INVESTCORP

Business Review

Fiscal Year 2019
For the period July 1, 2018 to December 31, 2018

"Our improved first half results are a testament to Investcorp's ability to perform well despite ongoing challenges in global markets.

Over the period we have achieved several firsts; our first private equity investment in China, our first acquisition of a private equity investment to be fully placed in the US and, after the period end, our first foothold into India with the acquisition of a private equity and real estate funds business. This diversification strategy continues to be supported by our robust balance sheet position.

We believe that our resilience in the face of volatile market conditions will be further enhanced by our new, proposed, operational structure which will make us better placed to serve our clients, engage with our broader stakeholder base and exercise best-in-class corporate governance in a manner similar to our global asset management peers".

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 completed the acquisition of a strategic minority stake in Banque Pâris Bertrand, an independent private bank based in Geneva and Luxembourg
- Following the period end, announced the acquisition of the private equity and real estate funds businesses of IDFC Alternatives Limited in India

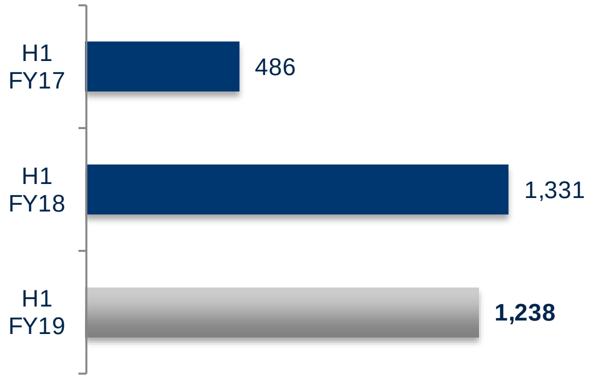
Fundraising platform:

- First private equity deal, United Talent Agency, fully placed in the United States
- Successfully closed a $185 million continuation vehicle with HarbourVest
- Signed a secondary transaction with Coller Capital (expected to close in late Q1 2019, subject to receipt of relevant regulatory approval) to create a European private equity buyout fund of c. $1 billion
- The firm's fourth technology fund was fully subscribed as at December 31, 2018 with a final close of $403 million

Investment platform:

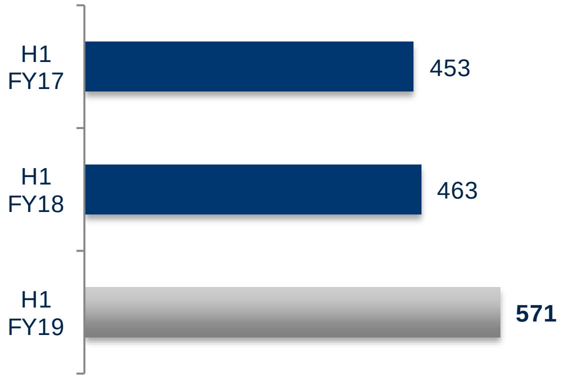
- The firm announced its first private equity investment in China, in partnership with China Everbright Limited

Investment Activity ($m)



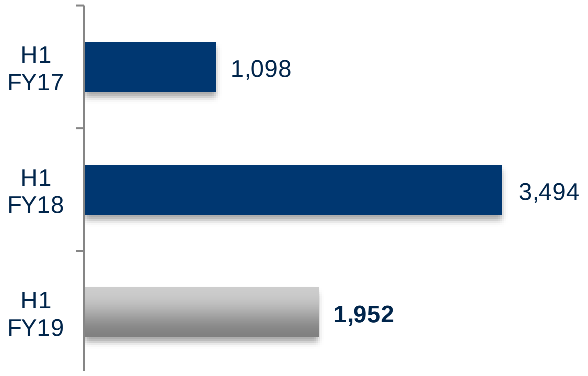
Strong levels of activity with over $1.2 billion of aggregate investment across Investcorp's businesses

Deal-by-deal placement ($m)



Placement activity has increased 23% compared to the same period last year. New offerings included the first PE deal placed entirely in the US, the first China-focused PE investment offering, two US real estate portfolios, and one European real estate portfolio

Realizations and distributions ($m)



Distributions to Investcorp and its clients from investment realizations and other distributions decreased to approximately $2.0 billion due to lower CLO refi & reset activities

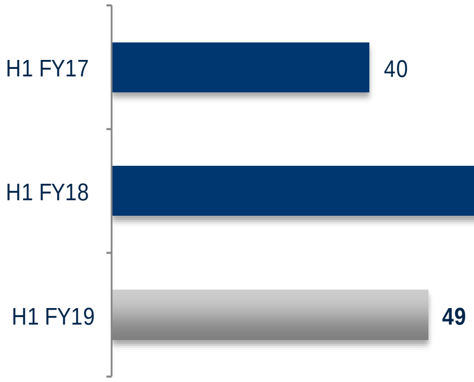
Profit for the year ($m)

The rise in profit for the year is predominantly attributable to the contribution of higher fee income, and lower operating expenses & interest expense partially offset by lower asset-based income

Fee income ($m)

Fee income continues to grow with the improvement from last year largely attributable to increased placement fees in line with the higher placement activity

Asset-based income ($m)



The decrease in asset-based income is largely attributable to lower PE and ARI returns

Cost-to-income

Decrease in operating expenses in line with reduced revenues but also reflecting an improved cost-to-income ratio.

Interest expense of $26 million is lower by 16% due to a decrease in average outstanding debt and a more favourable funding mix

H1 FY19 Key Business Highlights

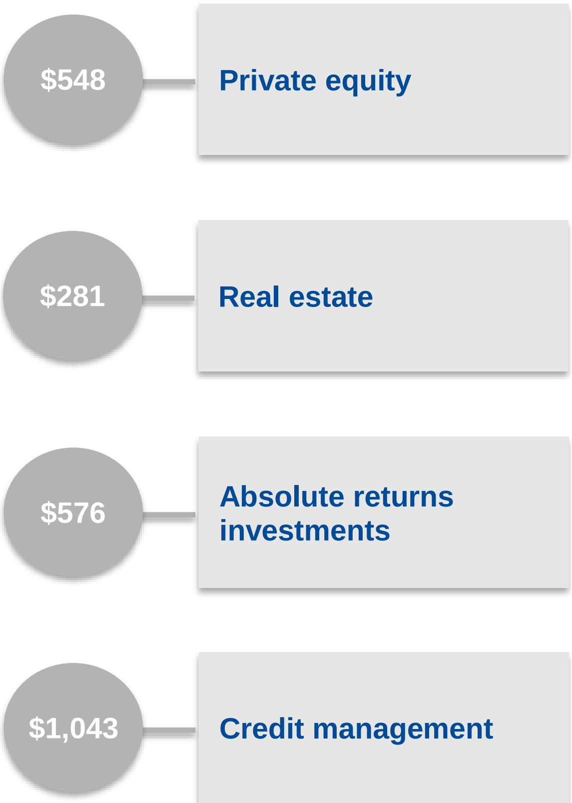
Shareholder KPIs

$0.74	Fully diluted EPS
11%	Return on equity (annualised)
$12.42	Book value per share

Balance sheet KPIs

Jun-18	Dec-18	
$2.5b	**$2.4b**	**Total assets** stable
$1.1b	**$1.1b**	**Total equity** stable
$1.0b	**$1.2b**	**Accessible liquidity** more than covers next four years of debt
0.5x	**0.5x**	**Net leverage** remains well below 1.0x
31.5%	**33.0%**	**Basel III regulatory capital** well above CBB minimum requirements
0.7x	**0.7x**	**Co-investments** / **permanent & long-term capital** well below 1.0x

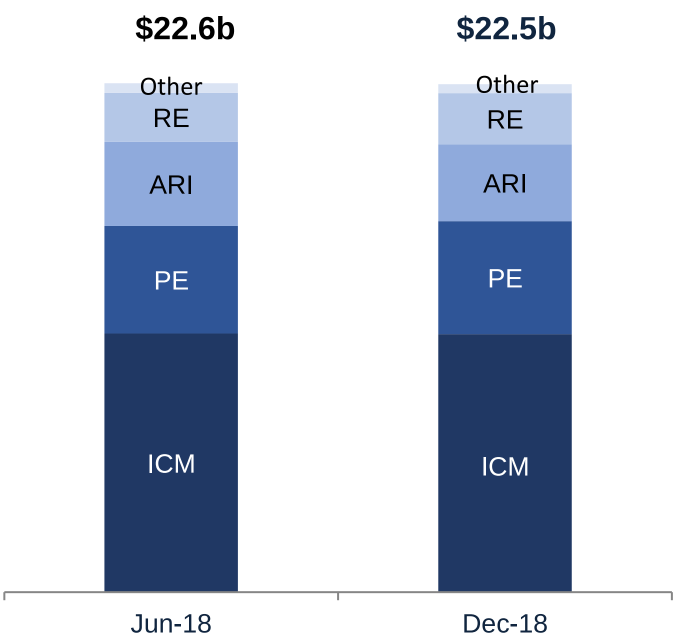
Fundraising ($m)



*Total fundraising was **$2.4 billion** (H1 FY18: $3.6 billion)*

- ***$290 million** placed with clients in private equity investments*
- *An additional **$77 million** raised for Technology Fund IV and **$181 million** raised for a secondary fund*
- ***$281 million** placed with clients across three new portfolios and residual amounts in three portfolios carried over from last year*
- ***$576 million** of new subscriptions for ARI*
- ***$855 million** raised for two new CLOs*
- ***$127 million** of net new investments in one reset of an older CLO*
- ***$61 million** of inflows for senior secured loan funds*

Total AUM ($b)



Both private equity and real estate AUM grew by 5% to $5.0 billion (PE) and $2.3 billion (RE) reflecting the well supported deal-by-deal fundraising during the period

Absolute return investments AUM declined by 9% to $3.4 billion largely due to the anticipated roll off of older, less profitable AUM.

AUM in credit management remained stable at $11.4 billion

Investment Activity

China Pre-IPO Technology Portfolio

$416 million…

*…the aggregate capital deployed in **four new private equity investments** (one to be announced in H2 FY19), three existing portfolio companies & one special opportunity portfolio investment*

$242 million…

*…the aggregate capital deployed in three new **real estate portfolios***

Jamestown CLO XII
(Warehoused from FY18)
$153 million

Harvest CLO XX
(Warehoused from FY18)
€252 million

Harvest CLO XXI
€129 million

$579 million…

… the aggregate investment in two carried forward CLO's & one new CLO for the credit management business

Exits & Distributions

*Private equity exits included the sale of **Nobel Learning Communities**, a leading provider of private education in the US, the sale of **Gulf Cryo,** a leading manufacturer, distributor and services provider of industrial gases, the IPO of **Leejam**, a leading fitness chain operator in Saudi Arabia, and the secondary sale of the remaining portfolio companies in **Investcorp Technology III L.P** to HarbourVest (Investcorp Technology Partners will continue to manage the assets)*

*Significant real estate exits included the realizations of three portfolios: **2015 Residential I Portfolio** (with the sale of Fairways at Towson); **National Hotel Portfolio** (with the sale of Newark Hilton); and **2014 Office and Industrial Portfolio** (with the sale of Highlands Campus Tech)*

Total realization proceeds and other distributions to Investcorp and its clients were $2.0 billion, including $736 million related to the credit management business.










Investcorp’s key performance indicators:

	H1 FY15	H1 FY16	H1 FY17	H1 FY18	H1 FY19
Gross operating income ($m)	154	178	168	208	199
Cost-to-income ratio	62%	63%	64%	66%	64%
Return on average assets *	4%	5%	4%	4%	5%
Return on ordinary shareholders' equity *	10%	12%	9%	9%	11%

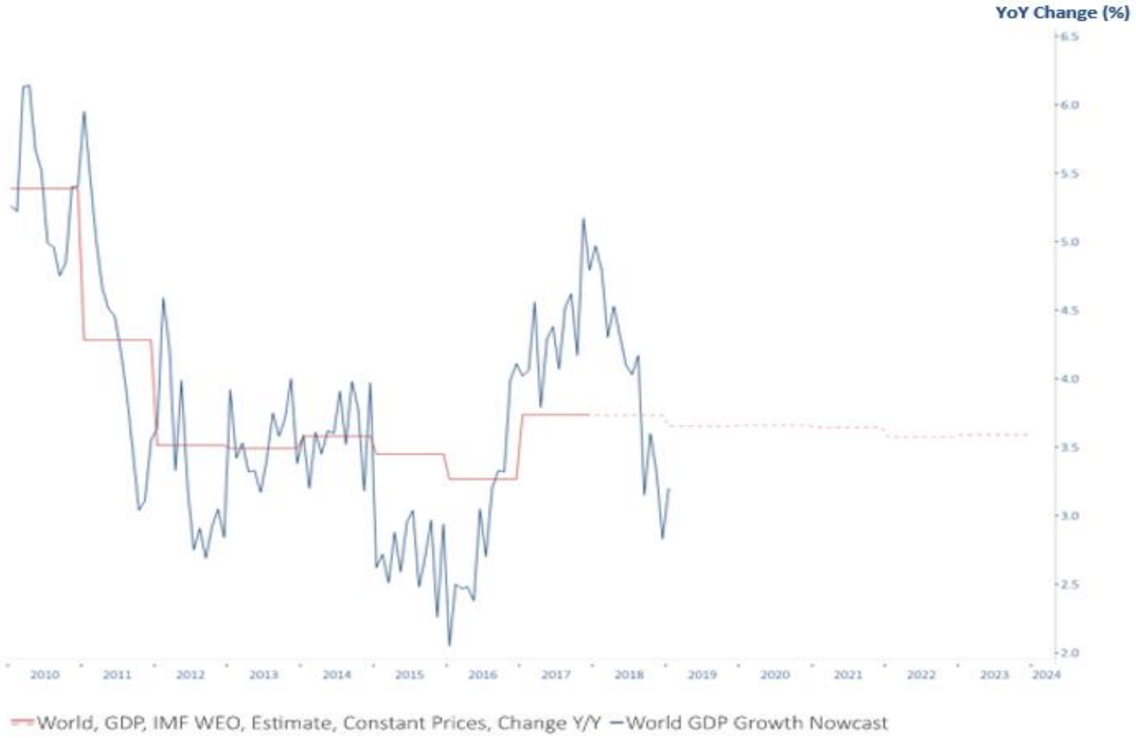
* Annualized return

Business Environment

As can be seen in the following chart, which provides a summary of a Global Aggregate GDP Nowcast indicator, economic growth gauges have been decelerating since the end of the second quarter. Global growth is now expected to be slightly above 3.5%, in line with International Monetary Fund ("IMF") forecasts for 2019. The slowdown has been particularly acute in emerging markets and Europe, where trade uncertainty and other localized geopolitical concerns have dampened corporate sentiment and hindered business capital expenditures. Europe has also been impacted by new emission regulations, which have disrupted the supply chains of many automakers over the last six months. The risks around the central growth forecast are two-sided and broadly even over 2018-2019.

The US had until recently been fairly immune to deteriorating sentiment elsewhere, but a ratcheting-up of trade rhetoric and the fading impact of the fiscal stimulus have finally taken their toll. Consequently, the economy now looks to be near a tipping point, where positive long-term momentum is beginning to be over-shadowed by near-term dynamics that suggest a growing risk of further deceleration. Amid the mixed signals, an assessment of prospective catalysts has taken on even greater importance than in recent years.

