capital ('Shoals'), an event-driven manager focused on the US financials sector. Investcorp reduced the allocation to the Alternative Risk Premia product line by $20 million in March 2018. Investcorp maintained its investment in the institutional tranche of the Special Opportunities Portfolio that invests in Italian non-performing loans. Accounting for distributions received from the fund, Investcorp's investment is now $17 million.

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

Performance

During FY18, Investcorp's AIS co-investment portfolio delivered returns of +4.8%. During the same period, the industry benchmark, HFRI Fund of Funds Composite Index, returned +5.6%.

The market environment for Investcorp's invested managers was mixed during this fiscal year. Conditions were favorable for fundamental strategies and more challenging for systematic and factor-based strategies. Managers with whom Investcorp has seed partnership arrangements delivered positive performance of 9.4% in FY18, led by Nut Tree which returned +11.0%. Investments in Special Opportunity Portfolios returned 9.2% and Investcorp's external liquid manager portfolio returned 0.4%. Investcorp's alternative risk premia investments generated negative performance during the fiscal year.

Liquidity

Investcorp's AIS co-investment portfolio is constructed so that a significant portion of it is available for monetization within a three to twelve-month window. As of June 30, 2018, approximately 35% of Investcorp's AIS co-investment was contractually available for monetization within a three-month window and 55% was available within a 12-month window.

Alternative Investment Solutions Portfolio News

In H1 2018, Investcorp completed its first co-seeding deal. Investcorp partnered with another large institution, providing acceleration capital to **Steamboat Capital Management** LLC ('Steamboat'), a $285 million New York-based long-short equity, fundamental, value-oriented investment firm founded by Parsa Kiai in July 2012. Steamboat Capital seeks to capitalize on market dislocations while maintaining a margin of safety for its investors. Mr. Kiai is supported by a team of four and brings a strong pedigree that includes Goldman Sachs, Perry Capital and Sonterra Capital.

In Q3 2018, Investcorp completed a seeding deal with **Shoals Capital Management** ('Shoals'), which currently manages approximately $160 million (as at July 1, 2018). Investcorp and other institutional investors, including a large US pension plan, provided strategic capital to Shoals. Shoals employs an event-driven strategy focused on investing across capital structure and sub-sectors in the financials sector, specifically targeting opportunities that arise from changes in regulatory and capital market conditions. Jeffrey Hinkle, Chief Investment Officer and Managing Partner previously worked at EJF Capital LLC ('EJF') where he was the Senior Portfolio Manager of the Debt Opportunities Strategy, EJF's flagship product, from inception in 2008 through early 2016. During his tenure, the strategy grew to a peak AUM of approximately $4.5 billion. Mr. Hinkle was a Partner and a member of EJF's Executive Committee. At Shoals, Mr. Hinkle is joined by a very experienced team, which includes a number of other investment professionals who worked with him at EJF.

Investcorp hedge fund seed partnership, **Nut Tree**, which launched its credit fund in February 2016 with $100 million, continued its strong performance and when also taking into account investor in-flows fund assets have increased to over $660 million as of July 1, 2018. Nut Tree is led by founder and CIO, Jed

Nussbaum, a 17-year investment industry veteran and former Partner at Redwood Capital Management. Nut Tree pursues an all-weather fundamental credit strategy, focusing, on mid-market stressed and distressed credit and value equities across North America.

Membership of Investcorp's **Seeding Club**, launched in 2017, now includes family offices, university endowments, and fund of funds. The club provides a select group of investment partners with potential benefits that include 1) access to the broad AIS manager sourcing network; 2) access to the AIS infrastructure, expertise and capabilities; 3) enhanced returns through seed economics; 4) flexibility through a deal-by-deal opt-in structure, and 5) potential for additional capacity rights at negotiated terms.

Special Opportunities Portfolio IV ('SOP IV'), launched in January 2014, provides investors with access to US non-performing loans. Approximately 86% of the portfolio is now resolved or performing, and the primary focus is on returning cash to clients on a regular basis as the portfolio resolutions continue.

Special Opportunities Portfolio V ('SOP V') was launched in May 2016 and is the first SOP tranche offered exclusively to institutional investors. SOP V's objective is to provide investors with access to Italian secured non-performing loans for commercial and residential real estate that are purchased from regional Italian banks. SOP V has successfully sourced and acquired eighteen (18) pools of NPLs at an aggregate cost of 30% of book value, deploying 73% of the fund's committed capital to date. Cash recoveries as at June 30, 2018, were currently in excess of the base case business plan.

Special Opportunities Portfolio VI ('SOP VI') was launched in April 2016 and, like SOP IV, provides investors with access to US non-performing loans. Approximately 72% of the portfolio is now resolved or performing. Investcorp plans to further season the re-performing loan portfolio and is targeting the Q1 2019 for the first sale of re-performing loans. Proceeds from the expected sale will be used to contribute to fully paying down portfolio debt. Subsequently, the fund is expected to begin returning cash to clients, possibly Q2 2019.

Investcorp launched the **Investcorp Geo-Risk Fund** in December 2017 with $25 million from a group of prestigious international investors. The fund is a UCITS-compliant, daily liquidity, discretionary global macro fund that seeks to dynamically combine quantitative financial models with discretionary macro geopolitical risk investments. This strategy is driven by a geopolitical risk assessment provided by a panel of global security experts.

Investcorp liquidated the **Dynamic Alt Beta Fund**, which invested in alternative risk premia factors across major asset classes, in March 2018.

