

**INVESTCORP HOLDINGS
B.S.C.**

INTERIM CONDENSED CONSOLIDATED

**FINANCIAL
STATEMENTS**

**DECEMBER 31, 2020
FISCAL YEAR 2021**

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INVESTCORP HOLDINGS B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Investcorp Holdings B.S.C. (the “Company”) and its subsidiaries (together the “Group”) as at 31 December 2020, comprising of the interim condensed consolidated statement of financial position as at 31 December 2020 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



9 February 2021
Manama, Kingdom of Bahrain

**INVESTCORP HOLDINGS B.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

<i>\$millions</i>	<i>July - December 2020</i>	<i>July - December 2019</i>	<i>Notes</i>
FEE INCOME			
AUM fees	101	87	3
Deal fees	71	85	3
Fee income (a)	<u>172</u>	<u>172</u>	
ASSET BASED INCOME			
Private equity investment	16	(14)	
Credit management investment	16	7	
Absolute return investments	3	1	
Real estate investment	9	15	
Strategic investments	2	1	
Treasury and other income	(1)	4	
Asset based income (b)	<u>45</u>	<u>14</u>	
Gross operating income (a) + (b)	217	186	
Provisions for impairment	(0)	(2)	17
Interest expense	(15)	(16)	3
Operating expenses	(132)	(116)	
PROFIT BEFORE TAX	70	52	
Income tax expense	(6)	(4)	
PROFIT FOR THE PERIOD	64	48	
Profit for the period attributable to :			
Equity holders of the parent	63	48	
Non-controlling interest	1	0	
	<u>64</u>	<u>48</u>	
EARNINGS PER SHARE			
Basic earnings per ordinary share (\$)	0.92	0.67	
Fully diluted earnings per ordinary share (\$)	<u>0.88</u>	<u>0.65</u>	

Mohammed Mahfoodh Saad Al Ardhi
Executive Chairman

Jan Erik Back
Chief Financial Officer

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements

**INVESTCORP HOLDINGS B.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED DECEMBER 31, 2020**

<i>\$millions</i>	<i>July - December 2020</i>	<i>July - December 2019</i>	<i>Notes</i>
PROFIT FOR THE PERIOD	<u>64</u>	<u>48</u>	
Other comprehensive income (loss) that will be recycled to statement of profit or loss			
Fair value movements - cash flow hedges	1	0	
Movements - Fair value through other comprehensive income investments	13	(2)	
Other comprehensive loss that will not be recycled to statement of profit or loss			
Movements - Fair value through other comprehensive income investments	(10)	-	
<i>Other comprehensive income (loss)</i>	<u>4</u>	<u>(2)</u>	
TOTAL COMPREHENSIVE INCOME	<u><u>68</u></u>	<u><u>46</u></u>	
Total comprehensive income attributable to:			
Equity holders of the parent	67	46	
Non-controlling interest	1	0	
	<u><u>68</u></u>	<u><u>46</u></u>	

Mohammed Mahfoodh Saad Al Ardhi
Executive Chairman

Jan Erik Back
Chief Financial Officer

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INVESTCORP HOLDINGS B.S.C. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020

<u>\$millions</u>	<u>December 31, 2020</u>	<u>June 30, 2020 (Audited)</u>	<u>Notes</u>
ASSETS			
Cash, placements and other liquid assets	250	309	
Positive fair value of derivatives	57	45	16
Receivables and prepayments	368	285	4
Advances	231	158	5
Underwritten and warehoused investments	340	192	6
<u>Co-investments</u>			
Private equity investment	367	339	7
Credit management investment	354	317	8
Absolute return investments	69	81	9
Real estate investment	74	71	10
Strategic capital investment	11	2	11
Total co-investments	875	810	
Strategic investments and intangible assets	196	189	12
Premises, equipment and other assets	132	135	13
TOTAL ASSETS	2,449	2,123	
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and accrued expenses	211	186	14
Negative fair value of derivatives	37	26	16
Financing	1,186	981	15
Deferred fees	56	62	18
TOTAL LIABILITIES	1,490	1,255	
EQUITY			
Preference share capital	123	123	
Ordinary shares at par value	200	200	
Reserves	278	296	
Treasury shares	(38)	(104)	
Retained earnings	398	335	
<i>Ordinary shareholders' equity excluding proposed appropriations and other reserves</i>	838	727	
Proposed appropriations	-	22	
Other reserves	(4)	(5)	
Non-controlling interests	2	1	
TOTAL EQUITY	959	868	
TOTAL LIABILITIES AND EQUITY	2,449	2,123	



Mohammed Mahfoodh Saad Al Ardhi
Executive Chairman



Jan Erik Back
Chief Financial Officer

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

INVESTCORP HOLDINGS B.S.C. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

<i>\$millions</i>	Ordinary shareholders' equity excluding proposed appropriations and other reserves							Proposed appropriations	Other Reserves			Non-controlling interests	Total equity	
	Preference share capital	Ordinary share capital	Share premium	Treasury shares	Retained earnings	Statutory reserve	Fair value reserve		Total	Cash flow hedges	Revaluation reserve on premises and equipment			Total
Balance at July 1, 2019	123	200	237	(74)	540	100	(16)	987	38	(7)	4	(3)	-	1,145
Restatement arising from adoption of IFRS 16	-	-	-	-	(2)	-	-	(2)	-	-	-	-	-	(2)
Balance at July 1, 2019	123	200	237	(74)	538	100	(16)	985	38	(7)	4	(3)	-	1,143
Total comprehensive income	-	-	-	-	48	-	(2)	46	-	0	-	0	-	46
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	0	-	-	0	-	-	(0)	(0)	-	-
Treasury shares purchased during the period - net of sales and vesting	-	-	-	(19)	-	-	-	(19)	-	-	-	-	-	(19)
Loss on vesting of treasury shares	-	-	(3)	3	-	-	-	-	-	-	-	-	-	-
Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Approved appropriations for fiscal 2019 paid	-	-	-	-	-	-	-	-	(38)	-	-	-	-	(38)
Balance at December 31, 2019	123	200	234	(90)	586	100	(18)	1,012	-	(7)	4	(3)	1	1,133
Balance at July 1, 2020	123	200	239	(104)	335	100	(43)	727	22	(9)	4	(5)	1	868
Total comprehensive income	-	-	-	-	63	-	3	66	-	1	-	1	1	68
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares sold and vested during the period - net of purchases	-	-	-	45	-	-	-	45	-	-	-	-	-	45
Loss on sale of shares - net of gain on vesting of treasury shares	-	-	(21)	21	-	-	-	-	-	-	-	-	-	-
Approved appropriations for fiscal 2020 paid	-	-	-	-	-	-	-	-	(22)	-	-	-	-	(22)
Balance at December 31, 2020	123	200	218	(38)	398	100	(40)	838	-	(8)	4	(4)	2	959