Global GDP Aggregate Nowcast

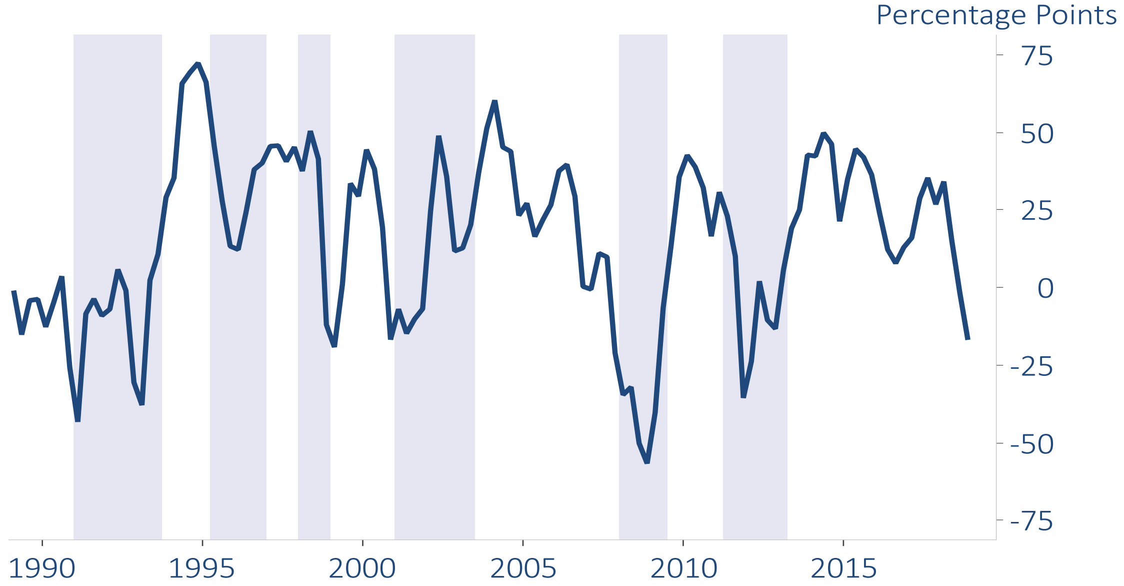


Source: Investcorp, Goldman Sachs, Morgan Stanley & Macrobond

Across most regions – especially Europe, as suggested by the following chart – a key factor behind the growth slowdown has been wavering corporate confidence; rising US interest rates and an increasingly uncertain outlook have given pause to the business community. Consumer sentiment has been more resilient, in part buoyed by falling unemployment and rising real wages last year. In fact, consumer sector resiliency has helped to offset at least some of the hesitation on the corporate side.

Europe Capex Expectations

Euro area, Economic Situation Surveys, Ifo, World Economic Climate, Economic situation in the next 6 months



Source: Investcorp

One development, in particular, could prove to be the biggest determinant regarding what happens next. As the following three charts show, financial conditions tightened last year, with the trend broadening out more recently to include the US. Historically, a sustained deterioration in this measure has had negative feedback effects on growth, affecting both corporate and consumer sentiment. Under the circumstances, this remains the area to watch, especially given the risk that financial conditions could degenerate into a self-feeding spiral if markets remain turbulent for an extended period of time.

Financial Conditions in the US

Source: Investcorp

Financial Conditions in Europe

Source: Investcorp

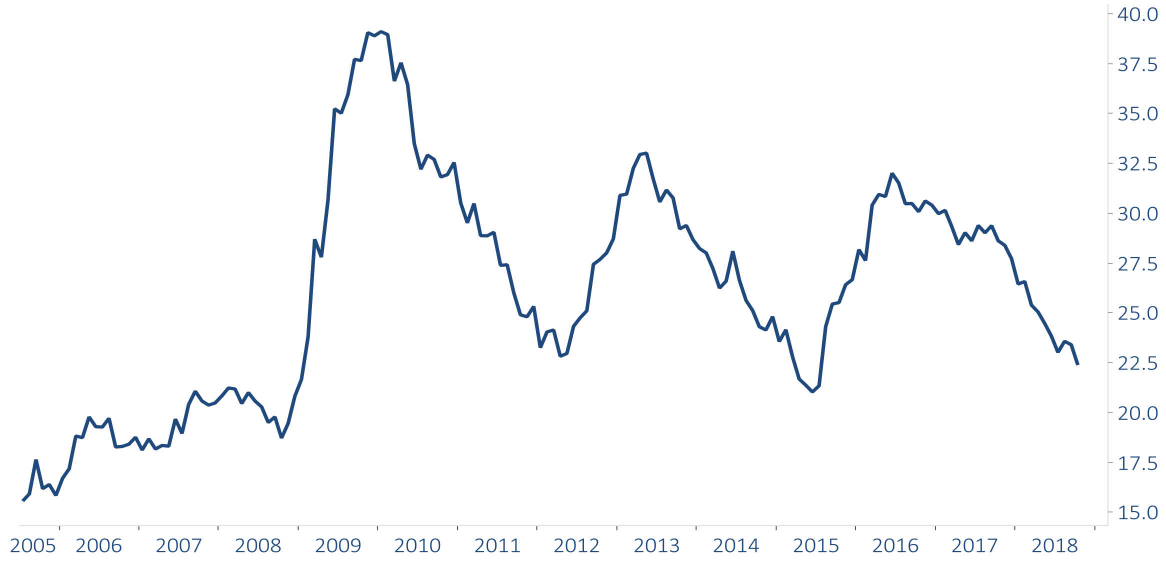
Financial Conditions in Emerging Markets

Source: Investcorp

With respect to China, there was concern coming into 2018 that a deliberate tightening of credit by the country's leadership in an effort to reorient the Chinese economy would lead to a slowdown in growth. By nature, the implementation of structural reforms, including transforming credit channels, is a challenging exercise, fraught with risks of miscalibration. In this case, the risks were being compounded by external pressures – namely, the Trump administration's tariff announcement barrage, which had both direct and secondary order effects on business sentiment in the Asian nation.

Amid a heated and difficult confrontation with its largest trading partner and no clear end in sight, China subsequently changed gears, introducing certain stabilization measures and seeking to facilitate a mild rebound in the nation's credit impulse, illustrated in the chart below. In Investcorp's view, the government will likely seek, and has the capabilities to execute, initiatives designed to mitigate downside pressure in the economy in the quarters ahead. However, it is uncertain that a full-blown growth strategy will be reintroduced, which is something to consider when contemplating the shape and extent of any recovery going forward.

China Credit Impulse



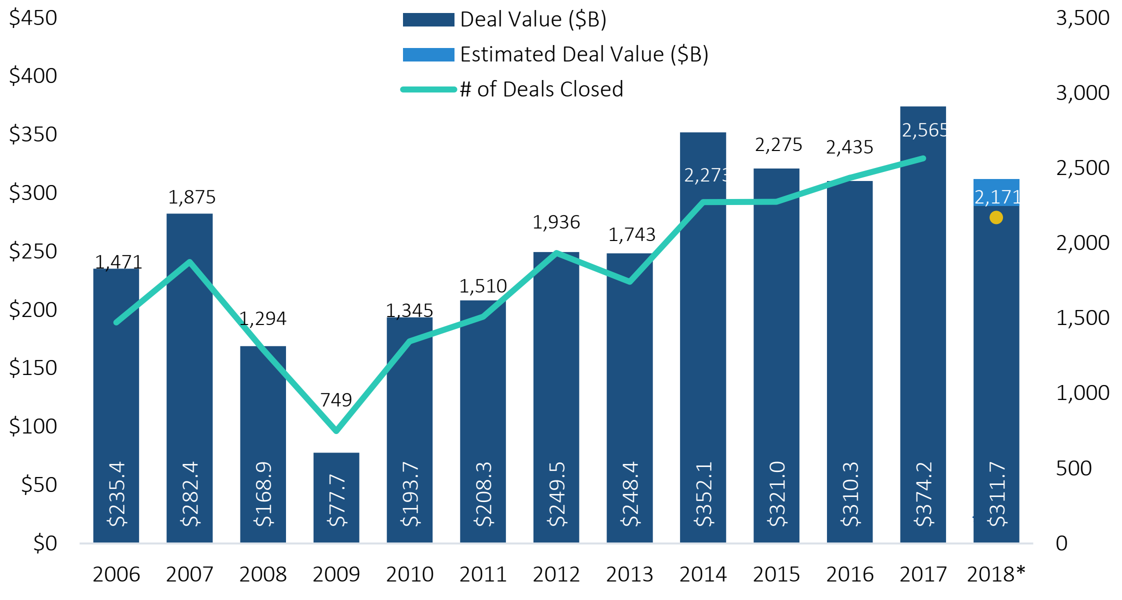
Source: Macrobond, Bloomberg

Private Equity – North America and Europe

2018 has seen private equity valuations rise yet again from an already high base and the private equity market in 2019 is predicted to be as competitive as in 2018 as dry powder continues to increase. Secondaries activity is expected to hit another all-time high, PE fundraising to grow for China-focused funds as investors demand exposure to the Chinese economy and take-privates to increase in prominence. Access to financing is anticipated to remain relatively easy and will support continued M&A activity from both corporate acquisitions teams and PE firms.

In the US, capital of $311.7 billion was invested in 2,171 transactions through the first 3 quarters of 2018. 2018 is the first year in which more than $300 billion has been deployed in the first three quarters of the year, putting the middle market private equity industry on pace to break the $400 billion mark. This is also the first time more than 2,000 deals have closed at this point in any year.

US PE deal flow

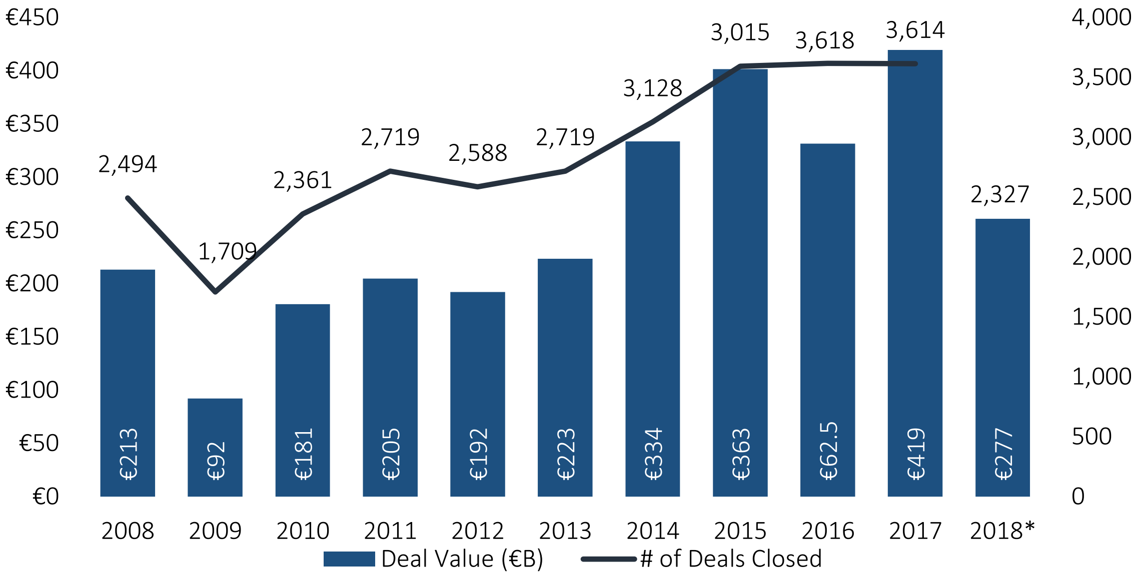


***As of September 30, 2018. Unknown values are estimated based on known figures**
Source: Pitchbook 3Q 2018 US PE Middle Market Report

Median deal size through the 3rd quarter of 2018 is $177.0 million, just 3.0% off the all-time high achieved in 2017. Buyout multiples remain at elevated levels. Deal activity is on a record-setting pace within the US middle market, with increased competition and record levels of dry powder – which results in higher prices and multiples.

According to Pitchbook, in Europe, deal flow by Q3 2018 continued to trend downward and registered the weakest quarterly result thus far in 2018. With 2,327 deals estimated to be completed and totaling to €276.8 billion during the first nine months of the year, overall count is down ca. 15% compared to the same period in 2017. Deal value also decreased by 15.3% caused by the lack of deals closed above €2.5 billion though this has not impacted the median deal size which rose by 22.1% to €24.4 million suggesting that the wider trend toward larger deal sizes remains intact. The slowdown in deal making in 2018 did not have any dampening effect on buyout multiples, in fact rather the opposite has occurred as EV/EBITDA multiples have risen to the highest level on record (10.0x) if current figures are to hold. IT deals continue to grow proportionally for the 5th consecutive year and despite the uncertainty concerning Brexit, PE investments in the UK continue to represent the highest proportion of deal activity in the past 10 years in Europe.

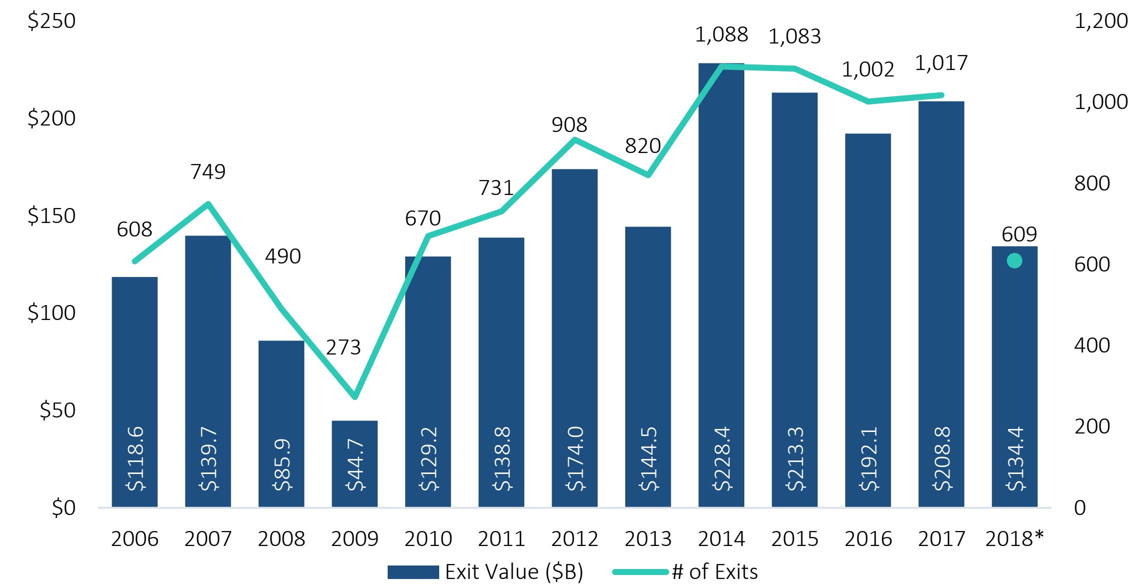
Europe PE deal flow



***As of September 30, 2018. Unknown values are estimated based on known figures**
Source: Pitchbook 3Q 2018 European Breakdown Report

US exit market activity slowed through the first 3 quarter of 2018 with 609 transactions and an exit volume of $134.4 billion. The pace of exits for all of 2018 is expected to approximate recent years and fall short of 2014's record breaking year. Year-over-year, exit value declined at a slower rate than exit count while median exit size rose to $274.0 million, a 37.0% increase over the full-year 2017 median of $200.0 million. The middle market still accounts for the majority of private equity exits totaling 80.9% of the total private equity exits year-to-date.