Strategy Outlook

Strategy	Negative	Neutral	Positive	Comments
Long / Short Equities	□□□	■	□□□	Stay neutral as alpha outlook at risk in US markets, average contribution from equity beta relative to history
US	□□■	□	□□□	Alpha at risk in crowded Growth/Momentum positions; higher volatility environment may require de-leveraging gross exposures. Limited tailwind from beta
Euro area ex UK	□□□	□	■□□	Greater beta to cyclical recovery, better relative valuations
Japan	□□□	□	■□□	Reflation plays attractive, support from valuations and strong exposure to global recovery.
Asia ex Japan	□□□	■	□□□	Markets benefited strongly from China rebound last year, outlook less sanguine in coming quarters as China delevers
Event-Driven	□□□	□	■□□	Tactical overweight in Merger Arbitrage as spreads widened in excess of fundamentals; stay neutral Special Situations
Special Situations	□□□	■	□□□	Stay neutral on high consumption of equity beta budget, prefer Europe on stronger opportunity set
Merger Arbitrage	□□□	□	■□□	Volatility re-pricing offers an attractive entry point into the strategy; move to overweight
Equity Market Neutral	□□□	□	■□□	Continued high idiosyncratic risk a positive for fundamental based market neutral . Watch for the strategy's response function to higher volatility for potential upgrade
Macro Discretionary	□□□	□	■■□	Clearer macro trends, higher volatility signal a better opportunity set and monetization environment in the period ahead. Carry play with strong risk management. FX asset class in transition, re-assess old models
Macro Systematic	□□□	■	□□□	Trend following took a large hit in Q1 but positions have been trimmed and models have adapted to a higher volatility regime. Stay neutral as markets likely to remain choppy near-term
FI Relative Value	□□□	□	■■□	Strategy has adapted well to a changing environment: it is less sensitive to balance sheet scarcity and well positioned to profit from funding dislocations.
Corporate Credit	□□■	□	□□□	Credit relationships remain tight and offer limited potential for relative value strategies. The strategy is a large liquidity budget consumer.
Corporate Distressed	□□□	■	□□□	Spread tightening has limited available risk premia in distressed assets; continue to reduce exposure and focus on idiosyncratic themes and opportunities.
Structured Credit	□□□	■	□□□	Limited carry and upside optionality; large liquidity budget consumer.
Convertible Arbitrage	□□□	■	□□□	Relatively cheap valuations should lend support, though tepid new issuance and liquidity remain concerns.
Vol Arb	□□□	□	■□□	Higher volatility environment and VIX dislocation opened up variety of arbitrage and relative value opportunities, move to overweight the strategy

Looking forward to H1 2019, Investcorp has a neutral outlook for **Long / Short Equities** hedge funds on limited tailwinds from beta and a riskier outlook for alpha, particularly in the United States. Investcorp's lower, current forecast for US equity markets is translated into a neutral outlook for **Special Situation** managers, given the high consumption of Investcorp's equity beta budget. In the **Merger Arbitrage** space, Investcorp expects to tactically raise its outlook to slightly positive as spreads have widened in excess of their cross-asset valuation anchors, suggesting greater alpha potential in the near-term. Investcorp continues to hold a constructive view on the **Macro Discretionary** investment style that is expected to benefit from clearer macro trends and higher volatility that signals an improved opportunity set, as well as from carry exposures. Investcorp remains neutral on **Macro Systematic** as trend-following models have now adapted to a higher volatility regime but near-term prospects suggest continued choppiness across markets. **Fixed Income Relative Value** remains a high conviction, as greater velocity of flows and lower balance sheet capabilities from broker/dealers continue to support alpha generation. Investcorp continues to slightly underweight **Corporate Credit** managers. Credit relationships remain tight and offer limited potential for alpha generation. In **Distressed**, Investcorp maintains its neutral stance on an opportunity set that is bifurcated between tepid return expectations in traditional corporate distressed (reflecting compressed credit spreads relative to various risk measures), and a greater performance potential in non-corporate idiosyncratic themes.

In **Convertible Arbitrage**, Investcorp maintains a neutral outlook. Investcorp continues to see pockets of value and catalysts for managers to deliver on mild expectations. The same rational anchors Investcorp's perspective for **Structured Credit** hedge funds. Lastly, Investcorp has upgraded **Volatility Arbitrage** managers to slightly positive. The dislocation in equity volatility has opened up a range of attractive relative-value trading opportunities across products, geographies and asset classes.

Alternative Risk Premia

Asset Class	Strategy	Negative	Neutral	Positive	Comments
Equities					
	Low Beta	□□■	□	□□□	Expect negative spill-over from higher rates, greater probability of reflationary environment.
	Momentum	□□□	■	□□□	Crowded exposure in hedge funds at risk of unwind in higher volatility regime; Tech at risk of regulatory risk premium
	Quality	□□□	□	■□□	Constructive outlook on defensive nature at this stage of the business cycle
	Value	□□□	■	□□□	Value supported by bid for cyclicals in “manufacturing revival”; positioning still short but sustained upside in doubt given exposure to credit risk
	Carry	□□□	■	□□□	Neutral outlook on mixed signals
	Mean Reversion	□□□	□	■□□	Higher volatility environment offers a strong opportunity set for gamma harvesting
Fixed Income					
	Carry	□■■	□	□□□	Stay underweight at current carry levels across developed markets, opportunities remain in more niche developing or municipal bond markets.
	Momentum	□□□	□	■□□	Algorithms well positioned to capture bearish move in government bonds, particularly in the U.S. front-end
	Value	□□■	□	□□□	Meaningful divergence across value signals (absolute rates, real rates …) suggests caution for this universe.
Commodities					
	Carry	□□□	□	■□□	Carry has been normalizing helping the strategy outperform in recent months, upside potential remains in a full carry normalization scenario
	Curve	□□□	■	□□□	Neutral allocation on mixed signals
	Momentum	□□□	■	□□□	Positive fundamentals have helped the universe rally, but upside may be capped by slowing Chinese manufacturing demand and a pick-up in US oil production
FX					
	Carry	□□□	□	■□□	Goldilocks’ environment is supportive, positive signals from skew models. EM carry should outperform as flows into the region remain strong. Expect slightly higher volatility with higher rates.
	Momentum	□□□	■	□□□	Strategy well positioned to monetize ongoing trends in DM and EM FX.
	Value	□□□	□	■□□	Transition agreement offers some relief on the Brexit risk premium; shift in FX drivers with current account dynamics and value taking front stage. Look for entry points in JPY, EUR as defensive play
	Mean Reversion	□□□	□	■□□	Slightly higher volatility should help the strategy harvest gamma; factor has historically done well in high volatility environments and periods of volatility compression