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

INVESTCORP HOLDINGS B.S.C. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

<u>\$millions</u>	<i>July - December</i> 2020	<i>July - December</i> 2019	<i>Notes</i>
OPERATING ACTIVITIES			
Profit before tax	70	52	
Adjustments for non-cash items in profit before tax :			
Depreciation and amortization	11	9	
Provisions for impairment	0	2	17
Employee deferred awards	10	11	
Operating profit adjusted for non-cash items	<u>91</u>	<u>74</u>	
Changes in:			
Operating capital			
Placements (non-cash equivalent)	(13)	0	
Receivables, prepayments and advances	(161)	(106)	4, 5
Underwritten and warehoused investments	(148)	(85)	6
Payables and accrued expenses	18	(38)	14
Deferred fees	(6)	3	18
Strategic investments	(8)	(1)	12
Co-investments	(62)	(78)	7 to 11
Fair value of derivatives	19	(6)	
Income taxes paid	(4)	(5)	
NET CASH USED IN OPERATING ACTIVITIES	<u>(274)</u>	<u>(242)</u>	
FINANCING ACTIVITIES			
Financing - net of transaction costs and new issuances	183	219	15
Treasury shares purchased - net of sales	45	(26)	
Dividends paid	(22)	(38)	
NET CASH FROM FINANCING ACTIVITIES	<u>206</u>	<u>155</u>	
INVESTING ACTIVITIES			
Acquisition of subsidiaries	-	(18)	
Investment in premises and equipment	(4)	(4)	
NET CASH USED IN INVESTING ACTIVITIES	<u>(4)</u>	<u>(22)</u>	
Net decrease in cash and cash equivalents	(72)	(109)	
Cash and cash equivalents at beginning of the period	265	390	
Cash and cash equivalents at end of the period	<u>193</u>	<u>281</u>	
Cash and cash equivalents comprise of:			
Cash and short-term funds	78	176	
Placements with financial institutions and other liquid assets	115	105	
	<u>193</u>	<u>281</u>	
Additional cash flow information			
<u>\$millions</u>	<i>July - December</i> 2020	<i>July - December</i> 2019	
Interest paid	(14)	(16)	
Interest received	31	17	
Additional liquidity information			
<u>\$millions</u>	<i>July - December</i> 2020	<i>July - December</i> 2019	
Cash and cash equivalents at end of the period	193	281	
Available / undrawn balances	874	722	15
Total available liquidity at end of the period	<u>1,067</u>	<u>1,003</u>	
Placements (non-cash equivalent)	57	-	15

The attached Notes 1 to 25 are an integral part of these interim condensed consolidated financial statements.

**INVESTCORP HOLDINGS B.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

1. ORGANIZATION

Investcorp Holdings B.S.C. (the “Company” or “Parent”) is incorporated in the Kingdom of Bahrain as a Bahraini Shareholding Company with limited liability. The Company is listed on the Bahrain Bourse. The ultimate parent of the Group is SIPCO Holdings Limited (“SHL”) incorporated in the Cayman Islands. The Company is a holding company owning various subsidiaries (together the “Group” or “Investcorp”). The activities of the Company are substantially transacted through its subsidiaries.

The registered office of the Company is at Investcorp House, Building 499, Road 1706, Diplomatic Area 317, Manama, Kingdom of Bahrain. The Company is registered under commercial registration number 12411-1 issued by the Ministry of Industry, Commerce and Tourism, Kingdom of Bahrain.

The interim condensed consolidated financial statements for the period ended December 31, 2020 were authorized for issue on February 9, 2021.

2. ASSETS UNDER MANAGEMENT

The Group's clients participate in products offered under its five investment asset classes. Total assets under management (“AUM”) in each product category at the reporting date.

In the below table, all absolute return investments, strategic capital investments, strategic investments, real estate investment exposures and Investcorp’s co-investment amounts for private equity investment and certain credit management exposures are stated at current fair values while the other categories are stated at their cost.