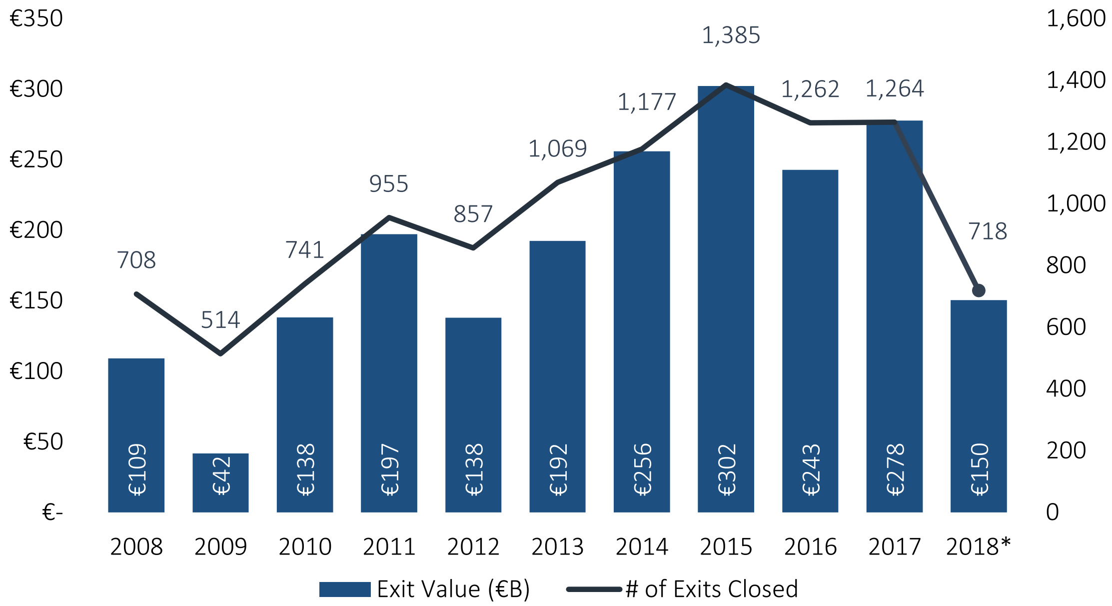
US PE-backed exits



***As of September 30, 2018. Unknown values are estimated based on known figures**
Source: Pitchbook 3Q 2018 US PE Middle Market Report

The number of European PE-backed exits of 718 YTD September 2018 fell well short of last year's 1,264 exits. While multiples have risen to the highest figures on record and too many investors are chasing too few deals, high prices may be impacting deals closing. Similar to number of deals closed, exit value also has come down due to the lack of exits in the €2.5 billion or higher bucket size. At the sector level, exit activity largely reflects the deal making activity. The share of IT exits is growing while other sectors have more variability from one year to the next. With the buyout spree between 2014 and 2017 - the four-year timeframe with the highest deal count and total value - exit activity is expected to pick up in future years as GPs seek to profit from their investments.

European PE-



Source: Pitchbook 3Q 2018 European Breakdown Report

Private Equity – MENA

In line with the first half of 2018 ("H1 2018"), crude oil prices continued to increase until the third quarter of 2018 ("Q3 2018"). However, Q4 2018 witnessed a decline in prices mainly due to geopolitical tensions triggering fears of an oversupply shock, as well as concerns on the demand side as the IMF lowered its estimate for global growth for 2019 driven by slower growth in emerging markets. Overall, crude oil prices averaged at $72 per barrel in H2 2018 compared to $71 per barrel in H1 2018. The U.S. Energy Information Administration ("EIA") projects oil prices to average at $61 per barrel in 2019.

Brent Crude Oil Price: January 1, 2018 – December 31, 2018 ($bbl)

Source: Bloomberg

Following a contraction in growth to -0.4% in 2017 due to the OPEC oil production cuts as well as overall economic slowdown, the IMF expects the overall GCC real GDP growth in calendar year ("CY") 2018 to pick up to 2.4% underpinned by expansionary fiscal policies implemented by the GCC governments and higher oil production. Non-oil GDP growth is expected to grow to 2.7% in 2018 compared to 1.9% in 2017, on the back of pro-growth government initiatives and a slower pace of fiscal consolidation. However, investors remain cautiously optimistic about the region given the current volatility in oil prices and looming geopolitical risks.

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

GCC governments are also resorting to non-oil revenue sources by implementing new taxes thereby strengthening the tax culture and administration within their economies. Both Saudi Arabia and the UAE implemented a 5% VAT in January 2018 with Bahrain implementing a 5% VAT in January 2019.

Growth in Saudi Arabia is expected to pick up to 2.2% in 2018 following a contraction to -0.9% in 2017, supported by an increase in oil-GDP and enhanced non-oil activity driven by higher government spending and private sector stimulus measures. The kingdom has made improvements over the last few years in creating viable non-oil revenue streams, bringing down the fiscal deficit from a peak of 15.1% of GDP in 2015 to an estimated 4.6% of GDP in 2018. However, challenges remain especially in the Saudi labor market on the back of the Saudisation programme and levies on expatriate workers and dependents.

The government of Saudi Arabia announced a growth-supportive budget for 2019 with plans to increase total expenditure by 7.3% in 2019, driven by a 20% increase in capital expenditure to spur economic growth and lower unemployment.

The adoption of the Saudi Vision 2030 has spurred reforms in several areas across the country. The National Center for Privatization and Public Private Partnership in Saudi Arabia recently issued a draft law on private sector participation in July 2018. The kingdom also launched its first support center for small and medium enterprises aimed at providing services to entrepreneurs and Saudi nationals aspiring to set up commercial activities in the region.

The second half of 2018 also saw the implementation of the Saudi Bankruptcy Law approved earlier in the year. The law covers three main issues including preventive settlement, financial restructuring, and procedures for liquidation and introduces the formation of a specialized committee that shall oversee all bankruptcy related matters.

In November 2018, as part of a royal country wide tour, Saudi Arabia's King Salman launched over 600 developments projects worth $4.3 billion in the Qassim region and similar projects in the Hail and Tabuk region covering various sectors including education, housing, road, water, electricity, etc. As part of the Future Investment Initiative 2018 summit hosted in Riyadh, Saudi Arabia signed several deals worth $50 billion in the oil, gas, industrials and infrastructure sectors with international players.

The government of Abu Dhabi unveiled a three-year economic stimulus program of $13.6 billion to improve the ease of business in the Emirates and boost employment growth and tourism activity. As part of the plan, Abu Dhabi plans to create at least 10,000 jobs for Emiratis in the private and public sectors over the next five years, in addition to taking steps to boost the competitiveness of Small and Medium Enterprises ("SMEs"). Of the total earmarked amount, $5.5 billion is expected to be spent in 2019. The Dubai Government's 2019 budget foresees an expenditure of $15.5 billion, relatively in line with the 2018 budget, with infrastructure projects being allocated $2.5 billion in lieu of the upcoming Expo 2020.

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. Given this backdrop, the IMF expects growth in the GCC to reach 3.0% in 2019 with non-oil growth expected to reach 2.9%.

Following a strong GDP growth rate of 7.3% registered in Q1 2018, the Turkish economy witnessed declining growth rates in the following quarters clocking a growth rate of 5.3% in Q2 2018 and 1.6% in Q3 2018 on the back of the fading impact of the government credit stimulus coupled with further contraction in private consumption and investment amid significant financial market and exchange-rate turmoil, soaring inflation and higher interest rates during the period.

The Turkish Lira depreciated significantly during the month of August losing over 35% of its value and crossing TL6.5:US$1.0 due to concerns over heightened economic uncertainties and geopolitical tensions. As a response, the Central Bank of Turkey ("CBT") further raised its benchmark policy rate in September to 24.00% from 17.75%, which helped the Turkish Lira retrace some of its earlier losses and end the year at TL5.3:US$1.0 (15% depreciation since June 30, 2018). Furthermore, policymakers responded to financial market pressures by releasing some foreign exchange liquidity through cutting banks' reserve requirements and limiting their engagement in cross-currency swaps. Inflation remains high despite having fallen from October's 15-year high of 25.2% to 20.3% in December 2018.

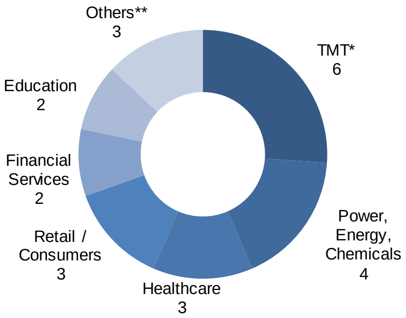
The IMF predicts Turkey's real GDP to grow at 3.5% in 2018 with growth expected to contract further to 0.4% in 2019 as the elevated inflation, a steep increase in borrowing costs and curtailed bank lending continue to weigh in on household purchasing power, private consumption and investment. In addition, tighter monetary and fiscal policy in response to the currency depreciation is expected to further soften domestic demand. In contrast, the external sector is expected to receive a boost from increased price competitiveness as evidenced by an improving current account deficit, which is expected to reach 4.4% of GDP in 2018 compared to 5.6% in 2017, driven by accelerated exports and tourism and a decline in import demand.

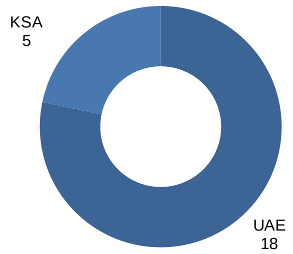
While near term risks remain, the medium to long-term outlook for the Turkish economy remains positive on account of the country's strong fundamentals such as its sizeable young population, its aspiring middle class, its entrepreneurial culture and its strategic geographical position as a trading hub.

During the CY 2018, the primary GCC stock exchanges registered 9 Real Estate Investment trust ("REIT") issuances in Saudi Arabia, 2 Initial Public Offerings ("IPO") in Oman and 1 IPO each in Saudi Arabia, Kuwait, Bahrain and Qatar with a total capital raised of approximately $2.4 billion. This compares to 6 REIT issuances and 9 IPOs in CY 2017, with a total capital raised of $3.0 billion. 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 1 IPO in CY 2018 compared to 9 IPOs in CY 2017.

CY 2018 recorded 98 M&A transactions in the GCC region, in line with CY 2017. 23 out of these transactions were led by a financial buyer in CY 2018 compared to 15 transactions in CY 2017. TMT, Power, Energy and Chemicals were the most active sectors, with the UAE being the most active market. During the same period, there were 12 exits by a financial investor.

Breakdown of GCC Private Equity Transactions in CY 2018 (January 1 – December 31)





Source: Merger Market, Investcorp Analysis as of December 31, 2018
***TMT (technology, media, and telecom)**
****Others includes transportation, industrials and other services**

In CY 2018, Turkey recorded 3 IPOs (more than $100 million in value) with a total capital raised of $1.3 billion compared to 3 IPOs (more than 100 million in value) in CY 2017 with $722 million capital raised.

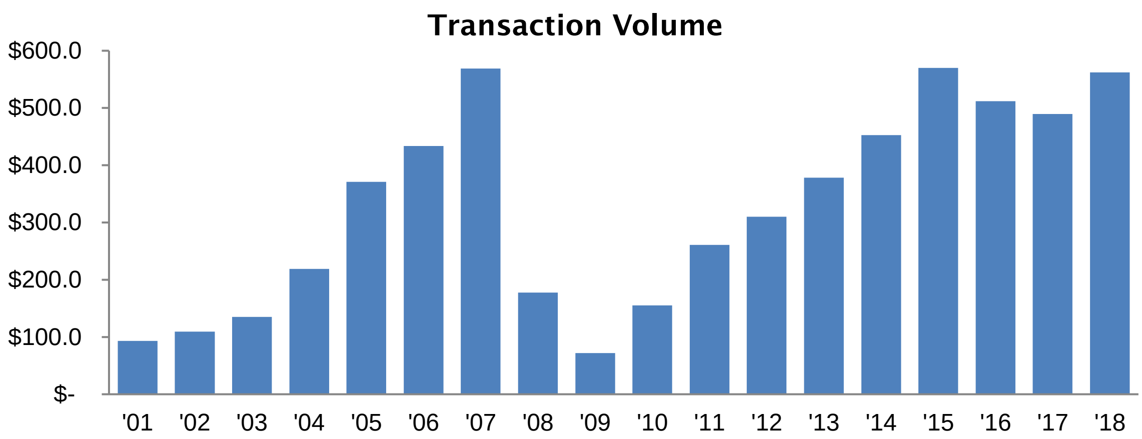
On the M&A front, Turkey recorded 84 M&A transactions in CY 2018 compared to 95 transactions in CY 2017 (-12%). 8 out of these transactions were led by a financial buyer compared to 18 transactions in 2017. During the same period, there were 7 exits by a financial investor.

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. The US economy continues to drive demand for US property with an increase in leasing activity, market rents and values. The unemployment rate stands at 3.9% as of December 2018 (versus 4.1% in December 2017) and wage growth rose 3.2% since December 2017. 2018 was the best year for job creation since 2015 with the economy adding 2.6 million jobs. However, US consumer confidence, while still historically strong, dropped in December 2018 due to weaker expectations for economic growth and heightened market volatility (this has subsided somewhat in the early part of 2019). These mostly positive trends continue to have a favorable impact on the office, multifamily, retail, industrial, student housing and hospitality sectors.

US real estate transaction volume reached near-record levels in 2018 and was up 15% for 2018 versus 2017. Volume climbed across all property types and this growth is occurring even given record high prices. According to Real Capital Analytics, prices for all property types climbed 6.2% in 2018 from 2017. Cap rates have stabilized, following a period of contraction over the course of the year. Further, operating fundamentals remain solid. 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. 2019

US office market fundamentals remained healthy through Q3 2018. Office-using employment remained resilient and expanded in Q3 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 decreased to 12.8%, the lowest rate since Q4 2007. Downtown properties had the lower vacancy rate of 10.5% while suburban properties came in at 14.1%. San Francisco maintained the lowest vacancy rate in the US in Q3 at 5.8%, due to strong tech-tenant demand. Annual rent growth has slowed but remains positive. In Q3 2018, suburban rents increased by 3.1% year-over-year, compared with 1.5% growth in downtown rents. New supply completions decreased by nearly half compared with the first two quarters of 2018 – the slowdown was almost entirely attributable to the downtown markets.

US retail market fundamentals remained sound through Q3 2018 due to strong retail sales and vacancy declines across all major retail property segments. According to CBRE, the power center and the lifestyle & mall segments rebounded with positive net absorption in Q3 2018 after posting negative absorption in Q2. Increased availability is expected for the lifestyle & mall segment in Q4 due to Sears recent Chapter 11 filing. Vacancy decreased in Q3 2018 across all major retail property types including the lifestyle and mall segment. Retail sales, excluding sales at gasoline stations, remain healthy and increased by 5.5% year-over-year, driven by food services and non-store retailers. Net asking rent growth increased slightly in Q3 2018; year-over-year net asking rent growth has occurred every quarter since Q1 2014 according to CBRE. New supply completions continued to decline in Q3, driving up rent and demand for prime assets. The top 3 markets for supply in Q3 2018 were Houston, Chicago and Cleveland.

Growth in the **industrial market** continued throughout the Q3 2018. This sector, along with multifamily and student housing, are currently the two most desirable sectors within the real estate space. Per CBRE, demand outpaced new supply for the 34th 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, manufacturers, and third-party logistics companies. The US industrial availability rate declined to 7.1% - the lowest level since Q4 2000. Detroit, Cincinnati, the San Francisco peninsula, Oakland and Orange County led the way with the lowest availability rates, all below 4.4%. Low availability rates and strong leasing demand have resulted in sustained rental growth. The average net asking rent grew 1.7% in Q3 2018 to $7.21 per square foot - the highest level since CBRE began tracking the metric in 1989. Rents increased 5.6% year-over-year. New supply was down slightly from the previous quarter and 17.5% less than a year ago. Year-to-date deliveries are down from 2017 levels, as speculative development has been restrained according to CBRE.