Equities

Investcorp’s outlook for equity risk premia reflects greater conviction that the world economy is experiencing a higher probability of being in a reflationary environment; a regime historically associated with higher market volatility. High inflation is expected to feed into higher rates, from a gradual tightening in monetary policy and a reflation of the term premium. Investcorp believes this regime will maintain pressure on the low beta risk premia, where Investcorp remains underweight. Investcorp downgrades momentum Q1 2019 to reflect greater unwind risks, as positioning remains crowded in the theme amid rising regulatory risks. On the other end, Investcorp has upgraded quality to a slightly positive outlook on greater appeal for its defensive nature. Finally, Investcorp is bullish on mean reversion as a higher realized volatility environment should offer a better opportunity set for gamma harvesting.

Fixed Income

In Fixed Income, Investcorp remains underweight Carry and value strategies. Interest rate differentials have compressed again over Q4 2018 leaving meager pickings for naïve carry implementations. In contrast, the divergence across value signals – e.g., real vs. nominal rates – suggests caution for this universe for the coming months. Investcorp has moved to a slightly positive setting for momentum where the universe seems best positioned to capture a change in market direction.

Commodities

In Commodities Investcorp remains constructive on plain-vanilla Carry strategies, where the normalization process in carry bodes well for the strategy current momentum. Investcorp retains neutral outlooks for both Curve and momentum.

FX

A Goldilocks macro environment is expected to prove benevolent for Carry strategies over the months to come. A number of signals from Investcorp's quantitative models also appear supportive of the strategy, notably interest rate expectations and implied skew models for EM economies. Real money flows to the region that remain strong are another positive signal for the strategy. Investcorp has upgraded Mean Reversion as higher volatility should help support gamma harvesting algorithms. Mean Reversion has historically done well in both turbulent times and in periods of volatility compression. Investcorp has also upgraded Value as the recent transition deal is expected to allow for some normalization in the "Brexit" risk premium and a broader shift of focus towards current account dynamics plays itself out in foreign exchange markets.

Real Estate Investment

At June 30, 2018, Investcorp's RE balance sheet co-investments excluding underwriting totaled $76 million compared with $79 million at June 30, 2017. The amount represents 7% of total balance sheet co-investments at June 30, 2018.

Please refer to the table in Note 13 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2018 and June 30, 2017 carrying values by portfolio type. For details on RE underwriting, please refer to the table in Note 9 of the Consolidated Financial Statements of Investcorp Bank B.S.C.

RE co-investments were comprised of $74 million of marked-to-market equity investments and $2 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 stable values for existing assets as well as the impact of exits and new acquisitions and placements during the period.

Investcorp currently has 30 active real estate investment portfolios, including its two debt funds. As at June 30, 2018, 76 properties had been acquired and were being warehoused for formation into new portfolios to be offered to clients in FY19. At June 30, 2018, 23 of these portfolios were on or ahead of plan. The remaining 7, which are predominantly pre-2009 portfolios that have been written down significantly in value already and are rated behind plan, are generally those holding hotel, 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.

Investcorp currently has two funds which have invested in commercial real estate debt. The $176 million Investcorp Real Estate Credit Fund I, created in FY08, and the $100 million Investcorp Real Estate Credit Fund III, created in FY13 are both fully invested.