2. ASSETS UNDER MANAGEMENT (CONTINUED)

	December 31, 2020				June 30, 2020			
	Clients	Investcorp	Affiliates and co-investors	Total	Clients	Investcorp	Affiliates and co-investors	Total
<i>\$millions</i>								
Private equity investment								
Closed-end committed funds	1,187	79	144	1,410	1,170	93	144	1,407
Closed-end invested funds	1,367	58	15	1,440	1,488	58	16	1,562
Deal-by-deal	2,465	287	163	2,915	2,251	269 *	143	2,663
Deal-by-deal underwriting	-	188	16	204	-	59	16	75
Total private equity investment	5,019	612	338	5,969	4,909	479	319	5,707
Credit management investment								
Closed-end invested funds	12,892	379	-	13,271	12,001	294	-	12,295
Closed-end committed funds	397	-	-	397	491	34	-	525
Open-end invested funds	366	10	-	376	314	10	-	324
Warehousing	-	0	-	0	-	0	-	0
Total credit management investment	13,655	389	-	14,044	12,806	338	-	13,144
Absolute return investments**								
Multi-manager solutions	3,199	41	5	3,245	2,939	28	3	2,970
Hedge funds partnerships	3,121	8	-	3,129	2,479	24	-	2,503
Special opportunities portfolios	619	20	3	642	564	29	2	595
Alternative risk premia	47	-	-	47	40	-	-	40
Total absolute return investments	6,986	69	8	7,063	6,022	81	5	6,108
Real estate investment								
Closed-end committed funds	65	15	-	80	65	15 *	-	80
Closed-end invested funds	119	-	-	119	119	-	-	119
Deal-by-deal***	5,488	474	420	6,382	5,134	565	316	6,015
Deal-by-deal underwriting***	-	133	10	143	-	125	66	191
Total real estate investment	5,672	622	430	6,724	5,318	705	382	6,405
Strategic Capital investment								
Closed-end invested funds	170	40	6	216	87	40	6	133
Deal-By-Deal	30	-	-	30	28	-	-	28
Total strategic capital investment	200	40	6	246	115	40	6	161
Strategic investments								
Strategic and other investments	-	78	-	78	-	74	-	74
Total strategic investments	-	78	-	78	-	74	-	74
Client balances with trusts								
	791	-	-	791	567	-	-	567
Total	32,323	1,810	782	34,915	29,737	1,717	712	32,166
Summary by products:								
Closed-end committed funds	1,252	94	144	1,490	1,235	108	144	1,487
Closed-end invested funds	1,656	98	21	1,775	1,694	98	22	1,814
Credit management funds	13,655	389	-	14,044	12,806	338	-	13,144
Absolute return investments	6,986	69	8	7,063	6,022	81	5	6,108
Deal-by-deal***	7,983	761	583	9,327	7,413	834	459	8,706
Underwriting and warehousing***	-	321	26	347	-	184	82	266
Client monies held in trust	791	-	-	791	567	-	-	567
Strategic and other investments	-	78	-	78	-	74	-	74
Total	32,323	1,810	782	34,915	29,737	1,717	712	32,166
Summary by asset classes:								
Private equity investment	5,019	612	338	5,969	4,909	479	319	5,707
Credit management investment	13,655	389	-	14,044	12,806	338	-	13,144
Absolute return investments	6,986	69	8	7,063	6,022	81	5	6,108
Real estate investment***	5,672	622	430	6,724	5,318	705	382	6,405
Strategic capital investment	200	40	6	246	115	40	6	161
Client monies held in trust	791	-	-	791	567	-	-	567
Strategic and other investments	-	78	-	78	-	74	-	74
Total	32,323	1,810	782	34,915	29,737	1,717	712	32,166

* Includes Group's commitment of \$4 million (June 30, 2020: \$4 million) to a private equity deal and \$15 million (June 30, 2020: \$15 million) to a real estate fund.

** Stated at gross value of the underlying exposure. Also, includes \$4.3 billion (June 30, 2020: \$3.7 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 the joint venture receives fees calculated on the basis of AUM. In May 2020, Investcorp entered into a joint venture with Tages Group through which the ARI business is transferred to the joint venture.

*** Real estate investment stated at gross asset value. Also, includes \$0.4 billion (June 30, 2020: Nil) of assets under management relating to property management business.

2. ASSETS UNDER MANAGEMENT (CONTINUED)

Certain of the Group's clients invest their cash with various trusts (the "Trusts"). These Trusts are controlled by an independent third-party trustee, who have appointed a subsidiary of Investcorp for providing management services. The Trusts' balances are invested in highly liquid assets, which have a credit rating no lower than that of Investcorp, or are lent to the Group under a multicurrency term and revolving loan facility.

Client investments with the trusts earn the return generated from the investment of such assets, with a guaranteed minimum return equivalent to inter-bank based market rates.

Trust funds and other clients assets including, affiliates and co-investors, are managed in a fiduciary capacity by the Group. The Group has no entitlement to these assets and clients bear all of the risks and earn a majority of the rewards on their investments, subject to normal management and performance fee arrangements. Accordingly, these assets are not included in the Group's interim condensed consolidated statement of financial position.

3. SEGMENT REPORTING

As at December 31, 2020, the business segments and the basis of reporting information for these segments have remained the same as for the year ended June 30, 2020.

A. INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY REPORTING SEGMENTS

The interim condensed consolidated statements of profit or loss for the six months ended December 31, 2020 and December 31, 2019 by reporting segments are as follows:

<i>\$millions</i>	<i>July 2020 - December 2020 6 months</i>	<i>July 2019 - December 2019 6 months</i>
FEE BUSINESS		
AUM fees		
<i>Private equity investment</i>	43	41
<i>Credit management investment</i>	29	28
<i>Absolute return investments</i>	16	7
<i>Real estate investment</i>	13	11
Total AUM fees	101	87
Deal fees		
<i>Private equity investment</i>	37	38
<i>Real estate investment</i>	34	47
Total deal fees	71	85
Asset based income		
<i>Strategic investments</i>	2	1
<i>Treasury and other income</i>	2	4
Total asset based income	4	5
Gross income attributable to fee business (a)	176	177
Provisions for impairment	(0)	(2)
Interest expense (b)	(7)	(5)
Operating expenses attributable to fee business (c)*	(114)	(115)
FEE BUSINESS PROFIT (d)	55	55
CO-INVESTMENT BUSINESS		
Asset based income		
<i>Private equity investment</i>	16	(14)
<i>Credit management investment</i>	16	7
<i>Absolute return investments</i>	3	1
<i>Real estate investment</i>	9	15
<i>Treasury and other income</i>	(3)	-
Gross income attributable to co-investment business (e)	41	9
Interest expense (f)	(8)	(11)
Operating expenses attributable to co-investment business (g)*	(24)	(5)
CO-INVESTMENT BUSINESS PROFIT (h)	9	(7)
PROFIT FOR THE YEAR (d) + (h)	64	48
Gross operating income (a) + (e)	217	186
Gross operating expenses (c) + (g)	(138)	(120)
Interest expense (b) + (f)	(15)	(16)

* including income tax expense

Revenue reported above represents revenue generated from external customers. There were no inter-segmental revenues during the current period (6 months to December 31, 2019: Nil).