US market fundamentals in the **'for rent' multifamily market** remained healthy in Q3 2018. According to CBRE, the vacancy rate fell to 4.0% year-over-year. Markets with the lowest vacancy rates were Providence, Minneapolis, Detroit and New York metro. Average monthly rent rose 2.6% year-over-year, slightly above the 20-year historical average of 2.5%. Demand is now outpacing supply and remains strong due to favorable demographics and shifting lifestyle preferences favoring renting rather than owning. As of Q3 2018, the national home-ownership rate increased slightly to 64.4%. While multifamily rents have risen 3.7% during the 2010s, single-family home prices have risen by more (5.5%). New supply is concentrated in large markets (typically in urban locations) with more than half of all new US supply located in only 9 markets. Markets that saw the biggest increase in supply for the four quarters ended in Q3 2018 were New York Metro, Dallas/Fort Worth and Los Angeles/Southern California. Demand in each of these markets remains solid.

The US **student housing market** continues to be an attractive asset class. The strength and optimism for the space was underscored in September 2018, with the $4.6 billion acquisition of the EDR portfolio. While final figures are not yet complete, transaction volume appears to be well in excess of $10 billion for calendar year 2018, which is roughly in line with 2016 and 2017 levels. Cap rates have stabilized, following a period of contraction over the course of the year, however, an abundance of capital from both foreign and domestic sources continue to seek ways to enter the sought-after asset class. The student housing sector has historically performed well during recessionary periods and forecasts on new supply, enrollment growth and occupancy are favorable, which should create a positive operating dynamic in the near term.

The US **hospitality market** grew at a moderate pace in Q3 2017. According to CBRE, demand growth grew by 1.6% year-over-year and supply growth remained at 2.0%. The markets which saw the largest year-over-year demand increases were Pittsburgh, Phoenix and Raleigh-Durham. US occupancy decreased by 0.4% year-over-year – largely attributable to abnormally higher demand last year due to the hurricanes in Texas and Florida. Average daily rate (ADR) increases remained modest at 2.1% which resulted in revenue per available room growth of 1.7%. Three of the top four ADR growth markets were in the Bay Area (San Francisco, Oakland and San Jose-Santa Cruz), reflecting the positive impact of the tech industry on lodging demand. Markets that saw the biggest increase in supply year-over-year were Louisville, Nashville and Dallas.

Real Estate Investment – Europe

United Kingdom

After a slow start to 2018, UK economic growth accelerated over the summer, driven by consumer spending and a rebound in housebuilding and inventories. Forecasts suggest that GDP will grow by 1.2% in 2018 and 1.3% in 2019 and that the Bank of England will gradually raise interest rates to 2% by the end of 2020. In 2018, inflation fell to 2.3%, primarily driven by a decline in Sterling and many expect that inflation will be moderate in 2019. Most forecasts are now based on the assumption that there is a Brexit deal and that the UK retains access to the EU single market until the end of 2020.

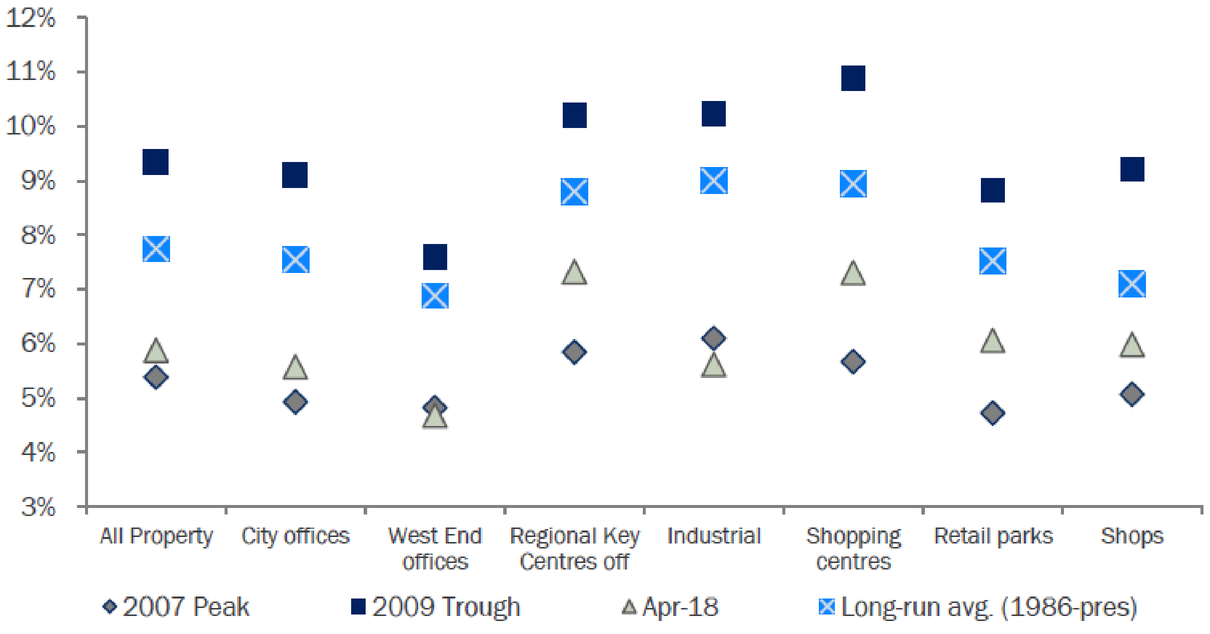
In respect of Brexit, while there will be a lot of political jockeying over the next few months, it is in the interest of both the UK and the EU to agree to a soft Brexit, a "no-border" solution between Northern Ireland and Ireland and the principles for free trade in agriculture and goods. What is less clear is how much access UK financial and professional services will have to the EU single market after 2020. The mood in the UK seems to fluctuate depending on the current status of the negotiations. Most commentators believe there will be a few bumps in the road before the final status of the UK withdrawal from Europe is settled.

Office markets appear well placed to weather any slowdown in the economy. In most cities, the supply and demand for office space are in equilibrium. New supply has been offset by "Permitted Development", the conversion of office space to residential. Office rents are expected to stay flat or rise slightly over the next couple of years except in the City of London, where an oversupply of stock is likely to cause office rents to decline modestly. This is currently evidenced by landlords offering larger tenant incentive packages to attract and retail tenants.

Several retailers have fallen into administration and profitable chains are closing stores, creating vacancies across the UK. Retail rents in most locations are likely to fall over the next couple of years. The shake-out in the retail domain should create opportunities to bring successful retailers into schemes and increase the mix of residential and other uses in town centres.

By contrast, industrial markets are performing well, and rents have risen across the UK in 2018, with some submarkets experiencing double-digit rental growth. Forecasts show industrial rental growth moderating from the levels over the next couple of years, as the developers build more large distribution warehouses.

UK current yields vs. over time



Source: Canacoord June 2018

Regional office and industrial investment markets have remained very competitive and yields have continued to firm. There is also significant interest from investors in private rented housing, despite the low level of yields. During Q1 – Q3 2018, the total value of commercial investment deals in the UK was €49.3 billion, representing a 6% increase year-on-year *(Source: JLL)*. In comparison, Europe's total commercial investment volume for the same period amounted to €176.7 billion, a 1.3% decrease year-on-year.

Germany

The momentum of the German economy has remained robust in 2018, even though Germany's long run of steady growth ended in Q3 2018 with a 0.2% fall in GDP. Economists predict that Germany will record its 10th consecutive year of expansion of c. 1.5% in 2019. Employment in Germany remains at high levels with an unemployment rate of 3.4% as of August 2018. After years of muted inflation, German inflation recently reached c. 1.8%, just below the target of 2%, and is forecast to be slightly above this target by 2020.

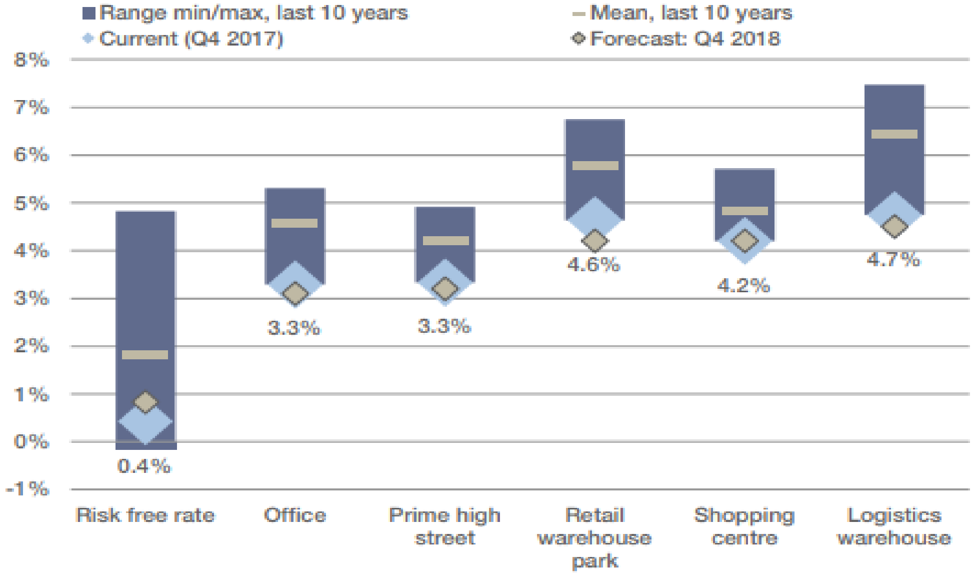
Despite a GDP growth slowdown and rising trade tensions, the underlying trends in the office sector remain strong. Domestic demand is particularly robust due to the solid labour market, particularly in Munich and Berlin. Due to the acute shortages and strong demand for high quality office space, the aggregate vacancy rate declined to 4.0% across the country, and prime rents significantly increased. Completions remained at a low level and have not been able to keep up with demand.

Growth of consumer sentiment slowed, although it is still at a high level. Private consumption combined with wage increases remained an important pillar of economic growth in Germany, which led to a robust retail market. Overall, retail rents were stable in key locations. Yields decreased slightly in some of the major markets and for well managed retail warehouses/ retail parks.

Demand for warehouse and logistics space maintained its high level throughout Q1 – Q3 2018, representing a slight rise compared to 2017. Availability of existing stock is tight, and the availability of development sites is extremely limited, in particular, close to the major city markets. Prime rents for logistics space increased while prime yields decreased in the major cities.

Total German commercial investment volume was €42.1 billion in the first nine months of the year; up 9% year-on-year, and it is anticipated that transaction volumes should exceed €60 billion by year-end. Foreign investors were particularly active, accounting for around 60% of transaction volume and 40% by total number of deals. Office assets remained the most popular asset class representing 47% of total volume. Core assets in Germany's Big 7 cities continue to attract significant investor interest, supported by extremely robust occupier conditions.

German current yields bands



Source: Savills March 2018

Absolute Return Investments

Hedge funds delivered negative performance of -4.2% for H1 FY19, as measured by the HFRI Fund of Funds Composite Index, compared to H1 FY18 performance of +4.4%.[1]

Global equity markets suffered significant volatility through H1 FY19, particularly in October and December. The S&P 500 was down 6.9% and the MSCI World was down 8.9% in H1 FY19. December 2018 was the worst performing December for the Dow Jones Industrial Average and the S&P 500 since 1931. Hedge fund strategies that have an equity beta component had the weakest performance, namely Hedge Equity and Event Driven strategies (-4.3% for the HFRI Event driven strategy). Macro and relative value strategies were also broadly negative, albeit to a lesser degree, with the Fixed Income Relative Value the strongest performing strategy.

Global macro discretionary funds posted gains in client portfolios during H1 FY19 amidst a challenging backdrop for both traditional assets and across most hedge fund styles. The CSFB Tremont Global Macro Index was down 2.2% for the half year period but across the broader industry peer group certain large funds and macro hedge fund platforms are due credit for posting positive results despite the mixed showing in hedge fund indices. For client portfolios, macro managers profited from a mix of relative value trades in UK and European rates and from directional plays in recovering emerging markets following the sell-off earlier in the year. In directional trading, the most successful managers were able to capture gains from the sell-off in bond yields which saw US 10-year yields spiking from 2.83% in August to over 3.2% in November. Many managers were caught out during the subsequent violent bond rally into the year-end when the US 10-year yield closed down below 2.7% on the back of concerns about the trade war, bearish sentiment from the equity market rout, slowing US and global growth and sensing a shift in tone from the previously hawkish Fed on hiking mode. However, most importantly successful funds were able to preserve gains from tight risk management being a key differentiating feature of the discretionary macro strategy. There were several other major macro market moves during the half year period which impacted the opportunity set. The stabilization of the dollar helped to boost emerging market local debt and currencies. In addition, the Brazil election brought Bolsonaro into power with the promise of market friendly reforms which lead to a rally in the Brazilian Real and sovereign credit opportunities which in turn played into the hands of emerging market focused macro funds. Oil saw a sharp sell-off from over $75 in September to below $50 by the end of the year and US Natural gas spiked over 50% in November only to end the year at October levels and both of these market moves had a mixed impact on macro portfolios.

Commodity trading advisors ('CTA') funds in general ended lower during H1 FY19 with the HFR Macro Systematic Diversified index down 1.2% for the 6-month period. However, this was an area were Investcorp's client portfolios outperformed the industry posting gains from having exposure to GTA macro and diversified quant styles that fared better than pure trend following exposures which Investcorp had de-emphasized. For client portfolios, macro systematic exposures preserved capital across the sharp equity market corrections in October (S&P -6.9%) and December (S&P -9.2%) whereas the broader universe was more impacted by the sell-off in equity markets in October, idiosyncratic sharp moves in soft commodities and the reversal of the dollar strength.

Equity market neutral strategy exposures in client portfolios posted gains and outperformed the broader hedge fund asset class and the HFR EMN index was down 2.1% during H1 FY19. The months of October and November were particularly challenging for market neutral equity quant funds amidst portfolio liquidations from large long/short hedge funds and factor rotations in the market place. Investcorp client portfolio exposures benefited strongly during

[1]. Source: PerTrac: HFRI Fund of Funds Composite Index

difficult months for equities in October (S&P -6.9%) and December (S&P -9.2%) with gains being driven across sub-strategies, time horizons and geographic exposures.

Fixed income relative value strategies outperformed the broader hedge fund indices during H1 FY19. 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. Volatility spikes in February and December benefited managers with a long volatility bias, however overall fixed income volatility levels have not reset like equity and FX volatility and are still significantly below 2016 levels. Expectations are that as the process of quantitative tightening continues fixed income volatility well trend higher.

Convertible arbitrage strategies had a challenging H1 FY19 with the HFRI Convertible Arbitrage index down 4.3% broadly in-line with the wider hedge fund indices. Performance was weaker in October and December as credit spreads widened offsetting any positive impact from elevated volatility levels. Typically, convertible issuance is correlated to interest rates and issuance trends have been positive for 2018 with the US on course (as at November end) to have the strongest issuance since 2008. In addition to rising rates and increased volatility, the Tax Reform Act of 2017 that limited the deductibility of interest expense on debt, substantially improved the relative attractiveness of convertibles when compared with high yield debt. This was evidenced with c. 50% of all new paper that came to the market in 2018 was from new issuers. On the negative side, there are continued questions on fundamentals with a deterioration of credit quality and risk of spread widening as the economic cycle proceeds and downturn/recession risks arise.

Credit markets and strategies were generally lower in H1 FY19, with US High Yield markets declining 2.23% as measured by the Barclays High Yield Index. High yield lagged Treasury returns by over 480bps over the past six months. The risk-off sentiment drove spreads wider by more than 160bps to reach 526bps, the highest since July 2016 when markets were rebounding from the energy selloff and related default fears. Much like 2016, Energy was once again the worst performing sector. The sell-off resulted in the first month of no new high yield issues in decades. The negative sentiment weighed on most credit hedge fund strategies that are typically either long the high yield markets or securitizations that often derive part of their value from high yield. The HFRI Corporate Credit (-1.84%), ABS (-0.41%) and Distressed/Restructuring (-4.39%) indices were each down during the first six months. Structured credit funds outpaced traditional credit strategies due to their focus on more idiosyncratic markets such as refinancings (CLOs), near-term maturities (CMBS), and put-back litigation (RMBS). Overall, the market may be ripe for a favorable 2019. Despite the recent credit sell-off and investor fears of potential fallen angels amidst issuers raising debt to finance stock buybacks, defaults have not materialized in large order. Further, many investment grade companies have recently announced their intention to pay down debt rather than buy-back stock (Anheuser-Busch InBev, Macy's, Verizon Communications, and AT&T). The renewed focus by investment grade companies to limit leverage, the relatively low default rates by historical standards, and all-in higher yields for high yield bonds (+7.95% at year-end vs. +6.50% six months prior) together paint a potentially attractive backdrop for credit and credit related strategies going forward.