Investcorp co-investment by year ($m)	Properties # vs. current *	Sector	Geographic location	Carrying value end of Jun-18	Jun-17
Diversified VI	3 / 1	Retail	SE		
Diversified VII	4 / 1	Industrial	E		
Hotel	9 / 1	Hotel	SW		
Vintage FY07				**3**	**8**
Gallivant - Times Square **	1 / 1	Hotel	E		
Diversified VIII	5 / 1	Hotel	MW		
Weststate	1 / 0	-	-		
Vintage FY08				**0**	**4**
Commercial VI	3 / 1	Office	E		
Vintage FY11				**1**	**2**
Southland & Arundel Mill Mezz	n.a. ***	Retail	SE		
Vintage FY12				**0**	**0**
2013 Office	16 / 0	-	-		
2013 Office II	5 / 5	Office	SE / W / SW		
Vintage FY13				**2**	**4**
2013 US Commercial / 2014 Office	9 / 6	Office / Retail / Medical	W / MW / E		
2014 Diversified	4 / 0	-	-		
Vintage FY14				**8**	**12**
Canal Center	4 / 4	Office	E		
2014 Office and Industrial	24 / 3	Office / Industrial	E / W		
2015 Residential	4 / 1	Residential	E		
Atlanta Multifamily	2 / 0	-	-		
Vintage FY15				**3**	**8**
2015 Residential II	8 / 6	Residential	W / SW / SE		
2015 Office & Industrial	79 / 78	Office / Industrial	SE / W / E		
Boca Raton & Minneapolis Residential	5 / 5	Residential	SE / MW		
733 Tenth Street	1 / 1	Office	E		
Vintage FY16				**9**	**10**
2016 Residential	10 / 10	Residential	SW / MW / SE / E		
Boston & Denver Commercial	20 / 20	Office / Industrial	E / W		
901 Fifth Street	1 / 1	Office	W		
New York & California Multifamily	2 / 2	Residential	E / W		
Villas at Green Valley	1 / 1	Residential	W		
Chicago & Boston Industrial	6 / 6	Industrial	MW / E		
Vintage FY17				**10**	**14**
Florida & Arizona Multifamily	6 / 6	Residential	SE / SW		
UK Industrial Logistics	9 / 9	Industrial	UK		
Midtown Manhattan Office	2 / 2	Office	E		
2018 Residential	5 / 5	Residential	SE / SW / MW		
UK Industrial Logistics II	9 / 9	Industrial	UK		
2018 Warehouse Portfolio	38 / 38	Industrial	SE / SW / MW		
Vintage FY18				**20**	**7**
Others				**12**	**10**
Sub-total	**296 / 224**			**67**	**79**
New portfolios under construction	62 / 62			**9**	**N.A.**
Total including new portfolios under construction	358 / 286			**76**	**79**

* Portfolios which have been realized in this current reporting period, reflecting a current property count of 0 (zero), are retained in this chart as they contribute to the carrying value of the previous period.

** Previously known as Tryp by Wyndham. Includes support funding made after the initial acquisition date.

*** Mezzanine investments.

W=West, E=East, SW =Southwest, SE=Southeast, MW=Midwest, UK=United Kingdom

Credit Management

At June 30, 2018, Investcorp's CM balance sheet co-investments totaled $272 million compared with $259 million at June 30, 2017. The amount represents 23% of total balance sheet co-investments at June 30, 2018.

Please refer to the table in Note 11 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2018 and June 30, 2017 carrying values by geography.

The table below details the Investcorp co-investment exposure and total AUM by geography and by vintage year. Performance information consisting of the cash returned to equity holders to date at a summarized level by vintage year.

Assets under management – Investcorp credit management ($m)

Fund Name[3]	Cash returned to equity to date %[1]	Total AUM Jun-18	Investcorp Co-investment Jun-18
FY 2014	71.00%	809	31
FY 2015	60.38%	1,556	65
FY 2016	36.40%	1,447	66
FY 2017	16.87%	972	45
FY 2018	N/a	940	48
European CLO Funds		**5,724**	**254**
FY 2013	85.12%	347	0
FY 2014	59.76%	453	0
FY 2015	0.00%	747	0
FY 2016	32.56%	1,008	0
FY 2017	41.94%	1,142	18
FY 2018	9.98%	993	0
US CLO Funds		**4,690**	**18**
CLO under construction		220	42
Other Funds[2]		832	25
Other		**1,052**	**67**
Total		**11,466**	**339**

[1] % of equity cash distribution over par value of equity at launch

[2] Other funds include Vintage Funds, Senior Loan Fund, Global Fund and European Middle Market Fund

[3] Fiscal year groupings are based on the closing date of a CLO

Collateralized Loan Obligations ('CLOs')

CLO equity continues to provide investors with attractive current income cash distributions. In Europe, the average annualized cash distribution on Investcorp's ongoing 2.0 CLOs as at June 30 were 12.1% and, in the US, were 8.9%.

Open Ended Strategies

The ICM Global Floating Rate Income Fund [1] produced a net return of 4.32% for FY 2018, which trailed the benchmark [2] by 33 basis points. Since inception in August 2015, the Fund's annualized return of 4.28% has trailed the benchmark by 26 basis points.

The ICM Senior Loan Fund's net return of 4.06% trailed the benchmark Credit Suisse Leveraged Loan Index by 61 basis points for FY 2018. For the past seven years ended June 2018, the annualized net return of the Fund has exceeded the Index by 40 basis points (4.99% vs 4.59%).

For the past fiscal year, the best performing sectors in the CS leveraged loan index have been those that offered discounts to par that include many stressed and distressed loans: Metals/Minerals and Energy. As measured by rating category, the lowest rated loans outperformed the Index. The Funds tend to underweight these cyclical, commodity-related sectors and have limited exposure to lower rated loans, and therefore trailed the benchmark. Historically, the Funds have outperformed in more volatile environments.

[1] USD Share Class
[2] The "Benchmark" is the weighted average of the Credit Suisse Leveraged Loan Index and Credit Suisse Western European Loan Index hedged to the US dollar weighted by market value

Corporate Investment Portfolio Listing

As of June 30, 2018, Investcorp's aggregate balance sheet co-investment amount was $609 million invested across 40 portfolio companies and an initial investment in a special opportunity in the German dental sector. The below sections provide an overview of these portfolio companies.

CI North America

As of June 30, 2018, Investcorp's aggregate balance sheet co-investment amount in North America was $242 million invested across 13 companies.