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY REPORTING SEGMENTS

The interim condensed consolidated statements of financial position as at December 31, 2020 and June 30, 2020 by reporting segments are as follows:

<i>December 31, 2020</i> <i>\$millions</i>	<i>Co-investment</i> <i>Business</i>	<i>Fee Business</i>	<i>Total</i>
Assets			
Cash, placements and other liquid assets	-	250	250
Positive fair value of derivatives	-	57	57
Receivables and prepayments	69	299	368
Advances	-	231	231
Underwritten and warehoused investments	-	340	340
<u>Co-investments</u>			
<i>Private equity investment</i>	367	-	367
<i>Credit management investment</i>	354	-	354
<i>Absolute return investments</i>	69	-	69
<i>Real estate investment</i>	74	-	74
<i>Strategic capital investment</i>	11	-	11
Strategic investments and intangible assets	48	148	196
Premises, equipment and other assets	-	132	132
Total assets	<u>992</u>	<u>1,457</u>	<u>2,449</u>
Liabilities and Equity			
Liabilities			
Payables and accrued expenses	11	200	211
Negative fair value of derivatives	-	37	37
Financing	423	763	1,186
Deferred fees	-	56	56
Total liabilities	<u>434</u>	<u>1,056</u>	<u>1,490</u>
Total equity	<u>558</u>	<u>401</u>	<u>959</u>
Total liabilities and equity	<u>992</u>	<u>1,457</u>	<u>2,449</u>

3. SEGMENT REPORTING (CONTINUED)

B. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY REPORTING SEGMENTS (CONTINUED)

<i>June 30, 2020 (Audited)</i> <i>\$millions</i>	<i>Co-investment Business</i>	<i>Fee Business</i>	<i>Total</i>
Assets			
Cash, placements and other liquid assets	-	309	309
Positive fair value of derivatives	-	45	45
Receivables and prepayments	49	236	285
Advances	-	158	158
Underwritten and warehoused investments	-	192	192
Co-investments			
<i>Private equity investment</i>	339	-	339
<i>Credit management investment</i>	317	-	317
<i>Absolute return investments</i>	81	-	81
<i>Real estate investment</i>	71	-	71
<i>Strategic capital investment</i>	2	-	2
Strategic investments and intangible assets	47	142	189
Premises, equipment and other assets	-	135	135
Total assets	906	1,217	2,123
Liabilities and Equity			
Liabilities			
Payables and accrued expenses	5	181	186
Negative fair value of derivatives	-	26	26
Financing	335	646	981
Deferred fees	-	62	62
Total liabilities	340	915	1,255
Total equity	566	302	868
Total liabilities and equity	906	1,217	2,123

4. RECEIVABLES AND PREPAYMENTS

<i>\$millions</i>	December 31, 2020	June 30, 2020 (Audited)
Subscriptions receivable	145	111
Receivables from investee and holding companies	106	88
Investment disposal proceeds receivable	59	29
Accrued interest receivable	5	6
Prepaid expenses	31	32
Deferred tax asset	11	11
Other receivables	14	11
	371	288
Provisions for impairment	(3)	(3)
Total	368	285

5. ADVANCES

<i>\$millions</i>	December 31, 2020	June 30, 2020 (Audited)
Advances to investment holding companies	100	97
Advances to employee investment programs	89	3
Advances to closed-end funds	48	64
	237	164
Provisions for impairment	(6)	(6)
Total	231	158

6. UNDERWRITTEN AND WAREHOUSED INVESTMENTS

The Group's current underwritten investment balances in Private Equity Investments, Real Estate Investments and Strategic Capital Investments, classified as FVTPL, comprise the following:

<i>\$millions</i>	December 31, 2020					June 30, 2020 (audited)				
	North America	Europe	MENA	Asia	Total	North America	Europe	MENA	Asia	Total
Underwritten investments										
Private equity investment:										
Industrial/ Business Services	86	-	-	-	86	-	-	-	-	-
Consumer products	3	-	-	19	22	-	-	-	-	-
Industrial Products	-	-	-	-	-	0	-	-	-	0
Healthcare	-	19	-	4	23	-	-	-	-	-
Distribution	53	-	-	-	53	43	-	-	-	43
Big Data	-	5	-	-	5	-	0	-	-	0
Consumer services	-	-	-	9	9	-	-	-	16	16
Infrastructure	-	-	-	9	9	-	-	-	-	-
Total private equity investment	142	24	-	41	207	43	0	-	16	59
Real estate investment:										
Core / Core Plus	63	70	-	-	133	92	32	-	-	124
Total real estate investment	63	70	-	-	133	92	32	-	-	124
Strategic capital investment:										
Business Services	-	-	-	-	-	9	-	-	-	9
Total strategic capital investment	-	-	-	-	-	9	-	-	-	9
Total	205	94	-	41	340	144	32	-	16	192

7. PRIVATE EQUITY (PE) CO-INVESTMENTS

\$millions	December 31, 2020	June 30, 2020 (Audited)
PE co-investments - target retention	333	305
PE co-investments - available for sale	34	34
Total	367	339

The Group's PE co-investments are carried at fair value.

\$millions	December 31, 2020					June 30, 2020 (Audited)				
	North America	Europe	MENA*	Asia**	Total	North America	Europe	MENA*	Asia	Total
<i>Consumer Products</i>	9	30	21	4	64	6	23	28	-	57
<i>Consumer Services</i>	-	-	4	2	6	-	-	4	1	5
<i>Distribution</i>	3	-	-	-	3	3	-	-	-	3
<i>Healthcare</i>	8	17	79	3	107	6	12	73	1	92
<i>Industrial Products</i>	-	3	-	-	3	-	3	-	-	3
<i>Industrial/ Business Services</i>	63	10	49	-	122	58	9	51	-	118
<i>Technology</i>										
<i>Big Data</i>	1	14	-	4	19	1	11	-	4	16
<i>Internet / Mobility</i>	-	2	1	-	3	-	2	1	-	3
<i>Security</i>	-	2	-	-	2	-	8	-	-	8
<i>Infrastructure & Others</i>	-	-	-	4	4	-	-	-	-	-
Total target retention	84	78	154	17	333	74	68	157	6	305
<i>Industrial/ Business Services</i>	13	8	-	-	21	13	8	-	-	21
<i>Healthcare</i>	13	-	-	-	13	13	-	-	-	13
Total available for sale	26	8	-	-	34	26	8	-	-	34
Total PE co-investments	110	86	154	17	367	100	76	157	6	339