Equities pulled back in H1 FY19 amid an uptick in volatility during the last quarter of the calendar year. To put this into perspective, the S&P 500 TR was down 6.3% with the MSCI AC World Index TR giving back 9.5% in H1 FY19. Losses were concentrated in the fourth quarter of the calendar year with the S&P 500 TR Index pulling back 13.5% and the MSCI AC World TR index finishing down 12.8%. These moves coincided with a spike in the VIX, which peaked at levels in excess of 35.0, as market participants rapidly de-risked. To this end, hedge fund net and gross exposures declined to their lowest levels in CY 2018. The increase in volatility was attributable at least in part to ongoing macro concerns including the Fed's decision to continue tightening, rising fears of an economic slowdown, ongoing trade war between the US and China, and threat of a US government shutdown that eventually materialized. Unsurprisingly, long/short equity funds largely struggled against this backdrop with the HFRI Equity Hedge (Total) Index being down 8.8% in H1 FY19 and Goldman Sachs VIP Index (a proxy for popular hedge fund names) declining by 10.8%. Looking forward, long/short equity funds remain cautiously optimistic as they selectively add to high conviction positions that have pulled back with the rest of the market despite the lack of negative idiosyncratic developments

Credit Management

Global loan market

Strong investor demand from CLO originations, retail mutual funds, and SMAs, driven by rising LIBOR, led to loan market outperformance in 2018 relative to the rest of the fixed income markets. The Credit Suisse Leveraged Loan Index returned 1.14% in 2018 and the Credit Suisse European Leveraged Loan Index returned 3.37% over the same period. A selloff in the fourth quarter offset what had generally been coupon-clipping returns through the first three quarters of the year with the fourth quarter decline particularly pronounced in the US market.

At the end of September, the year-to-date return for the US Index was 4.36% and in the fourth quarter alone this declined 3.08%. Although the Loan Index was essentially unchanged in October, equities and high yield bonds were down substantially as investors began moving to a risk-off mentality for well-publicized reasons including: increasing risk of a trade war with China; growing fear that GDP growth was slowing and corporate earnings growth had peaked; and concern that the Federal Reserve was raising rates too far and too fast. This risk-off trade extended to leveraged loans in November and December as the Index had monthly declines of 0.82% and 2.29%, respectively. December was the worst monthly performance of the Index since August 2011.[2] It should be noted that despite the weak second quarter, leveraged loans were the only fixed income asset class to generate positive returns for the full year. By comparison, the CS High Yield Index returned -2.37%, the Barclays Investment Grade Index return was -2.51%, and the 10-year Treasury was -0.03%.[3]

In addition to the explanations cited above, the severity of the fourth quarter decline in the US loan market was largely driven by technical factors. First and foremost, flows to loan mutual funds reversed course in November, and finished the year with seven consecutive weeks of outflows as measured by Lipper (ending January 2, 2019). During this period $15.8 billion, or 15.9% of loan mutual fund assets under management, was redeemed, including two weeks of record redemptions of over $3 billion. Price declines from the resulting selling pressure was magnified by diminished CLO demand. This was further exacerbated by the typically lower liquidity during the holiday season. This stands in stark contrast to the full year demand statistics. For the full calendar year, loan fund outflows totaled only $2.0 billion.[4] Although CLO issuance slowed to only $5.7 billion in December, it capped a record year of issuance (reviewed in the CLO commentary below). The supply of loans also declined near the end of the year as conditions became more difficult for issuers. December was the slowest month of the year with only $7.8 billion of net priced volume. For the full year, the picture was very different as net priced volume increased by 10% to $272.3 billion, driven by a 17.6% increase in M&A/LBO volume.[5] In fact, leveraged loans have become the preferred market for LBOs, with loan issuance ten times larger than high yield bonds in 2018.[6]

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[2] Credit Suisse US Leveraged Loan Index Monthly data, December 31, 2018
[3] Credit Suisse; Barclays Research; LCD, an offering of S&P Global Market Intelligence
[4] Lipper, JPM High-Yield and Leveraged Loan Market Intelligence, January 4, 2019
[5] LevFin Insights, Monthly Report & Outlook, December 2018
[6] CS Credit Strategy Daily, January 9, 2019

While Europe fared better in the fourth quarter it was not immune to the volatility across asset classes. After recording a 0.43% gain in October and YTD return of 4.87%, the European Index turned negative in November and accelerated into December with losses of 0.48% and 0.96%, respectively. The December decline was the largest seen since November 2011. Like the US loan market, the decline was predominantly driven by technical factors rather than underlying credit concerns. The volatility in the market led to a dramatic slowdown in demand, with no CLOs pricing in December. The sell-off in the US loan market led to contagion into the European market as fund managers reduced credit risk, and partly due to relative value opportunities between currencies.

Similar to the US market, the lack of liquidity in the run up to the holiday season also magnified the sell-off with few desks or clients willing to step in to increase risk prior to year-end, even at depressed pricing. Looking at the European Index for the year, only one industry recorded negative returns, with Consumer Durables declining 5.75% after falling 9.28% in the final five months. Conversely, in just the fourth quarter only three industries posted positive returns, led by Housing (+0.16%) and Gaming/Leisure (+0.08%). The best performing industries in 2018 were Energy, Shipping and Manufacturing which returned 16.54%, 7.09% and 5.17%, respectively. By rating category, CCC-rated loans continued to lead with a return of 11.10% compared to BB-rated and B-rated loans with returns of 2.20% and 3.26%, respectively. In the fourth quarter the sell-off weighted towards the riskier CCC-assets (-2.78%), however as evidence of a technical sell-off, the larger most liquid BB-rated loans fell -1.54% compared to a decline of -1.00% for B-rated loans.

The average price of the European Index ended the year at 96.54 after peaking at 99.35 in April. The drop was most pronounced in December when the average price fell 1.52 points in one month. The discount margin was 473 basis points at year end compared to 392 basis points in 2017, and a low of 371 basis points in April[7]. The trailing twelve-month default rate remains extremely low at just 0.11%[8], highlighting the continued benign credit environment.

Global CLO market

2018 calendar year was a record year for new issuance in US and Europe post financial crisis. In 2018, 243 new issue US CLOs priced for $130 billion (an increase of 11% on 2017 and ahead of the previous record of $124 billion issued in 2014/0). Europe saw the third year of record issuance, with €27 billion of issuance (up from €20 billion in 2017)[9]. Despite strong issuance numbers the European CLO markets finished the year with a more challenging new issuance environment. Liability spreads widened out during 2018, with the weighted cost of capital finishing the year at approx. 190bps in Europe (60bps wider than Q1 2018). Liability costs also widened out in the US, but CLO arbitrage improved significantly around the end of the year due to a drop in US loan prices due to risk-off trading and a recalibration of Fed rate hike expectations. Market participants expect 2019 to be volatile, making new issuance activity more challenging and requiring managers to be more opportunistic as they construct portfolios and approach the capital markets.

[7] Credit Suisse European Leveraged Loan Index Monthly Data, December 31, 2018
[8] S&P Global Market Intelligence, LCD News, January 3, 2019
[9] Source JPM research Securitized Products Weekly 04 Jan 2019

Discussion of Results

Profit for the Period

Profit for the period 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 private equity (PE') and real estate ('RE') products and in fair value of Investcorp's investment in an associate, accrued returns on credit management ('CM') exposures and realized changes in the fair value of absolute return investments ('ARI') products.

Profit for the period of $58 million for H1 FY19 was 5% higher than profit for the period of $55 million for the prior fiscal year ('H1 FY18'). Investcorp's H1 FY19 results represent a return on equity ('ROE') of 11% and fully diluted earnings per share ('EPS') of $0.74 per ordinary share.

Income ($m)	H1 FY19	H1 FY18	% Change B/(W)
Fee income	150	140	7%
Asset-based income	49	68	(28%)
Gross operating income	**199**	**208**	**(4%)**
Provisions for impairment	(1)	(1)	0%
Interest expense	(26)	(31)	16%
Operating expenses	(111)	(117)	5%
Profit before tax	**61**	**59**	**3%**
Income tax expense	(3)	(4)	25%
Profit for the period	**58**	**55**	**5%**
Basic earnings per ordinary share ($)	0.76	0.71	7%
Fully diluted earnings per ordinary share ($)	0.74	0.70	6%

Operating performance in terms of fee income increased to $150 million as compared to $140 million in H1 FY18. Asset-based income decreased to $49 million from $68 million in H1 FY18.

Interest expense for H1 FY19 was $26 million, down 16% from $31 million in H1 FY18 due to a decrease in average outstanding debt and a more favorable funding mix. Operating expenses decreased to $111 million (H1 FY18: $117 million), in line with the reduction in gross operating income. The provisions for impairment remained the same in H1 FY19 at $1 million.

Fee Income

Fee income has two components: (i) AUM fees which includes management and administrative fees on aggregate client investments under management in private equity and real estate deals, as well as fees from client investments in ARI and CM; and (ii) deal fees which are generated and earned from transactional activities related to direct investments (PE, 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)	H1 FY19	H1 FY18	% Change B/(W)
ARI fees	4	5	(20%)
CM fees	24	23	4%
Other management fees	55	51	8%
AUM Fees	**83**	**79**	**5%**
Activity fees	58	51	14%
Performance fees	9	10	(10%)
Deal fees	**67**	**61**	**10%**
Fee income	**150**	**140**	**7%**

Total fee income in H1 FY19 increased to $150 million (H1 FY18: $140 million).

AUM fees were $83 million in H1 FY19, 5% higher than H1 FY18. The increase reflects a higher level of client assets under management primarily driven by increase in PE and RE placement activity.

Deal fees increased in H1 FY19 to $67 million. The increase reflects the higher level of activity fee earned from higher placement activity in the Gulf and continued strong transactional activity across all lines of business.

Asset-based Income

Asset-based income is earned on Investcorp’s PE, RE, CM and ARI co-investments held on the balance sheet, including invested liquidity. Asset-based income includes unrealized changes in the fair value of PE and RE co-investments, accrued returns on CM exposures and realized changes in the fair value of ARI co-investments. It also includes the unrealized change in fair value of Investcorp’s investment in an associate.

Gross asset-based income during H1 FY19 decreased to $49 million from $68 million in H1 FY18, largely attributable to lower PE and ARI returns.

Asset-based income ($m)	H1 FY19	HY1 FY18	% Change B/(W)
Private equity investment	15	32	(53%)
Absolute return investments	3	8	(63%)
Real estate investment	11	13	(15%)
Credit management investment	12	10	20%
Investment in an associate	2	-	n.m.
Treasury and other asset-based income	6	5	20%
Gross asset-based income	**49**	**68**	**(28%)**

The tables below summarize the primary drivers of asset-based income for PE, ARI, RE and CM.

PE asset-based income KPIs ($m)	H1 FY19	H1 FY18	% Change B/(W)
Asset-based income	15	32	(53%)
Average co-investments	549	518	6%
Absolute yield	2.7%	6.2%	(3.5%)

PE asset-based income in H1 FY19 was negatively impacted by economic softness in the Gulf and Turkey, and in particular the depreciation of the Turkish Lira.

ARI asset-based income KPIs ($m)	H1 FY19	H1 FY18	% Change B/(W)
Asset-based income	3	8	(63%)
Average co-investments	156	215	(28%)
Absolute yield	1.9%	3.7%	(1.8%)

The positive performance was primarily driven by Investcorp's special opportunity portfolios and hedge fund partnership investments. The liquid managers and cross asset portfolios (while outperforming the industry benchmarks) contributed negatively in H1 as the challenging market environment proved difficult.

RE asset-based income KPIs ($m)	H1 FY19	H1 FY18	% Change B/(W)
Asset-based income	11	13	(15%)
Average co-investments	275	346	(21%)
Absolute yield	4.0%	3.8%	0.2%

RE asset-based income is primarily driven by rental yields. The business has continued to provide a steady source of income for Investcorp and a slightly improved return but a lower invested balance this year as compared to the same period last year. A large portion of the average co-investments relates to underwriting on which Investcorp earns the rental yield during the period of underwriting.

CM asset-based income KPIs ($m)	H1 FY19	H1 FY18	% Change B/(W)
Asset-based income	12	10	20%
Average co-investments	283	327	(14%)
Absolute yield	4.2%	3.1%	1.1%

The asset-based income for the credit management business primarily represents returns on CLO co-investment exposures, which were supported by active management of the CLO funds by the credit management team.

Treasury and other asset-based income improved slightly to $6 million from $5 million in the same period last fiscal year.

Investcorp also earned $2 million from the revaluation of its investment in an associate. This income relates to the revaluation of Investcorp's minority investment in the Swiss private bank

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

Asset yields	H1 FY17	H2 FY17	H1 FY18	H2 FY18	H1 FY19
Private equity	1.7%	1.9%	6.2%	5.6%	2.7%
Absolute return investments	2.3%	4.0%	3.7%	1.0%	1.9%
Real estate investment	4.4%	3.1%	3.8%	3.6%	4.0%
Credit management	-	12.1%	3.1%	4.9%	4.2%
Average co-investment yield	2.6%	4.8%	4.5%	4.3%	3.2%

Interest Expense

Total interest expense, including commitment fees on undrawn revolving credit facilities, decreased by 16% to $26 million in H1 FY19 from $31 million in H1 FY18. The decrease was due to lower average cost of funding on outstanding interest-bearing debt in H1 FY19 which decreased to 3.3% (H1 FY18: 4.2%), reflecting a more favourable funding mix and the lower levels of average interest-bearing liabilities during the current period as compared to the same period in the prior year.

Interest expense ($m)	H1 FY19	H1 FY18	Change H/(L)
Total interest expense	**26**	**31**	**(5)**
Average short-term interest-bearing liabilities	614	419	195
Average medium- and long-term interest-bearing liabilities	590	840	(250)
Average interest-bearing liabilities	**1,204**	**1,259**	**(55)**
Interest expense on funded liabilities[(a)]	20	26	(6)
Average cost of funding on funded liabilities	**3.3%**	**4.2%**	**(0.9)%**

(a) Does not include commitment fee and other facility costs on undrawn revolvers.

Operating Expenses

Operating expenses decreased by 5% to $111 million (H1 FY18: $117 million) in line with the decrease in gross operating income. Staff compensation, which includes fixed and variable components, decreased by $9 million. Other expenses, comprising professional fees, travel and business development, administration and infrastructure costs and non-compensation personnel costs such as training and recruitment increased to $48 million as compared to $45 million for the same period last year. The overall reduction in operating expenses contributed to an improvement in the cost-to-income ratio from 66% in H1 FY18 to 64% in H1 FY19.