Portfolio Company Name	**ICR**
Acquired	**March 2018**
Industry Sector	**Business services – data & information services**
Headquarters	**Connecticut, US**

ICR is a leading strategic communications and advisory firm. ICR helps companies manage credibility and reputational risk to optimize shareholder value. ICR specializes in investor relations, public relations, crisis and special situations communications, digital/social media, and capital advisory solutions. The firm works with more than 550 clients across its five offices in the US and China.

www.icrinc.com

Portfolio Company Name	**KS Group**
Acquired	**March 2018**
Industry Sector	**Industrial services – supply chain services**
Headquarters	**New Jersey, US**

KS Group is a value-added, industry-leading distributor of quality replacement auto body parts servicing over 10,000 collision repair shop customers across 25 locations in 14 states. The company provides automotive aftermarket body parts across a number of product categories, including headlights, front / rear bumper covers, fenders, hoods, tail lights, grills, radiators, and mirrors.

www.ksiautoparts.com

Portfolio Company Name	**AlixPartners**
Acquired	**January 2017**
Industry Sector	**Business services – knowledge & professional services**
Headquarters	**New York, US**

AlixPartners is a leading global business advisory firm that specializes in creating value and restoring the performance of businesses around the world. Headquartered in New York City and founded in 1981 by Jay Alix to handle the turnaround of Electrical Specialties Company, it was a pioneer in providing consulting services to companies in or near bankruptcy. Over time, AlixPartners has expanded its capabilities and currently offers five different types of services across a wide range of industries and geographies: Enterprise Improvement, Financial Advisory Services, Information Management, Leadership & Organizational Effectiveness and Turnaround & Restructuring. The company has nine locations in the US and 15 other locations around the globe including in South America, Europe, the Middle East and Asia. AlixPartners has over 1,600 employees, approximately 1,100 of whom are professionals, and over 160 Managing Directors.

www.alixpartners.com

Portfolio Company Name	**Arrowhead Engineered Products**
Acquired	**October 2016**
Industry Sector	**Industrial services – supply chain services**
Headquarters	**Minnesota, US**

Arrowhead is a market leading supplier/distributor of mission critical aftermarket parts primarily for off-highway vehicles. Arrowhead offers the broadest selection of non-discretionary, replacement vehicle products and services to a diverse set of end users in different markets including Utility/Powersports/Motorcycle, Agriculture, Industrial, Outdoor Power Equipment, Marine, Auto and Heavy Duty. Arrowhead has acquired three companies since Investcorp's investment in November 2016: Stens, J&N Electric, and Interparts. These add-on acquisitions significantly increase Arrowhead's scale in the aftermarket replacement parts market.

www.arrowheadep.com

Portfolio Company Name	**The Wrench Group**	
Acquired	**March 2016**	
Industry Sector	**Consumer services**	
Headquarters	**Georgia, US**	

Wrench is a provider of home maintenance and repair services, specializing in heating, ventilation and air conditioning ('HVAC'), plumbing and electrical services. The company provides services to residential customers across four of the fastest-growing metropolitan areas in the United States (Atlanta, Georgia; Dallas, Texas; Houston, Texas; and Phoenix, Arizona).

www.wrenchgroup.com

Portfolio Company Name	**PRO Unlimited**	
Acquired	**October 2014 / May 2017**	
Industry Sector	**Business services – tech enabled services**	
Headquarters	**Florida, US**	

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, temporary workers 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.

Investcorp originally invested in PRO Unlimited in October 2014. In May 2017, Investcorp sold a majority stake in PRO Unlimited to Harvest Partners and retained a minority stake.

www.prounlimited.com

Portfolio Company Name	**totes»ISOTONER**	
Acquired	**May 2014**	
Industry Sector	**Consumer products – specialty retail**	
Headquarters	**Ohio, US**	

Founded in 1923 and headquartered in Cincinnati, Ohio, totes»ISOTONER is a global 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	**Paper Source**
Acquired	**September 2013**
Industry Sector	**Consumer products – specialty retail**
Headquarters	**Illinois, US**

Paper Source is a vertically-integrated, cross-channel retailer, offering a premium selection of uniquely designed and curated gifts, stationery, and crafting supplies. The company operates 128 stores in 28 states. The company goes to market through retail stores, direct-to-consumer and wholesale channels. Stores offer workshop classes, demonstrations, and consultation appointments that drive high customer engagement, conversion, and customer loyalty.

www.paper-source.com

Portfolio Company Name	**Sur La Table**
Acquired	**July 2011**
Industry Sector	**Consumer products – specialty retail**
Headquarters	**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 134 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 its cooking class locations, serving well over 500,000 customers annually. Sur La Table has built a multi-channel business in which each channel is profitable on a standalone basis.

www.surlatable.com

Portfolio Company Name	**Wazee Digital**
Acquired	**March 2011**
Industry Sector	**Technology – internet / mobility**
Headquarters	**Colorado, US**

Wazee Digital (formerly T3 Media) 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. The two business lines are complementary with many customers utilizing both offerings.

www.wazeedigital.com

Portfolio Company Name	**OpSec Security Group**
Acquired	**March 2010**
Industry Sector	**Technology – security**
Headquarters	**Colorado, US**

OpSec Security Group is a global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection, to over 400 brand owners 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

Portfolio Company Name	**kgb**
Acquired	**April 2006**
Industry Sector	**Technology – big data**
Headquarters	**New York, US**

kgb (formerly InfoNXX) is a global independent provider of directory assistance and enhanced information services. kgb delivers solutions to wireless and landline carriers, corporations and educational institutions in North America, handling the majority of the '411' calls in the US that are delivered through a mobile phone. Furthermore, in the UK, kgb's 'The Number' 118 has become Britain's leading directory assistance service for consumers and businesses. The company also has operations in France, Germany, Ireland, Switzerland, Austria and Italy.

www.kgb.com

Portfolio Company Name	**TPx Communications**
Acquired	**April 2000**
Industry Sector	**Telecom**
Headquarters	**California, US**

TPx Communications (formerly TelePacific) is a provider of network and communications services headquartered in Los Angeles. In business since 1998, the Company provides services on self-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.

www.tpx.com

CI Europe

As of June 30, 2018, Investcorp's aggregate balance sheet co-investment amount in Europe was $209 million invested across 12 companies and an initial investment in a special opportunity in the German dental sector.