*Including Turkey

**Represents co-investments in China and India

The fair value of unquoted co-investments is determined wherever possible using valuations implied by material financing events for the specific investment in question that involve third party capital providers operating at arms' length. An example of a material event would be where a sale is imminent and credible bids have been received from third parties or valuations have been received from banks engaged in the sale process. In these cases, the fair value would be established with reference to the range of bids received and based on management's assessment of the most likely realization value within that range. Another example of a material event would be where an arm's length financing transaction has occurred recently that is (a) material in nature, (b) involves third parties, and (c) attaches an implicit value to the company. In the event that such a recent third-party measure of specific fair value for an individual investment is not available, the fair value is determined by using a multiples-based approach applied to the most recent and relevant operating performance metric of the underlying company, typically EBITDA and sometimes sales. The multiple used is taken from a universe of comparable publicly listed companies, recent M&A transactions involving comparable companies, and multiples implied by Discounted Cash Flow ("DCF") analysis. Management exercises its judgment in choosing the most appropriate multiple, on a consistent basis, from within the universe referred to above.

8. CREDIT MANAGEMENT (CM) INVESTMENTS

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
European CLO Investments	237	220
US CLO Investments	80	71
Risk Retention Fund	37	26
Total	354	317

The Group's co-investments in CM investment mainly represents co-investments in collateralized loan obligations (CLOs) managed by the CM team and are classified as FVTPL and FVOCI debt investments, except for certain European positions that are carried at amortised cost.

The Group had invested in a risk retention fund, the purpose of the risk retention fund is to generate income from long term investments in debt instruments including to act as an originator and invest in CLO warehouse first loss tranches and hold a minimum of 5% in CLOs via the equity tranche to meet European risk retention rule for CLOs to be managed by CM business. The interests in the risk retention fund is in the form of profit participating notes which give the Group full rights to the proportionate profits and losses. The investment is classified as FVOCI.

In relation to investments carried at amortised cost and FVOCI, interest income on these debt instruments is recognized using the effective interest rate ("EIR"). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the debt instruments or, when appropriate a shorter period, to the net carrying amount of the debt instruments at the reporting date. The amortised cost of the CLO debt instrument will be adjusted if there is a revision in estimates of projected cashflows from the underlying CLO investments. The adjusted amortised cost is calculated based on the original EIR. The accrual based on EIR and any losses arising from impairment of such investments are included in asset based income in the consolidated statement of profit or loss.

The fair value of CLO co-investments categorized as FVOCI or FVTPL co-investments is determined on the basis of inputs from independent third parties and internal management assessment of the projected cashflows.

Certain of the Group's CLO co-investments amounting to \$84 million (June 30, 2020: \$84 million) are utilized to secure amounts drawn under repurchase agreements. At December 31, 2020, \$84 million (June 30, 2020: \$84 million) was the outstanding balance from financing under repurchase agreements (See Note 15).

9. ABSOLUTE RETURN INVESTMENTS (ARI) CO-INVESTMENTS

The Group's ARI co-investments, primarily classified as FVTPL investments, comprise the following:

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Multi-manager solutions	41	28
Hedge funds partnerships	8	24
Special opportunities portfolios	20	29
Total	69	81

The fair value of the Group's ARI co-investments is determined based on the net asset value of the underlying funds as reported by the administrators of these funds. Significant controls are built into the determination of the net asset values of the various investments, including the appointment of third party independent fund administrators, use of separate accounts for increased transparency and an independent verification of the prices of underlying securities through a dedicated operational risk group unit.

Of the above, co-investments amounting to \$5.9 million (June 30, 2020: \$5.6 million) comprise funds which are not immediately available for redemption due to the liquidity profile of the instruments held by the underlying managers and are classified as Level 3 investments in the fair value hierarchy.

Of the above, co-investments amounting to nil (June 30, 2020: \$11 million) are subject to a lock up-period. Such investments are classified as Level 2 investments in the fair value hierarchy.

10. REAL ESTATE (RE) CO-INVESTMENTS

The Group's co-investments in real estate are carried at fair value.

<i>\$millions</i> PORTFOLIO TYPE	<i>December 31, 2020</i>				<i>June 30, 2020 (Audited)</i>			
	<i>North America</i>	<i>Europe</i>	<i>India</i>	<i>Total</i>	<i>North America</i>	<i>Europe</i>	<i>India</i>	<i>Total</i>
Core / Core Plus	57	16	1	74	52	18	1	71

Those investments that are developed and leased out are fair valued based on the estimated future cash flows from the underlying real estate assets and using prevailing capitalization rates for similar properties in the same geographical area, or DCF analysis.

11. STRATEGIC CAPITAL (SC) CO-INVESTMENTS

Strategic Capital targets investments in mid-sized managers across different alternative asset classes.

Valuation techniques for measuring the fair value of the strategic co-investments are similar to techniques used for valuations of private equity co-investments of the Group. The Group's current strategic capital co-investments are located in United States.

12. STRATEGIC INVESTMENTS AND INTANGIBLE ASSETS

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Investment in associates	41	41
Intangible assets	70	71
Other strategic investments	78	74
Investment in joint ventures	7	3
Total	196	189

12 (A) INVESTMENT IN ASSOCIATES

The Group holds a 46.51% indirect ownership stake in the ordinary shares of Banque Pâris Bertrand, a private bank based in Geneva and Luxembourg which provides investment advisory services and customized investment solutions to high net-worth individuals, family offices and institutional clients mainly from Switzerland and Europe.

12 (B) INTANGIBLE ASSETS

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Management Contracts	6	5
Goodwill	64	66
Total	70	71

Intangible assets were primarily recognized on the acquisition of the credit management business acquired through business combination.

Management contracts represent the right to manage US CLOs and new management contracts acquired on the acquisition of CMIP and Titan. The contracts have a useful life of 5 years from the date of acquisition and are amortized accordingly.