Operating expenses ($m)	H1 FY19	H1 FY18	Change H/(L)
Staff compensation	63	72	(9)
Other personnel costs and charges	8	6	2
Other operating expenses	40	39	1
Total operating expenses	**111**	**117**	**(6)**
Full time employees ('FTE') at end of period	402	392	10
Staff compensation per FTE ('000)	157	184	(15%)
Other operating expenses per FTE ('000)	100	110	(10%)
Total staff compensation / total operating expenses	57%	62%	(5%)
Cost-to-income[(a)]	64%	66%	(2%)

(a) Operating expenses / Net revenue. Net revenues 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	Dec-18	Jun-18
Total assets	$2.4 billion	$2.5 billion
Leverage[(a)]	1.3x	1.3x
Net leverage ratio[(b)]	0.5x	0.5x
Shareholders' equity	$1.1 billion	$1.1 billion
Co-investments[(c)] / long-term capital[(d)]	0.7x	0.7x
Capital adequacy ratio	33.0%	31.5%
Residual maturity – medium- and long-term facilities	64 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 revolving facilities secured against alternative investment solutions co-investments.

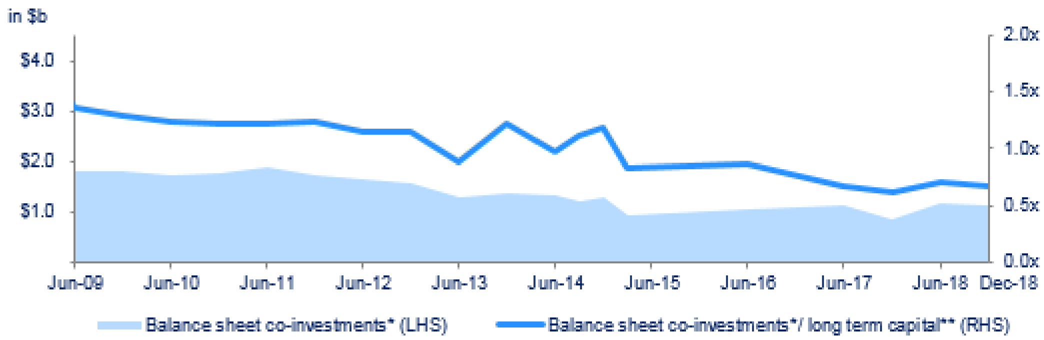
(d) JPY 37 billion debt maturing in 2030, $62 million secured financings maturing in 2030/2031, $50 million debt maturing in 2032, total equity and deferred fees

Assets

Assets ($m)	Dec-18	Jun-18	Change H/(L)
Cash and other liquid assets	487	371	116
PE, RE and ARI underwriting & CM warehousing	342	446	(104)
CM co-investments	298	272	26
ARI co-investments	158	189	(31)
PE and RE co-investments (excluding underwriting)	665	701	(36)
Investment in an associate	35	-	35
Other (working capital and fixed assets)	433	514	(81)
Total assets	**2,418**	**2,493**	**(75)**
Co-investment assets **(excluding underwriting)**	**1,121**	**1,162**	**(41)**

At December 31, 2018, total assets were $2.4 billion, 3% lower than at June 30, 2018, primarily due to lower PE and RE underwriting exposures, ARI, PE and RE co-investment exposures and a reduction in other working capital. This was partially offset by an increase in liquid assets. The decrease in co-investments reflects realizations net of new acquisitions.

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 secured facilities (which are secured against ICM co-investments)

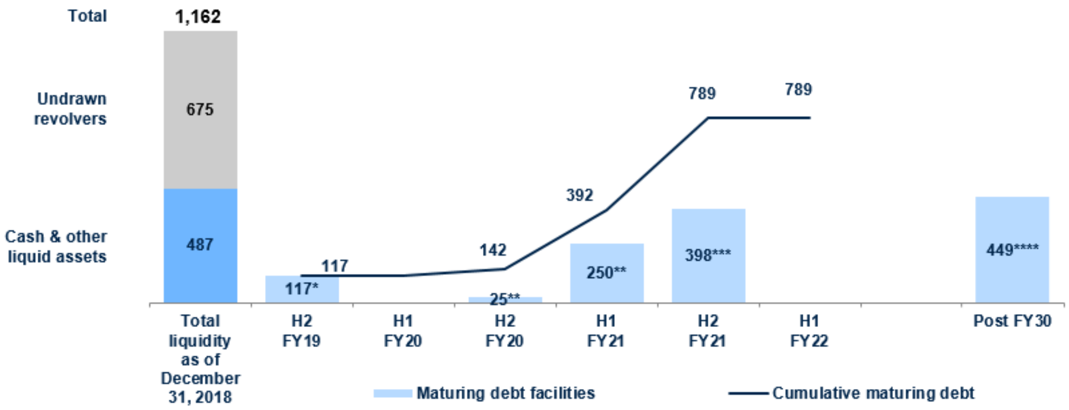
** Long term capital consists of JPY 37 billion debt maturing in 2030, $62 million secured financings maturing in 2030/2031, $50 million debt maturing in 2032, total equity and deferred fees

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 December 31, 2018, the aggregate level of co-investments remained fully covered by permanent and long-term sources of capital.

Liquidity

Accessible liquidity, comprising undrawn committed revolving facilities plus balance sheet cash and other liquid assets was $1.2 billion and more than covers all outstanding medium-term debt maturing over the next four years.

Liquidity cover ($m)



*CHF 115 million ($117 million at current exchange rates)

**Syndicated revolving facilities

***Syndicated revolving facilities - includes €100 million ($115 million at current exchange rates)

****JPY 37 billion ($337 million at current exchange rates) debt maturing in FY30, €36 million ($41 million at current exchange rates) debt maturing in FY31, €19 million ($21 million at current exchange rates) debt maturing in FY32 & $50 million maturing in FY33

Liabilities

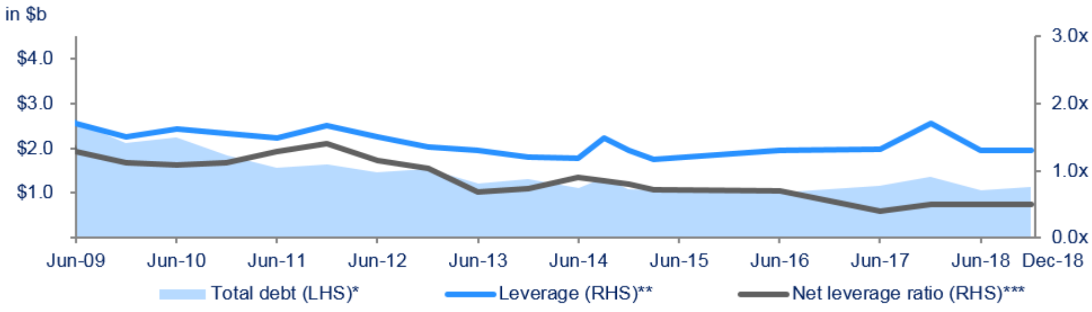
Total liabilities decreased by $77 million to $1.3 billion at December 31, 2018.

Liabilities ($m)	Dec-18	Jun-18	Change H/(L)
Term and institutional accounts	151	300	(149)
Call accounts	390	149	241
Medium-term debt	110	167	(57)
Long-term debt	477	450	27
Total debt	**1,128**	**1,066**	**62**
Deferred fees	58	72	(14)
Other liabilities[(a)]	107	232	(125)
Total liabilities	**1,293**	**1,370**	**(77)**

(a) Payables and accrued expenses, negative fair value of derivatives less prepaid transaction costs of borrowings.

The decrease in liabilities was driven by a decrease in term and institutional accounts placed with Investcorp and medium term drawn debt balances. The decrease was partially offset by an increase in call accounts and long-term debt.

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 four-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 2018. Moody's reaffirmed the Ba2 rating and 'Stable' outlook. This reflects the Firm's solid market position in the GCC region as a leading investment provider, its healthy operating margins and good asset retention. The rating incorporates the Firm's adequate liquidity profile and the ongoing improvement in earnings quality due to the growth in more stable and predictable asset management fees. Following the yearly review, Fitch Ratings re-affirmed Investcorp's credit ratings at BB and brought the outlook back to "Stable'.

Agency	Rating grade	Comment
Moody's Investor Service	Ba2 / Stable outlook	Rating and outlook confirmed in October 2018
Fitch Ratings	BB / Stable outlook	Rating confirmed and outlook brought back to "Stable" in October 2018

Equity

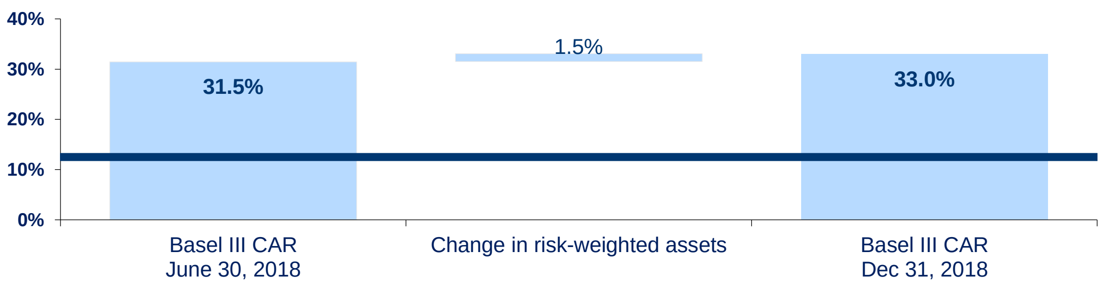
Equity ($m)	Dec-18	Jun-18	Change H/(L)
Ordinary shareholders' equity	1,004	964	40
Preference share capital	123	123	-
Proposed appropriations	-	41	(41)
Other reserves	(2)	(5)	3
Net book equity	**1,125**	**1,123**	**2**

Net equity at December 31, 2018 was $1.1 billion. The small increase from June 30, 2018 is due to the income generated during H1 FY19, which was offset by dividend distributions and other equity movements during the period.

Capital Adequacy

Investcorp's capital adequacy ratio ('CAR') at December 31, 2018 was 33.0%, reflecting a decrease in risk-weighted assets in line with the reduction in co-investment and underwriting exposures. There was no change in the regulatory capital base. The CAR is comfortably in excess of the Central Bank of Bahrain's ('CBB') regulatory minimum requirement of 12.5%.

Regulatory capital adequacy ratio



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.

Portfolio Activity

Private Equity

Investcorp targets the acquisition of attractive private equity opportunities in North America, Europe, Asia, 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 private equity investments that it believes offer its investors 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 private equity investments during H1 FY19 was $416 million. $334 million was deployed in two new private equity investments and one special opportunity portfolio investment, $75 million was invested through or alongside Investcorp's technology funds in two new investments and $7 million of additional capital was invested in three existing investments.

New acquisitions

United Talent Agency

The third largest talent agency in the world

Date of Investment	**August 2018**
Investors	**Deal-by-deal**
Industry Sector	**Business services - Media**
Headquarters	**California, US**

softgarden

A fast-growing human resource software provider

Date of Investment	**September 2018**
Investors	**Investcorp Technology Partners IV**
Industry Sector	**Technology – Big data**
Headquarters	**Berlin, Germany**

China Pre-IPO Technology Portfolio

A highly diversified portfolio that invests in leading pre-IPO technology companies

Date of Investment	**September 2018**
Investors	**Deal-by-deal**
Industry Sector	**Technology**
Headquarters	**Predominantly in China, together with two US-based companies with significant China angle**

Ubisense

A market leader in enterprise location intelligence solutions

Date of Investment	**December 2018**
Investors	**Investcorp Technology Partners IV**
Industry Sector	**Technology – Big data**
Headquarters	**Cambridge, UK**

In August 2018, Investcorp announced that it had completed the acquisition of **United Talent Agency** ('UTA'). Founded in 1991, United Talent Agency is a leading global talent and entertainment company. UTA is known for its dedicated digital media group helping clients – from A-list talent to Fortune 500 companies – capitalize on a rapidly changing entertainment, media and business landscape. UTA has offices in Los Angeles, New York, London, Nashville, Miami, and Malmo, Sweden.

In September 2018, Investcorp announced that it had agreed to acquire **softgarden**. Founded in 2005, softgarden is a fast-growing human resource (HR) software provider offering innovative recruiting solutions to a diversified set of German midmarket and enterprise customers. The company's "Applicant Tracking System" (ATS) - a software-as-a-service (SaaS) platform covering the entire digital corporate recruitment process - enables companies to streamline and manage their entire recruitment process in a fully automated and data-privacy compliant manner. In addition to this, softgarden offers a proprietary jobseeker market place, as well as a tool to automate the posting of ads on job boards.

Also in September 2018, Investcorp announced its first private equity investment in China since its inception in 1982 in partnership with China Everbright Limited ("Everbright"), a reputable sovereign-backed cross-border asset manager that is publicly listed on the Hong Kong Stock Exchange. Investcorp agreed an investment of up to $150 million in the second round of the China Everbright Limited New Economy Fund L.P. (the "Fund") as well as an additional co-investment right of up to $100 million.

In December 2018, Investcorp announced that it had completed the acquisition of **Ubisense**, a market leader in enterprise location intelligence solutions. Headquartered in Cambridge UK, Ubisense has offices in France, Germany, North America and Japan, supported by a network of highly skilled partners around the globe. Ubisense is an enterprise software and sensor platform that generates and interprets vast amounts of location data to create digital visibility of real-world objects and their interactions in real time, enabling complex manufacturing processes with high levels of variability to be more flexible, easier to manage and easier to control. The solution generates meaningful and demonstrable return on investment on the cost of Ubisense's service to their blue-chip customers. Ubisense is present in a number of verticals, including Aerospace, Commercial Vehicles, Passenger Vehicles, General Industry, and Transportation amongst many others.

The acquisition of another US-based company will be closed and announced in February.

Other private equity activity

Investcorp provides support funding to its portfolio companies from time to time to help the companies stabilize and grow their businesses.

September 2018: PE-Tech portfolio company, **Impero**, received a further $2 million in follow-on investment, increasing the fully diluted ownership to 71.1%. Impero is the UK's number one provider of online student safety, classroom and school network management software.

November 2018: PE-Tech portfolio company, **Ageras**, received €3 million of additional funding to support the continued growth of the core business and new product, Meneto. Founded in 2012, Ageras is a fast-growing online marketplace matching SMEs and micro-businesses with professional services providers such as accountants and lawyers.

December 2018: Investcorp invested €1 million in its buy-and-build platform in the German dental sector to support operational expenses while further investments as part of its wider consolidation and buy-and-build strategy are progressed.

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

July 2018: Investcorp and The Riverside Company added German replacement parts supplier, Ratioparts, to the platform of Investcorp's portfolio company **Arrowhead**. Based in Euskirchen, Germany, Ratioparts is a leading European distributor of aftermarket replacement parts for outdoor power equipment and forestry applications.

September 2018: PE MENA portfolio company **NDT Corrosion Control Services Co.** ("NDT CCS"), signed definitive agreements to acquire 100% of a leading provider of non-destructive testing (NDT) and inspection services in Kuwait.

October 2018: PE MENA portfolio company **L'azurde** closed the acquisition of 100% of the equity of Izdiad, the Saudi Franchisee of the TOUS International Jewellery brand. TOUS is an international lifestyle brand focused on affordable luxury with more than 620 stores in over 53 countries

November 2018: PE North America partner company **AlixPartners**, acquired independent financial advisory and interim management firm Zolfo Cooper. The transaction follows AlixPartners' successful acquisition of Zolfo Cooper's European franchise in February 2015 and will further bolster the firm's turnaround and restructuring credentials.

November 2018: PE North America portfolio company **KSI Trading Corp** ("KSI"), signed definitive agreements to acquire 100% of the assets of Richmond Bumper, a leading distributor of automotive aftermarket parts to collision repair shops in Virginia and North Carolina. The transaction, which was sourced and negotiated by the PE-NA team, was funded by the company through a combination of acquisition facility and cash on balance sheet. The transaction closed in November 2018.

Recent realizations

Total private equity realization proceeds and other distributions to Investcorp and its clients were $952 million in H1 FY19.