Portfolio Company Name	**Kee Safety**
Acquired	**October 2017**
Industry Sector	**Industrial products**
Headquarters	**Birmingham, United Kingdom**

Founded in 1934, Kee Safety's products have a longstanding reputation for their quality, reliability and safety and include fall prevention equipment, roof edge protection, barrier and guardrail systems and safe access solutions. Today, the company has a global presence and sells its products across more than 60 countries worldwide to a broad range of customers, from multi-national corporations to distributors and installers. Kee Safety employs over 500 people and has established operations in 10 countries, including the US and China.

www.keesafety.com

Portfolio Company Name	**Impero**
Acquired	**July 2017**
Industry Sector	**Technology – security**
Headquarters	**Nottingham, UK**

Founded in 2002, Impero has become a market leader in the UK in integrated safeguarding software with its comprehensive education solution that enables schools to keep students safe, improves the teaching environment and maximizes efficiency for school network managers. Headquartered in Nottingham, UK, the Company has a >20% share of the UK secondary school market, currently serving more than 1,400 secondary schools across the country. Globally, the software is accessed by over 1.5 million devices in over 90 countries, including schools in more than 500 US districts. In February 2018, Impero opened an office in Austin, Texas, to further drive its growth in the US.

www.imperosoftware.com

Portfolio Company Name	**ABAX**
Acquired	**June 2017**
Industry Sector	**Business services – technology enabled services**
Headquarters	**Larvik, Norway**

Founded in 2003, ABAX has become one of Europe's fastest growing technology businesses and a leading telematics solution provider in the Nordics by developing and delivering sophisticated fleet tracking, electronic triplogs, equipment & vehicle control systems and digital project management systems. Headquartered in Larvik, Norway, the company has approximately 400 employees and established operations across the Nordic region as well as in Poland, the Netherlands, the UK and China.

www.abax.co.uk

Portfolio Company Name	**Ageras**
Acquired	**March 2017**
Industry Sector	**Technology – internet/mobility**
Headquarters	**Copenhagen, Denmark**

Founded in 2012, Ageras is a fast-growing online marketplace connecting SMEs and micro-businesses with professional service providers such as accountants and lawyers across Scandinavia and Western Europe. Still run by its founders, the company has successfully entered six markets (Norway, Sweden, the Netherlands, Germany and the UK alongside its home market of Denmark). Ageras' proprietary matching algorithm allows it to combine automation with high levels of service in order to ensure maximum customer satisfaction.

www.ageras.com

Portfolio Company Name	**Agromillora**
Acquired	**December 2016**
Industry Sector	**Consumer products**
Headquarters	**Barcelona, Spain**

Founded in 1986 in Barcelona, Agromillora is the leading global developer of high yielding plants and trees, with a key focus on permanent crops, including stone fruits, citrus, nuts, berries, olive trees and grape plants. The company pioneered the production and marketing of trees for high yielding olive orchards with the disruptive technology of super-high-density planting and has since been promoting similar agronomic improvements for a complete portfolio of high quality plants. With a global network of 11 production facilities and a commercial presence in nine countries, Agromillora sells to clients in over 25 countries.

www.agromillora.com

Portfolio Company Name	**Calligo**
Acquired	**November 2016**
Industry Sector	**Technology – big data**
Headquarters	**St Helier, Jersey**

Calligo is a fast-growing provider of cloud solutions focused on serving the global mid-tier enterprise segment. Founded in 2012, with the aim of leveraging jurisdictions across the globe that offer a robust data protection framework, Calligo provides a trusted cloud platform for hosting mid-tier enterprises, their data and applications. The company's proprietary cloud platform offers the highest levels of data privacy along with application performance guarantees, commercial flexibility and a personalized support service.

www.calligo.cloud

Portfolio Company Name	**Corneliani**
Acquired	**June 2016**
Industry Sector	**Consumer products – specialty retail**
Headquarters	**Mantova, Italy**

Founded in 1958, Corneliani is a luxury clothing brand. Best known for its men's suits and chic casualwear, it is one of the oldest independent Italian luxury brands. Corneliani benefits from a global sales presence in more than 62 countries through 13 directly operated stores, approximately 850 multibrand stores, more than 69 franchise stores and approximately 38 store-in-stores, including Harrods, Harvey Nichols, Saks Fifth Avenue and Bloomingdale's.

www.corneliani.com

Portfolio Company Name	**SecureLink**
Acquired	**December 2015**
Industry Sector	**Technology – security**
Headquarters	**Wommelgem, Belgium** **Sliedrecht, Netherlands**

Founded in 2003, SecureLink is a leading cybersecurity infrastructure and managed services provider, offering integrated security solutions for corporates and institutions in the upper mid-market. The company provides advanced security solutions as well as managed security services ('MSS'), helping its customers to handle complex security challenges and requirements, mitigating risk exposure and delivering a reliable, secure infrastructure that offers peace of mind to customers. Securelink was formed by the acquisition of companies in Scandinavia, Benelux, UK & Germany over the period June 2016 to March 2017 who were strongly positioned in the industry.

www.securelink.net

Portfolio Company Name	**Dainese**	
Acquired	**January 2015**	
Industry Sector	**Consumer products**	
Headquarters	**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 Centre ('D-Tec'), an R&D technical center for the study of protective technology, the company strives to ensure that it remains at the forefront of innovation.