12. STRATEGIC INVESTMENTS AND INTANGIBLE ASSETS (CONTINUED)

12 (C) OTHER STRATEGIC INVESTMENTS

Other strategic investments represent the following types of investments of the Group:

1. Investments made for strategic reasons; and
2. Instruments obtained on disposal of exited investments.

Valuation techniques for measuring the fair value of other strategic investments are the same as those used for PE co-investments.

13. PREMISES, EQUIPMENT AND OTHER ASSETS

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Premises, equipment and other assets	37	36
Right-of-use assets	95	99
Total	132	135

14. PAYABLES AND ACCRUED EXPENSES

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Unfunded deal acquisitions	65	38
Vendor and other payables	90	90
Accrued expenses - employee compensation	42	48
Tax liability	8	5
Accrued interest payable	6	5
Total	211	186

15. FINANCING

Amounts outstanding represent the drawn portion of the following short-term, medium-term revolvers and long-term funded facilities:

<i>\$millions</i>	<i>Final Maturity</i>	<i>December 31, 2020</i>		<i>June 30, 2020 (Audited)</i>	
		<i>Facility size</i>	<i>Current outstanding</i>	<i>Facility size</i>	<i>Current outstanding</i>
<u>SHORT-TERM FINANCING</u>					
REVOLVING CREDIT					
Multi currency term and revolving loan	Call		225		261
SECURED FINANCING					
Repurchase agreement	January 2021		49		-
TOTAL SHORT-TERM FINANCING			274		261
<u>MEDIUM-TERM DEBT</u>					
REVOLVING CREDIT					
Multi currency syndicated revolving facility	June 2023	82	-	82	-
Multi currency syndicated revolving facility	June 2024	352	100	352	100
US Dollar syndicated revolving facility	March 2024	350	175	350	-
TOTAL MEDIUM-TERM DEBT			275		100
<u>LONG-TERM DEBT</u>					
PRIVATE NOTES					
JPY 37 Billion Private Placement	March 2030		332		332
\$50 Million Private Placement	July 2032		50		50
SECURED FINANCING					
Repurchase agreement	October 2030		20		20
Repurchase agreement	April 2031		22		22
Repurchase agreement	October 2031		21		21
Repurchase agreement	July 2031		21		21
TOTAL LONG-TERM DEBT			466		466
<u>LEASE LIABILITY</u>					
			106		109
Foreign exchange translation adjustments			32		8
Fair value adjustments relating to interest rate hedges			47		52
Transaction costs of borrowings			(14)		(15)
TOTAL FINANCING			1,186		981

Short term financing

The Group has a multicurrency term and revolving loan facility with the Trusts. As per the terms, Investcorp Group can drawdown the entire balance available in the Trust. The balance available in Trust may vary from time to time and hence the balance available to Investcorp Group will also accordingly change. The amount drawdown under this facility is repayable on demand. As of December 31, 2020, the undrawn balance from Trusts amounted to \$357 million (June 30, 2020: \$233 million). During the period, the Group also entered into a repurchase agreement on their placements whereby the underlying assets amounted to \$57 million and the repurchase agreement amounted to \$49 million (June 30, 2020: Nil).

15. FINANCING (CONTINUED)

Medium term facilities

All medium-term facilities carry floating rates of interest when drawn. Revolvers carry a fixed rate of commitment fees when undrawn. The syndicated revolving facilities and the fixed rate bonds are subject to certain customary covenants, including maintaining certain minimum levels of net worth and operating below maximum leverage ratios.

Private Notes

Long-term notes issued by the Group carry fixed rates of interest and are governed by covenants contained in the relevant agreements. Such covenants include maintaining certain minimum levels of net worth and operating below a maximum leverage ratio.

Secured Financing

Secured financing relates to financing obtained under repurchase transaction arrangements entered into by the Group, with underlying assets being CLO co-investment exposures in Europe. The financings carry variable rates of interest. Each financing arrangement has a specified repurchase date at which the Group will repurchase the underlying CLO asset at a pre-determined repurchase price.

Lease Liabilities

The Group recognizes lease liabilities at the commencement date of the lease measured at the present value of lease payments to be made over the lease term.

16. DERIVATIVE FINANCIAL INSTRUMENTS

The table below summarizes the Group's derivative financial instruments outstanding at December 31, 2020 and June 30, 2020:

<i>\$millions</i>	<i>December 31, 2020</i>			<i>June 30, 2020 (Audited)</i>		
	<i>Notional value</i>	<i>Positive fair value*</i>	<i>Negative fair value</i>	<i>Notional value</i>	<i>Positive fair value*</i>	<i>Negative fair value</i>
A) DERIVATIVES WHERE HEDGE ACCOUNTING IS APPLIED						
<u>Currency risk being hedged using forward foreign exchange contracts</u>						
<i>i) Fair value hedges</i>						
<i>On balance sheet exposures</i>	397	5	-	332	8	-
<i>ii) Cash flow hedges</i>						
Forecasted transactions	30	1	(1)	53	1	-
Coupon on long-term debt	43	1	-	45	1	-
Total forward foreign exchange contracts	470	7	(1)	430	10	-
<u>Interest rate risk being hedged using interest rate swaps</u>						
<i>i) Fair value hedges - fixed rate debt</i>						
	422	27	-	431	12	-
<i>ii) Cash flow hedges - floating rate debt</i>						
	25	-	(5)	25	-	(6)
Total interest rate hedging contracts	447	27	(5)	456	12	(6)
Total hedging derivatives	917	34	(6)	886	22	(6)
B) DERIVATIVES WHERE HEDGE ACCOUNTING IS NOT APPLIED						
Interest rate swaps	475	18	(14)	200	16	(16)
Forward rate agreements	4	-	(0)	-	-	-
Forward foreign exchange contracts	838	5	(13)	1,093	4	(4)
Currency options	-	-	-	33	0	-
Cross currency swaps	43	-	(5)	-	-	-
Options	-	-	-	57	3	(0)
Total other derivatives	1,360	23	(32)	1,383	23	(20)
TOTAL - DERIVATIVE FINANCIAL INSTRUMENTS	2,277	57	(38)	2,269	45	(26)

* Net collateral received by the Group amounting to \$56.2 million has been taken against the fair values above (June 30, 2020: \$80.7 million).