Nobel Learning Communities

A leading provider of private education in the US

Date of Investment	**April 2015**
Date of Realization	**August 2018**
Investors	**Deal-by-deal**
Industry Sector	**Business services – Knowledge & professional services**

Gulf Cryo

A leading manufacturer, distributor and services provider of industrial gases

Date of Investment	**November 2009**
Date of Realization	**August 2018**
Investors	**Gulf Opportunity Fund**
Industry Sector	**Industrial products**

Leejam

A leading fitness chain operator in Saudi Arabia

Date of Investment	**July 2013**
Date of Realization	**September 2018**
Investors	**Gulf Opportunity Fund / Deal-by-deal**
Industry Sector	**Consumer services**

In August, Investcorp announced it had completed the sale of **Nobel Learning Communities** ('Nobel Learning') to Spring Education Group, the leading PreK-12 private school operator in the US and portfolio company of Primavera Capital Group, a leading Asia-based investment firm. Since acquiring Nobel Learning in 2015, Investcorp has worked closely with the company to achieve significant growth, acquiring 25 schools, opening nine greenfields and driving organic enrollment thereby collectively achieving EBITDA growth of 50% during its period of ownership.

Also in August, Investcorp completed the sale of its remaining 15.65% equity shareholding in **Gulf Cryo Holding Company K.S.C.C** ('Gulf Cryo') to other shareholders of the company. 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. Since acquiring Gulf Cryo in 2009, Investcorp has worked closely with the company to deliver notable achievements, institutionalizing Gulf Cryo and supporting its regional expansion plan, both organically and through a series of acquisitions.

In September 2018, **Leejam** successfully completed its IPO on the Saudi Stock Exchange (Tadawul). Investcorp, through the Gulf Opportunity Fund I and other Investcorp entities, sold 22.5% equity ownership in Leejam and currently retains a 2.6% stake in the company. 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'.

Other private equity news

July 2018:	PE Europe portfolio company **Dainese**, opened its London store on 56 Commercial Street, a trendy area close to Old Spitalfields Market. The store is the reference point for those who love dynamic sports and allows customers to get a hands-on look at Dainese's motorcycle, ski and bike collections.
August 2018:	PE North America portfolio company **ICR**, launched an Executive Advisory & Corporate Transformation practice through an exclusive partnership with Elm Street advisors. This practice will work with Boards, CEO's, CFO's and their teams as they navigate complex situations to accelerate value-creating strategies.
October 2018:	**Dainese** has joined the Altagamma Foundation, the prestigious association that, since 1992, has been bringing together high-end cultural and creative companies recognized globally as authentic ambassadors of Italian style. In becoming a member of the Altagamma Foundation, Dainese joins such Italian players as Ferrari, Maserati, Lamborghini, Riva, and Ducati, as well as many others from outside the automotive world - companies like Gucci, Cucinelli, Bulgari, and Versace, that, just like Dainese since 1972, are true ambassadors of Italian style at an international level.
December 2018:	PE Europe portfolio company **Dainese**, opens their first store dedicated to winter sports in Cortina, a fashionable resort in the Italian Dolomites. It is a pop-up store which will test the viability of Dainese's multi sports range to support a retail store.

December 2018: PE MENA portfolio company **Theeb Rent A Car** was awarded the 2018 Enterprise Agility Award for "Best Car Rental Company in Saudi Arabia" by Entrepreneur Middle East. The event took place at the Habtoor Palace in Dubai, UAE, which honored businesses and individuals who have established themselves as clear industry innovators in their respective industries and made prominent contributions across the Middle East.

December 2018: PE-Tech received an offer from **HarbourVest** to acquire 100% of the remaining portfolio companies in Investcorp Technology Partners III, L.P. at the June 2018 valuation. Following the conclusion of an offer period, HarbourVest and Investcorp entered into a binding agreement and the transfer of the assets completed in December. Investcorp Technology Partners will remain manager of the assets.

Real Estate

New acquisitions

The aggregate equity deployed in new real estate investments in H1 FY19 was $242 million.

2018 Multifamily Portfolio

Shari'ah compliant equity ownership interests in an apartment property in Tampa, Florida (Amberly Place), an apartment property in Clearwater, Florida (Four Lakes at Clearwater*), three apartment properties in Houston, Texas (Baybrook Village, Lodge on El Dorado* and Richmond Chase*), and one apartment property in Salt Lake City, Utah (Country Lake).

* Signed and purchased in FY18

Number of properties	**6**

2019 Multifamily Portfolio

Shari'ah compliant equity ownership interests in an apartment property in Raleigh, North Carolina (Stonehenge), an apartment property in Atlanta, Georgia (Village West), two apartment properties located in Jacksonville, Florida (Vista Grande & Autumn Cove)*, two properties located in Phoenix, Arizona (Highland Park & Park View), and two properties located in Dallas, Texas (Bel Air Plano & Bel Air Park),

* Acquired in January 2019

Number of properties	**8**

UK Industrial & Logistics Portfolio III

Shari'ah compliant equity ownership interests in seven industrial and logistics properties located in St Helens*, Uddingston, Blantyre, Livingston, Manchester and Birmingham.

* Signed and purchased in FY18

Number of properties	**7**

Recent realizations

Total real estate realization proceeds and other distributions to Investcorp and its clients were $221 million in H1 FY19.

Three portfolios were fully realized in the first half of FY19 with the sale of Fairways at Towson from **2015 Residential I Portfolio**, the sale of Newark Hilton from **National Hotel Portfolio** and the sale of Highlands Campus Tech from **2014 Office and Industrial Portfolio**

A complete list of real estate properties realized in H1 FY19 can be found below.

Mountaingate Plaza

A grocery-anchored retail center and a medical office building.

Date of Investment	**August 2013**
Date of Realization	**July 2018**
Portfolio Name	**2013 US Commercial and 2014 Office Properties Portfolios**
Location	**Simi Valley, California**

114 Old Country Road

One of 3 buildings in the Long Island Office Portfolio

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

Fairways at Towson

An 828-unit multifamily property.

Date of Investment	**March 2015**
Date of Realization	**August 2018**
Portfolio Name	**2015 Residential I Portfolio**
Location	**Towson, Maryland**

4781 Lewis Road

A 37,300 square foot industrial building

Date of Investment	**December 2015**
Date of Realization	**October 2018**
Portfolio Name	**Stone Mountain Industrial / 2015 Office & Industrial**
Location	**Atlanta, Georgia**

Cherry Creek

A 561-unit multifamily property

Date of Investment	**September 2015**
Date of Realization	**September 2018**
Portfolio Name	**2015 Residential II Portfolio**
Location	**Denver, Colorado**

Rosemont at Vinings Ridge

A 494-unit multifamily property

Date of Investment	**August 2015**
Date of Realization	**October 2018**
Portfolio Name	**2015 Residential II Portfolio**
Location	**Atlanta, Georgia**

666 Old Country Road

120,000 square foot office building. Part of Long Island Office Portfolio

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

Newark Hilton

A 253-room hotel

Date of Investment	**August 2011**
Date of Realization	**October 2018**
Portfolio Name	**National Hotel Portfolio**
Location	**Newark, New Jersey**

Highlands Campus Tech

A 201,766 square foot mixed-use campus that includes two flex-use and/or research and development buildings and one office building

Date of Investment	**September 2014**
Date of Realization	**December 2018**
Portfolio Name	**2014 Office and Industrial Portfolio / 2014 Office and Industrial Expanded Portfolio**
Location	**Bothell, Washington**

Canal Center / Building 11

A 77,000 square foot office building

Date of Investment	**October 2014**
Date of Realization	**December 2018**
Portfolio Name	**Canal Center and 2014 Office & Industrial Expanded**
Location	**Alexandria, Virginia**

Absolute Return Investments

In H1 FY19 Investcorp launched the Strategic Capital Partners strategy within the Absolute Return Investments Group. The strategy will focus on acquiring minority equity stakes in the GPs of established, mid-sized alternative asset managers, including private equity, private debt, real estate, venture capital and hedge fund managers. To guide the Strategic Capital Partners business, Investcorp hired Anthony Maniscalco who has over 25 years of experience and was formerly Managing Director and Co-Head of Credit Suisse's Anteil Capital Partners business. Prior to Credit Suisse, Anthony was on the leadership team of Blackstone Strategic Capital Holdings, a vehicle focused on acquiring minority interests in alternative asset managers. Joining Anthony is David Lee, as a Partner, and Dhanraj Chandiramani, as a Vice President, two of his former colleagues at Credit Suisse.

Additionally, Investcorp completed its second co-seeding deal with Shoals Capital Management, LP, a financials focused event driven manager. Along with partners, Investcorp provided seed capital to the Manager prior to launch. As at the end of H1 FY19, Shoals is managing approximately $350 million of capital. Given the successful asset raise, the Manager has had the fastest 10 months ramp-up in Investcorp ARI history.

Credit Management

The aggregate amount of investments during H1 FY19 related to the issuance of new CLOs amounted to $579 million. This included the final amounts invested in the new European CLO, Harvest XX CLO, which closed in November 2018. It also includes warehousing for one new European and one new US CLO which are both expected to close in H2 FY19.

The European team worked on one reset during this period. Harvest XVI CLO (originally priced in July 2016) was reset in October 2018. This activity is not only beneficial to the investors as it extends the maturity of their investments and continuing yield but is also beneficial 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.

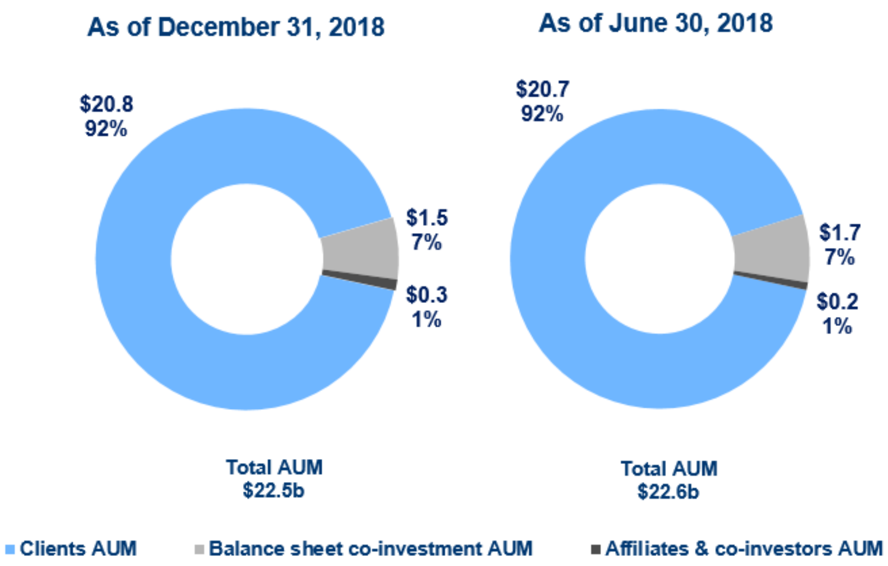
Total credit management realization proceeds and other distributions to Investcorp and its clients amounted to $736 million over the period. $609 million of this amount relates to regular distributions to investors in the CLOs and other credit products in the form of interest income and principal repayments. The remaining $127 million relates to the amounts returned to investors as the result of reset activity net of any amounts that were reinvested.

AUM & Fundraising

Assets under management ('AUM')[1]

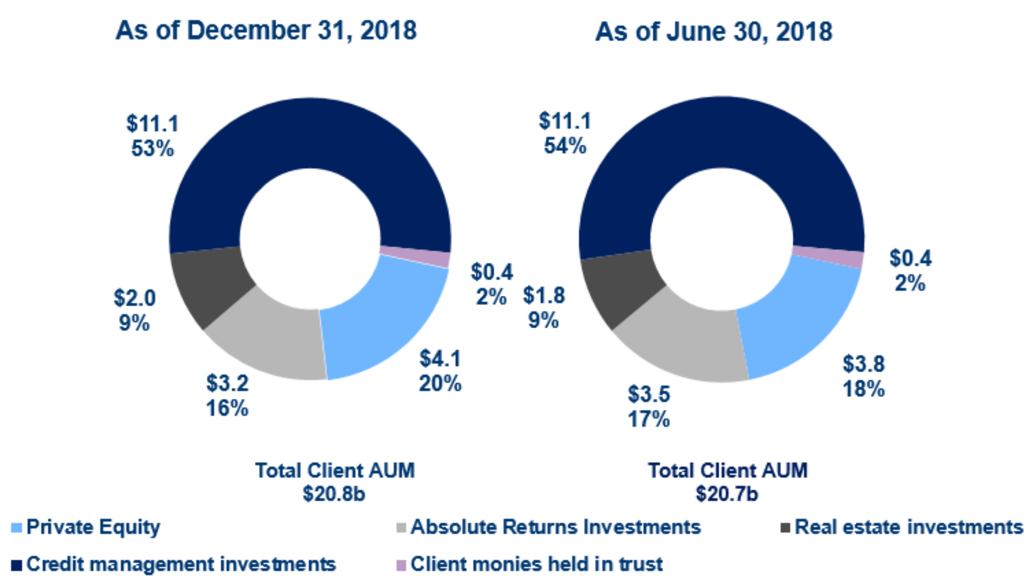
Please refer to the table in Note 2 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes total assets under management in each of the reporting segments.

Total assets under management ($b)



Total AUM remained stable at $ 22.5 billion at December 31, 2018.

Total client assets under management ($b)



[1] Includes $2.3 billion (June 30, 2018: $2.4 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 AUM increased to $20.8 billion at December 31, 2018 from $20.7 billion at June 30, 2018.

The most dominant asset class in client AUM continues to be credit management with 53% of the total. The increase in total client AUM in H1 FY19 is largely attributable to the 7% increase in private equity client AUM from $3.8 billion to $4.1 billion and 10% increase in real estate client AUM from $1.8 billion to $2.0 billion. The 7% increase in private equity client AUM is largely due to strong fundraising for the firm's debut investment in China pre-IPO technology and continued fundraising for Technology Fund IV. Real estate client AUM increased by 10% during the period due to strong fundraising for new portfolios partially offset by a good pace of realizations of older properties. Absolute return investments client AUM declined by 8% from $3.5 billion to $3.2 billion, largely as the result of the anticipated roll-off of older, less profitable AUM.

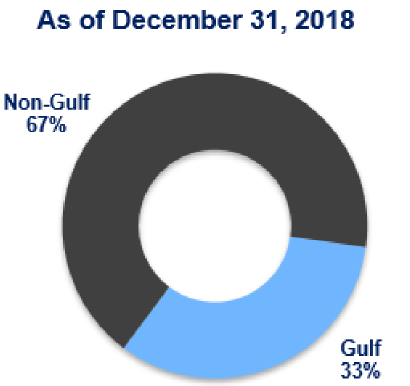
Private Equity ($m)	**Dec-18**	**Jun-18**	**% Change B/(W)**
Client AUM			
Closed-end funds	1,154	1,098	5%
Deal-by-deal investments	2,808	2,749	2%
Special opportunity portfolio	146	-	n.m.
Total client AUM – at period end	**4,108**	**3,847**	**7%**
Average client AUM	3,977	3,760	6%

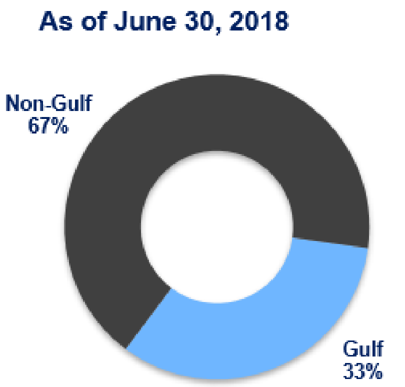
Real estate investment ($m)	**Dec-18**	**Jun-18**	**% Change B/(W)**
Client AUM			
Closed-end funds (Mezzanine/debt)	6	25	(75%)
Deal-by-deal investments	1,981	1,789	11%
Total client AUM – at period end	**1,987**	**1,814**	10%
Average client AUM	1,900	1,781	7%

Credit management investment ($m)	**Dec-18**	**Jun-18**	**% Change B/(W)**
Client AUM			
Closed-ended funds	10,705	10,772	(1%)
Open-ended funds	348	355	(2%)
Total client AUM – at period end	**11,053**	**11,127**	(1%)
Average total client AUM	11,090	10,855	(2%)

Absolute Returns Investments ($m)	**Dec-18**	**Jun-18**	**% Change B/(W)**
Client AUM			
Multi-manager solutions	1,606	2,004	(20%)
Hedge funds partnerships	1,453	1,371	6%
Special opportunities portfolios	130	121	7%
Alternative Risk Premia	51	38	32%
Total client AUM – at period end	**3,239**	**3,534**	(8%)
Average total client AUM	3,386	3,396	(0%)

Geographical split of client assets under management ($b)





As at December 31, 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, 2018.