In October 2015, Investcorp together with Dainese acquired POC, a pioneer in innovative safety concepts for sportswear to provide athletes and consumers with the highest standard of personal protection. POC's line of products includes helmets, body armor, goggles, eyewear, gloves and gear, which are currently sold across 25 countries worldwide. Through technical collaboration with partners such as Volvo, POC is pioneering innovative safety concepts and has won more than 40 prestigious international safety, design, innovation and business awards.

www.dainese.com www.pocsports.com

Portfolio Company Name	**SPGPrints**	
Acquired	**August 2014**	
Industry Sector	**Industrial products**	
Headquarters	**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. In April 2018, SPGPrints carved out and sold one of its subsidiaries, Veco Precision. Veco, founded in 1934, manufactures high-precision metal components for a broad range of applications.

www.spgprints.com

Portfolio Company Name	**Georg Jensen**
Acquired	**November 2012**
Industry Sector	**Consumer products – specialty retail**
Headquarters	**Copenhagen, Denmark**

Based in Copenhagen, Georg Jensen is a global luxury brand that designs, manufactures and distributes jewelry, watches, fine silverware and high-end homeware. With a history that spans over 110 years, the Georg Jensen brand has a deep heritage in silversmithing and represents quality craftsmanship and timeless designs. The brand is also endorsed by the Queen of Denmark.

www.georgjensen.com

Portfolio Company Name	**eviivo**
Acquired	**March 2011**
Industry Sector	**Technology – internet / mobility**
Headquarters	**London, UK**

eviivo is a leading European software provider for small and medium-sized accommodation businesses to manage their online and offline bookings, allocate rooms, allow for flexible pricing, invoice and process payments. With approximately 12,500 customers, eviivo's portfolio covers the breadth of the UK, French, German and Mediterranean markets and includes B&Bs, guest accommodation, inns, farmhouses, cottages, restaurants with rooms, and smaller boutique hotels.

www.eviivo.com

CI MENA

As of June 30, 2018, Investcorp's aggregate balance sheet co-investment amount in the MENA region was $158 million invested across 15 companies. The portfolio listing shown below includes Hydrasun, even though it is headquartered in Aberdeen, UK, as it is a portfolio company of the Gulf Opportunity Fund.

Portfolio Company Name	**Reem Integrated Healthcare**
Acquired	**April 2018**
Industry Sector	**Healthcare**
Headquarters	**Abu Dhabi, United Arab Emirates**

Reem Integrated Healthcare Holdings is developing a new landmark hospital complex on Reem Island, Abu Dhabi, UAE. The complex comprises a modern and highly specialized rehabilitation center combined with a children's and women's hospital and a family medical center. The development of the hospital complex will take place in phases: first, the construction of a more than one hundred bed rehabilitation center and a sizeable family medical center targeted to open at the end of 2019 and which will be built and operated by VAMED, a leading global provider of development, design and operational management services for hospitals; and second, the development of a more than one hundred bed children's and women's hospital, providing a full range of general and specialized pediatric surgery and treatments, as well as comprehensive gynecology and obstetrics services supported by a neonatal intensive care unit and which will be operated by VAMED in cooperation with Charité from Berlin, Germany, one of the leading university hospitals in Europe.

Operators website: www.vamed.com and **www.charite.de**

Portfolio Company Name	**Al Borg Medical Laboratories**
Acquired	**November 2016**
Industry Sector	**Healthcare**
Headquarters	**Jeddah, Saudi Arabia**

Established in 1999 in Jeddah, Al Borg has 60 laboratories across eight countries in the GCC and Africa, with a clear leadership position in Saudi Arabia. Al Borg employs over 1,300 personnel and offers a wide range of routine and specialty medical laboratory testing services to hospitals, clinics, corporates and individuals. In December 2017, Al Borg acquired Proficiency Healthcare Diagnostics ('PHD'), a leading private independent laboratory network in Abu Dhabi, UAE, operating five laboratories across Abu Dhabi, Dubai, Sharjah and Al Ain.

www.alborglaboratories.com

Portfolio Company Name	**Bindawood Holding**
Acquired	**December 2015**
Industry Sector	**Consumer products – grocery retail**
Headquarters	**Jeddah, Saudi Arabia**

Established in 1984, with over 30 years of operations and a network of 63 stores across Saudi Arabia, the Bindawood group operates one of the largest chains of supermarkets and hypermarkets in Saudi Arabia. The company is predominately focused in the Western regions of Jeddah, Makkah and Madinah, with a growing presence in the Central and Eastern regions.

www.bindawood.com / www.danubeco.com

Portfolio Company Name	**NDTCCS**
Acquired	**July 2015**
Industry Sector	**Industrial services**
Headquarters	**Dammam, Saudi Arabia**

Established in 1975, NDT Corrosion Control Services Co. LLC ('NDTCCS') is the largest non-destructive testing ('NDT') service provider in Saudi Arabia employing over 1,000 technicians in Saudi Arabia, UAE and Kuwait. NDT 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 provides conventional and advanced NDT services for a range of industrial sectors including oil and gas, petrochemicals, mining, nuclear and utilities. In February 2017, NDTCCS acquired a majority stake in Hi-Tech Inspection Services LLC ('Hi-Tech'), Oman's largest provider of NDT and inspection services employing over 770 technicians.

www.ndtcorrosion.com

Portfolio Company Name	**Arvento**
Acquired	**March 2015**
Industry Sector	**Business services – technology enabled services**
Headquarters	**Istanbul, Turkey**

Established in 2005, Arvento Mobile Systems ('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 is a 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.