17. PROVISIONS FOR IMPAIRMENT

Impairment provisions are as follows:

<i>\$millions</i>				
Categories	Balance At beginning	Charge/ (reversal)	Write off	At end*
6 months to December 31, 2020				
Receivables (Note 4)	3	0	-	3
Advances (Note 5)	6	-	-	6
Co-investments - debt	1	-	-	1
Cash and short-term funds	0	-	-	0
Total	10	0	-	10

* Of the total provision, \$1.5 million relates to stage 1, \$3.5 million relates to stage 2 and \$5 million relates to stage 3 assets. Of the stage 1 and 2 provision, \$4 million relates to advances. During the period, there was a movement in loss allowance of \$0.6 million from stage 1 to stage 2 assets and no movement between stage 2 and stage 3 assets.

<i>\$millions</i>				
Categories	Balance At beginning	Charge	Write off	At end*
6 months to December 31, 2019				
Receivables (Note 4)	13	0	-	13
Advances (Note 5)	18	2	(15)	5
Co-investments - debt	1	-	-	1
Cash and short-term funds	0	-	-	0
Placement with financial institutions and other liquid assets	0	-	-	0
Total	32	2	(15)	19

* Of the total provision, \$2.1 million relates to stage 1, \$3.3 million relates to stage 2 and \$1.7 million relates to stage 3 assets. Of the stage 1 and 2 provision, \$2.5 million relates to advances. During the period, there was a movement in loss allowance of \$0.3 million from stage 1 to stage 2 assets and no movement between stage 2 and stage 3 assets.

18. DEFERRED FEES

<i>\$millions</i>	December 31, 2020	June 30, 2020 (Audited)
Deferred fees relating to placements	52	60
Deferred fees from investee companies	2	2
Deferred income from a joint venture	2	-
Total	56	62

19. SHARE CAPITAL

During the period, the Group received an approval to issue additional preference share capital of up to \$500 million.

Further, approximately 7.6 million shares were purchased by the management for a total consideration of approximately \$76.4 million as a result of which their shareholding increased by 9.5%.

20. COMMITMENTS AND CONTINGENT LIABILITIES

<i>\$millions</i>	<i>December 31, 2020</i>	<i>June 30, 2020 (Audited)</i>
Investment commitments to funds and co-investments	126	155
Non-cancelable operating leases	0	0
Guarantees and letters of credit issued to third parties	-	22

Investment commitments to funds and co-investments represent the Group's unfunded co-investment commitments to various private equity, absolute return investments, real estate and credit management investments.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases (except for short-term leases) and has recognized right-of-use assets for these leases.

Guarantees and letters of credit issued to third parties include financial guarantees provided to facilitate investee companies' on-going operations and leasing of equipment and facilities.

In addition, the Group has also issued indemnification letters and back stop guarantees in support of performance obligations of operating partners and investee companies in relation to real estate investments, which are covered under the Group's Errors and Omissions insurance policy.

The Group is engaged in litigation cases in various jurisdictions. The litigation cases involve claims made by and against the Group which have arisen in the ordinary course of business. The management of the Group, after reviewing the claims pending against the Group companies and based on the advice of the relevant professional legal advisors, are satisfied that the outcome of these claims will not have a material adverse effect on the financial position of the Group. Further, a tax query has been recently raised in relation to certain co-investments of the Group. The query is in its initial stages and we do not expect any likely claim to arise in respect of this matter. Accordingly, no provision has been made in the interim condensed consolidated financial statements.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values except for certain assets and liabilities carried at amortized cost. The fair value of CLO co-investments carried at amortized cost amounts to \$144.3 million (June 30, 2020: \$136.8 million) as compared to the carrying value of \$140.8 million (June 30, 2020: \$137.4 million). The fair value of CLO co-investments is based on inputs from independent third parties including broker quotes and falls under Level 3 of the fair value hierarchy disclosure. The fair value of medium and long term debt amounts to \$491.7 million (June 30, 2020: \$425.4 million) as compared to the carrying value of \$530.6 million (June 30, 2020: \$510.8 million). The fair value of medium and long term debt is based on inputs from third party banks and falls under Level 3 of the fair value hierarchy described below.

During the period, there was a transfer between level 3 to level 1 under co-investments amounting to \$3.4 million (June 30, 2020: Nil). This represents the listing on a stock exchange of previously unquoted investments. Under absolute return investments, an exposure of \$5.9 million (June 30, 2020: \$5.6 million) is comprised of illiquid side pocket investments which are classified as Level 3. The year to date fair value changes on this ARI exposure amounts to a gain of \$0.2 million (June 30, 2020: loss of \$1.2 million) and the net redemptions amount to \$0.1 million (June 30, 2020: \$1.1 million).

The fair values of financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<i>December 31, 2020</i>				
<i>\$millions</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Placements and other liquid assets	-	101	-	101
Positive fair value of derivatives	-	57	-	57
<u>Co-investments</u>				
Private equity investment	3	-	364	367
Credit management investment	-	2	211	213
Absolute return investments	-	63	6	69
Real estate investment	-	-	74	74
Strategic capital investment	-	-	11	11
Investment in associates and joint ventures*	-	-	48	48
Other strategic investments	-	-	78	78
Underwritten and warehoused investments**	-	-	340	340
Total financial assets	3	223	1,132	1,358
Financial liabilities				
Negative fair value of derivatives	-	37	-	37
Total financial liabilities	-	37	-	37

* There will be no effect on profit due to a change in multiple by 0.5x on Investment in an associate. Further, the effect on profit due to change in multiple by 0.5% on other strategic investments will be \$ 0.4 million.

** Underwritten investments amounting to \$63.5 million were placed with the clients during the period. No fair value gain was recognized on underwritten investments during the period.