The below table details Investcorp's co-investment exposure and total AUM for credit management by geography and vintage year. Performance information consisting of the cash returned to equity holders to date by vintage year.

Fund Name[3]	Cash returned to equity to date %[1]	Total AUM Dec-18	Investcorp Co-investment Dec-18
FY 2014	79.02%	788	29
FY 2015	68.27%	1,517	60
FY 2016	43.32%	1,417	62
FY 2017	25.54%	951	41
FY 2018	13.77%	913	45
FY 2019	N/A	459	23
European CLO Funds		**6,045**	**260**
FY 2013	89.84%	345	0
FY 2014	64.03%	402	0
FY 2015	2.94%	751	0
FY 2016	40.58%	1,002	0
FY 2017	36.61%	750	24
FY 2018	13.07%	600	0
FY 2019	N/A	400	14
US CLO Funds		**4,249**	**38**
CLO under construction		385	74
Other Funds[2]		756	10
Other		**1,141**	**84**
Total		**11,435**	**382**

[1] % of equity cash distribution over par value of equity at launch
[2] Includes Vintage Funds, Senior Loan Fund, Global Fund, European Middle Market Fund
[3] Fiscal year groupings are based on the closing date of a CLO

Fundraising

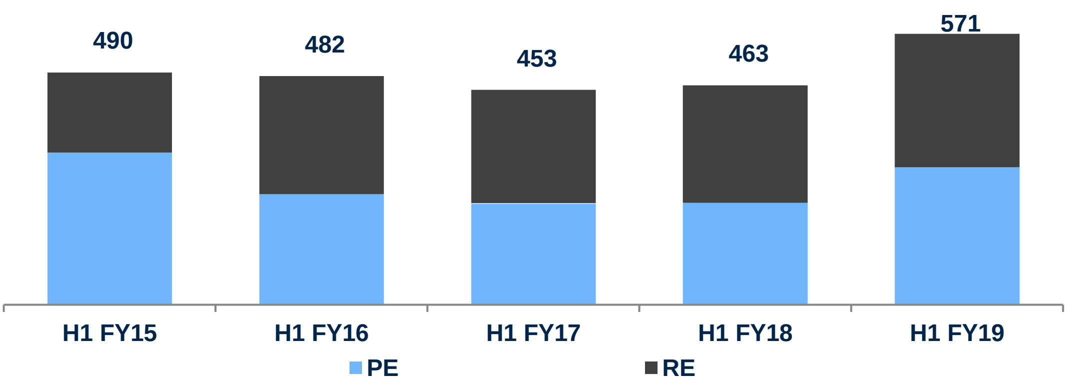
Investcorp's history, commitment and track record in the GCC region means it is trusted by Gulf investors to provide them with unique and non-traditional investment opportunities and services that are suitable for their risk return preferences. Investcorp is committed to ensuring its clients receive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

During H1 FY19, fundraising in Investcorp's core Gulf markets was strong, despite the challenging macro-economic and political conditions. Fundraising in the period was also helped by the continuing diversification of Investcorp's distribution capabilities to markets outside of the Gulf and by the diversification of Investcorp's product offerings, as described below. Total deal-by-deal fundraising including new commitments into institutional investor programs increased by 23% to $571 million in H1 FY19 as compared to $463 million in H1 FY18.

Total private equity deal-by-deal placement was up 35% to $290 million in H1 FY19 from $215 million in H1 FY18. Private equity placement included for the first time the full placement of United Talent Agency, a US portfolio company, in the United States and the placement of the firm's debut investment in China in partnership with China Everbright Limited.

Total real estate deal-by-deal placement across three new portfolios and three portfolios carried over from the previous year increased by 13% to $281 million in H1 FY19 from $248 million in H1 FY18.

Total deal-by-deal placement ($m)

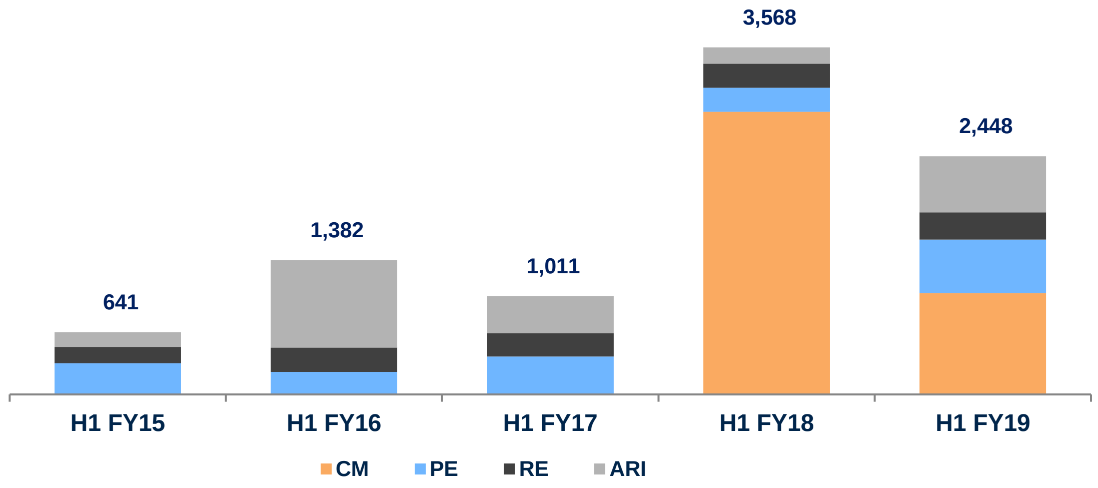


Fundraising continued in H1 FY19 for Investcorp's fourth technology fund, established to invest in European lower middle market tech-enabled companies, with the focus shifting to investors outside of the Gulf. An additional $77 million in new commitments was raised during the first half of FY19. The fund is fully subscribed as at December 31, 2018 with a final close of $403 million. Furthermore, the firm has successfully closed the transfer of its remaining two portfolio companies in ITP Fund III, with a combined enterprise value of $185 million, to a continuation vehicle, Investcorp Technology Secondary Fund 2018 L.P. which is supported by HarbourVest.

Fundraising in credit management totaled $1.0 billion in H1 FY19. A total of $855 million was raised from the issuance of one new CLO in the US and one new CLO in Europe. Net new investments in one re-set of an older CLO totaled $127 million. 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 $61 million.

Total new subscriptions for ARI products in H1 FY19 amounted to $576 million. Redemptions net of performance for the year were $871 million resulting in a net decrease in client AUM of $294 million. The majority of the redemptions in the period relate to the anticipated roll-off of older, less profitable AUM.

Total fundraising – by product ($m)



Private Equity Portfolio Listing

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount was $577 million invested across 41 portfolio companies, a special opportunity portfolio investment in a diversified portfolio of high growth pre-IPO companies in China managed by an independent third party, and an initial investment in a special opportunity in the German dental sector. The below sections provide an overview of these portfolio companies and investments.

PE North America

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount in North America was $234 million invested across 11 companies.

Portfolio Company Name	United Talent Agency
Acquired	August 2018
Industry Sector	Business services - Media
Headquarters	California, US

United Talent Agency (UTA) is the 3rd largest talent agency in the world representing many of the world's most acclaimed figures in every current and emerging area of entertainment and media, including motion pictures, television, music, digital, broadcast news, books, theatre, video games, fine art and live entertainment. UTA has offices in Los Angeles, New York, London, Nashville, Miami, and Malmo, Sweden.

www.unitedtalent.com

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 branding, social media management, and capital advisory solutions. The firm works with more than 550 clients across its six 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 six different types of services across a wide range of industries and geographies: Digital Services; Investigations, Risk & Disputes Services; Mergers & Acquisitions Services; Organizational & Transformative Leadership Services; Performance Improvement and Turnaround & Restructuring. The company has nine locations in the US and 14 other locations around the globe including in South America, Europe, the Middle East and Asia. AlixPartners has over 1,600 employees, approximately 1,150 of whom are professionals, and over 170 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 four companies since Investcorp's investment in November 2016: Stens, J&N Electric, Interparts and Ratioparts. These add-on acquisitions have significantly increased 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 five of the fastest-growing metropolitan areas in the United States (Atlanta, Georgia; Dallas, Texas; Houston, Texas; Denver, Colorado; and Phoenix, Arizona).

www.wrenchgroup.com

Portfolio Company Name	PRO Unlimited
Acquired	October 2014 / May 2017
Industry Sector	Business services – Technology 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 130 stores across the US. 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	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 is the nation's premier managed services provider, delivering unified communications, managed IT and network connectivity to 55,000 customer locations across the country.

www.tpx.com

PE Europe

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount in Europe was $191 million invested across 8 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 530 people and has established operations in 10 countries, including the US and China.

www.keesafety.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 trip logs, equipment & vehicle control systems and digital project management systems. Headquartered in Larvik, Norway, the company has approximately 300 employees and established operations across the Nordic region as well as in Poland, the Netherlands and the UK.

www.abax.co.uk

Portfolio Company Name	Agromillora
Acquired	December 2016
Industry Sector	Agriculture 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	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 16 directly operated stores, approximately 850 multi-brand stores, more than 69 franchise stores and approximately 38 store-in-stores, including Harrods, Selfridges, 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. Since the investment by Investcorp in December 2015, SecureLink has expanded from its base in the Benelux region through the acquisition of companies who were strongly positioned in the industry in Scandinavia, UK & Germany over the period June 2016 to March 2017.

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

GEORG JENSEN
ESTABLISHED 1904

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

PE Technology

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount in Technology was $8 million invested across 8 companies.

Portfolio Company Name	Ubisense
Acquired	December 2018
Industry Sector	Technology – Big data
Headquarters	Cambridge, UK

Ubisense is an enterprise software and sensor platform that generates and interprets vast amounts of location data to create digital visibility of real-world objects and their interactions in real time, enabling complex manufacturing processes with high levels of variability to be more flexible, easier to manage and easier to control. Ubisense's service solution generates meaningful and demonstrable Return on Investment to Ubisense's blue-chip customers. Ubisense is present in a number of verticals, including Aerospace, Commercial Vehicles, Passenger Vehicles, General Industry, and Transportation amongst many others.

www.ubisense.net

Portfolio Company Name	Softgarden
Acquired	September 2018
Industry Sector	Technology – Big data
Headquarters	Berlin, Germany

Founded in 2005, softgarden offers an innovative recruitment technology platform to a diversified set of German mid-market and enterprise customers. The company's "Applicant Tracking System" (ATS) - a SaaS platform covering the entire digital corporate recruitment process - enables companies to streamline and manage their entire recruitment process in a fully automated and data-privacy compliant manner. In addition to this, softgarden offers a proprietary jobseeker market place, as well as a tool to automate the posting of ads on job boards.

www.softgarden.io

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 greater than 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	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. 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	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	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 14,000 customers, eviivo's portfolio covers the breadth of the UK, US, French, German and Mediterranean markets and includes B&Bs, guest accommodation, inns, farmhouses, cottages, restaurants with rooms, and smaller boutique hotels.

www.eviivo.com

Portfolio Company Name	OpSec Security Group	
Acquired	March 2010	
Industry Sector	Technology – Security	
Headquarters	Newcastle, UK	

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. In the UK, kgb's 'The Number' 118 has become Britain's leading directory assistance service for consumers and businesses. In addition to the US and UK, the company also has operations in Ireland, France, Austria, Switzerland, Germany, Morocco, and Philippines.

www.kgb.com

PE MENA

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount in the MENA region was $139 million invested across 14 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 62 laboratories across eight countries in the GCC and Africa, with a clear leadership position in Saudi Arabia. Al Borg employs over 1,250 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 68 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 1,800 technicians in Saudi Arabia, Oman, UAE and Kuwait, and has recently entered the Bahrain market. 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 780 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 5,000 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'. In September 2018, Leejam successfully completed its IPO on the Saudi Stock Exchange (Tadawul). Investcorp through the Gulf Opportunity Fund I and other Investcorp entities sold 22.5% equity ownership in Leejam and currently retains a 2.6% stake in the company.

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. The company has 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 14,200 vehicles with a wide network of 43 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 220,000 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 430 personnel and has state-of-the-art engineering, production, manufacturing, training and warehousing facilities.

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 215 directly operated stores (167 in Turkey and 48 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	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 plants 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

PE Asia

As of December 31, 2018, Investcorp's aggregate balance sheet co-investment amount in the Asia region was $5 million.

Portfolio Company Name	China Pre-IPO Technology Portfolio
Acquired	September 2018
Industry Sector	Technology
Headquarters	Predominantly in China, together with two US-based companies with significant China angle

China Pre-IPO Technology Portfolio is a highly diversified portfolio that invests in leading pre-IPO technology companies in China or globally with a significant China angle, in partnership with China Everbright, a reputed sovereign-backed asset manager. The portfolio currently comprises eleven high-growth companies and is expected to continue to grow and diversify by investing in its active deal pipeline.

Real Estate Portfolio Listing

Investcorp co-investment by year ($m)	Properties # vs. current *	Sector	Geographic location	Carrying value end of Dec-18	Carrying value end of Jun-18
Diversified VI	3 / 1	Retail	SE		
Diversified VII	4 / 1	Industrial	E		
Hotel	9 / 1	Hotel	SW		
Vintage FY07				**4**	**3**
Gallivant - Times Square **	1 / 1	Hotel	E		
Diversified VIII	5 / 1	Hotel	MW		
Vintage FY08				**0**	**0**
Commercial VI	3 / 1	Office	E		
Vintage FY11				**0**	**1**
Southland & Arundel Mill Mezz	n.a. ***	Retail	SE		
Vintage FY12				**0**	**0**
2013 Office II	5 / 5	Office	SE / W / SW		
Vintage FY13				**2**	**2**
2013 US Commercial / 2014 Office	9 / 2	Office	MW		
Vintage FY14				**1**	**8**
Canal Center	4 / 3	Office	E		
2014 Office and Industrial	24 / 0	-	-		
2015 Residential	4 / 0	-	-		
Vintage FY15				**1**	**3**
2015 Residential II	8 / 4	Residential	SW		
2015 Office & Industrial	79 / 77	Office / Industrial	SE / W / E		
Boca Raton & Minneapolis Residential	5 / 5	Residential	SE / MW		
733 Tenth Street	1 / 1	Office	E		
Vintage FY16				**9**	**9**
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**	**10**
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				**18**	**20**
US Industrial & Logistics	56 / 56	Industrial	E / MW / SW		
2018 Multifamily Portfolio	6 / 6	Residential	SE / SW / W		
2018 German Office Portfolio	2 / 2	Office	GER		
Vintage FY19				**16**	**8**
Others				**9**	**12**
Sub-total	**337 / 276**			**69**	**75**
New portfolios under construction	13 / 13			**5**	**1**
Total including new portfolios under construction	**350 / 289**			**74**	**76**

* 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, GER= Germany