www.arvento.com

Portfolio Company Name	**Namet**
Acquired	**December 2013**
Industry Sector	**Consumer products**
Headquarters	**Istanbul, Turkey**

Established in 1998 and acquired in 2005 by the Kayar family, Namet Gida Sanayi ve Ticaret A.S. ('Namet') is the largest integrated producer of fresh cut and packaged processed red meat products in Turkey. The company operates two farms in Urfa and Samsun with 50,000 livestock capacity supplying nearly 30% of the company's production needs. The company processes and sells unpacked and packed fresh cut meat, delicatessen products, frozen products and further processed 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

Portfolio Company Name	**AYTB**
Acquired	**October 2013**
Industry Sector	**Industrial services**
Headquarters	**Jubail, Saudi Arabia**

AYTB Al Yusr Industrial Contracting Company W.L.L. ('AYTB') was founded in 1979 in Jubail and over its 39-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, manpower supply, catering and accommodation services. AYTB's clients include many of the region's leading petrochemical and oil and gas companies. The company employs over 6,000 people across its operations in Saudi Arabia and Qatar.

www.aytb.com

Portfolio Company Name	**Leejam**
Acquired	**July 2013**
Industry Sector	**Consumer services**
Headquarters	**Riyadh, Saudi Arabia**

Leejam is a leading fitness chain operator in Saudi Arabia, operating under the 'Fitness Time' brand. Established in 2007 and headquartered in Riyadh, Leejam operates over 112 fitness clubs and has over 220,000 active members. Employing over 3,400 personnel, Leejam offers fitness clubs across three main segments targeting affluent (Fitness Time Plus), regular (Fitness Time) and budget (Fitness Time Pro) customers. The company offers a wide range of facilities, including cardiovascular and weight training activities, in addition to swimming pools, and sports facilities catering for football, basketball, volleyball, tennis, squash and billiards, positioning Fitness Time as a 'social club' rather than simply a 'fitness gym'.

www.fitnesstime.com.sa

Portfolio Company Name	**Theeb Rent a Car Co.**
Acquired	**June 2013**
Industry Sector	**Consumer services**
Headquarters	**Riyadh, Saudi Arabia**

Theeb Rent a Car Co. ('Theeb') is a leading car rental company in Saudi Arabia primarily serving the 'individual' customer segment with short-term rental services and also recently started offering long-term leasing to the 'corporate' customer segment. Established in 1991 and headquartered in Riyadh, Theeb operates a fleet of over 13,200 vehicles with a wide network of 45 branches, including 11 at international and regional airports across Saudi Arabia. Over the years Theeb has built a strong local brand and membership program with over 210,000 members.

www.theeb.com.sa

Portfolio Company Name	**Hydrasun**
Acquired	**March 2013**
Industry Sector	**Industrial services**
Headquarters	**Aberdeen, Scotland**

Founded in 1976 in Aberdeen, Scotland, Hydrasun Group Holdings Ltd. ('Hydrasun') has international operational bases in the UK, the Netherlands, the Caspian Sea, 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 410 personnel and has state-of-the-art engineering, production, manufacturing, training and warehousing facilities. Clients include British Petroleum, GE, FMC and Aggreko.

www.hydrasun.com

Portfolio Company Name	**Automak**
Acquired	**October 2012**
Industry Sector	**Industrial services**
Headquarters	**Kuwait**

Founded in 2002 by Al Kharafi Projects Co. W.L.L. and Mr. Ghazi Omar, Automak Automotive Company ('Automak') is a leading player in the fleet leasing and rental business in Kuwait. Automak operates a fleet of in excess of 8,800 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	**Orka**
Acquired	**September 2012**
Industry Sector	**Consumer products – specialty retail**
Headquarters	**Istanbul, Turkey**

ORKA Holding ('Orka') is one of the largest menswear retailers in Turkey with 200 directly operated stores (165 in Turkey and 35 around the world). Founded in 1986 by Süleyman Orakçıoglu, Orka has three brands (Damat, Tween and D'S Damat) which are suited to a broad customer base. The Damat brand targets the classic/high-end segment, the Tween brand targets the contemporary/mid to high-end segment and the more affordable D'S Damat targets 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	**Tiryaki**
Acquired	**September 2010**
Industry Sector	**Consumer products – trading and logistics**
Headquarters	**Istanbul, Turkey**

Tiryaki Agro ('Tiryaki') is a 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's business is in the sourcing, processing, storage and trading of conventional and organic grains, pulses, oil seeds, feed stuff and nuts across Europe, Africa, the Middle East, the CIS, America and Asia. The company has a team of approximately 690 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.com.tr

Portfolio Company Name	**Gulf Cryo**
Acquired	**November 2009**
Industry Sector	**Industrial products**
Headquarters	**Kuwait and UAE**

Established in 1953, Gulf Cryo is a leading manufacturer, distributor and service provider of industrial gases in the Middle East. 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, and CO2, 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, Oman, Jordan, Egypt, Turkey and Iraq.

www.gulfcryo.com

Portfolio Company Name	**L'azurde**
Acquired	**March 2009**
Industry Sector	**Consumer products**
Headquarters	**Riyadh, Saudi Arabia**

L'azurde, a family-owned business established in 1980 in Saudi Arabia, is a leading Arab designer, manufacturer and distributor of gold jewelry for the premium mass market, with two large state-of-the-art industrial plans in Riyadh and Cairo. 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.

In June 2016, L'azurde successfully completed its IPO on the Saudi Stock Exchange (Tadawul). Investcorp, through its Gulf Opportunity Fund I, retains a 38.85% stake in the company and representatives of the Investcorp Gulf Opportunity Fund I remain on the Board.

www.lazurde.com