<i>June 30, 2020 (Audited)</i>				
<i>\$millions</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Placements and other liquid assets	-	132	-	132
Positive fair value of derivatives	-	45	-	45
<u>Co-investments</u>				
Private equity investment	4	-	335	339
Credit management investment	-	2	178	180
Absolute return investments	-	75	6	81
Real estate investment	-	-	71	71
Strategic capital investment	-	-	2	2
Investment in associates and joint ventures*	-	-	44	44
Other strategic investments	-	-	74	74
Underwritten investments**	-	-	192	192
Total financial assets	4	254	902	1,160
Financial liabilities				
Negative fair value of derivatives	-	26	-	26
Total financial liabilities	-	26	-	26

* The effect on profit or loss due to change in multiple by 0.5x on Investment in an associate will be \$ 1.4 million. Further, the effect on profit due to change in multiple by 0.5% on other strategic investments will be \$ 0.6 million.

** Underwritten investments amounting to \$278 million were placed with the clients during the year. Fair value loss of \$3.2 million was recognized on underwritten investments during the year.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A reconciliation of the opening and closing amounts of Level 3 co-investment in private equity investment, credit management investment, real estate investment, strategic capital investment and investments in associate, joint venture and other strategic investments is given below:

December 31, 2020 \$millions	At beginning	Net new acquisitions*	Fair value movements**	Movements relating to realizations	Other movements***	At end
PE co-investments	335	21	14	(8)	2	364
CM co-investments	178	12	17	(6)	10	211
RE co-investments	71	26	(4)	(19)	-	74
Strategic capital co-investments	2	9	-	-	-	11
Investment in associates and joint ventures	44	2	2	-	-	48
Other strategic investments	74	-	4	-	-	78
Total	704	70	33	(33)	12	786

*Includes investment in PE, SC and RE of \$0.1 million, \$5 million and \$5.3 million that has been transferred from underwriting to co-investment.

**Includes \$2.2 million fair value gain on FVOCI investments and unrealized fair value loss of \$38.5 million on FVTPL investments.

***Other movements include add-on funding, foreign currency translation adjustments, deferred remuneration awards to employees and transfer to level one.

June 30, 2020 (Audited) \$millions	At beginning	Net new acquisitions*	Fair value movements**	Movements relating to realizations	Other movements***	At end
PE co-investments	486	62	(126)	(103)	16	335
CM co-investments	149	62	(26)	(6)	(1)	178
RE co-investments	68	26	14	(38)	1	71
Strategic capital co-investments	-	2	0	-	-	2
Investment in associates and joint ventures	38	3	1	-	2	44
Other strategic investments	14	100	(28)	(9)	(3)	74
Total	755	255	(165)	(156)	15	704

*Includes investment in PE and RE of \$34.7 million and \$14.4 million that has been transferred from underwriting to co-investment.

**Includes \$31.9 million fair value loss on FVOCI investments and unrealized fair value loss of \$154.5 million on FVTPL investments.

***Other movements include add-on funding, foreign currency translation adjustments, deferred remuneration awards to employees.

The table below summarizes the sensitivity of the Group's co-investments in PE and RE to changes in multiples / discount rates / quoted bid prices.

December 31, 2020 \$millions	Factor	Change	Balance sheet exposure	Projected Balance sheet Exposure		Impact on Income on FVTPL investments		Impact on Equity on FVOCI investments	
				For increase	For decrease	For increase	For decrease	For increase	For decrease
PE co-investments	EBITDA Multiples**	+/- 0.5x	321*	336	305	14	(15)	1	(1)
	Revenue Multiples	+/- 0.5x	14	15	13	1	(1)	0	(0)
RE co-investments***	Capitalization Rate **	-/+ 1%	49*	For decrease	For increase	10	(7)	13	(9)
				72	33				
Strategic capital co-investments	EBITDA Multiples**	+/- 0.5x	7	7	7	-	-	0	(0)

June 30, 2020 (Audited) \$millions	Factor	Change	Balance sheet exposure	Projected Balance sheet Exposure		Impact on Income on FVTPL investments		Impact on Equity on FVOCI investments	
				For increase	For decrease	For increase	For decrease	For increase	For decrease
PE co-investments	EBITDA Multiples	+/- 0.5x	305*	317	293	11	(11)	1	(1)
	Revenue Multiples	+/- 0.5x	11	12	10	1	(1)	0	(0)
RE co-investments***	Capitalization Rate	-/+ 1%	50*	For decrease	For increase	14	(9)	2	(1)
				66	40				
Strategic capital co-investments	EBITDA Multiples	+/- 0.5x	2	2	2	-	-	(0)	0

*Excludes exposures of \$57 million (June 30, 2020: \$40 million) which are fair valued based on recent transaction prices or bids. The effect on equity due to a 5% change in the prices/bids for these investments will be \$3 million (June 30, 2020: \$2 million).

** Represents implied EBITDA Multiples and Capitalization Rate

*** Implied changes for investments valued using DCF model.

22. RELATED PARTY TRANSACTIONS

For the Group, related parties include its investee companies, companies that hold clients' investments (investment holding companies), client fund companies associated with ARI, and SIPCO Limited.

It also includes major shareholders, directors and senior management of the Group, their immediate families and entities controlled, jointly controlled or significantly influenced by such parties. Income is earned or expense is incurred in the Group's transactions with such related parties in the ordinary course of business. The Group's management approves the terms and conditions of all related party transactions.

Although these companies are classified as related parties, the Group administers and manages the companies that hold clients' investments on a fiduciary basis on behalf of its clients who are third parties and are the beneficiaries of a majority of the economic interest from the underlying investments of these companies. As a result, the true nature of the Group's transactions with these companies is effectively at commercial terms as specified under pre-determined management agreements.

The income earned and expenses incurred in connection with related party transactions included in these interim condensed consolidated financial statements are as follows:

\$millions		July 2020 - December 2020	July 2019 - December 2019
AUM fees	Investee and investment holding companies	80	66
Deal fees	Investee and investment holding companies	32	25
Asset based income	Investee companies	15	19
Interest expense	Investment holding companies	-	0
Operating expenses	Directors' remuneration	(1)	(1)
Operating expenses	Professional fees	-	(2)

22. RELATED PARTY TRANSACTIONS (CONTINUED)

The balances with related parties included in these interim condensed consolidated financial statements are as follows:

<i>\$millions</i>	<i>December 31, 2020</i>			<i>June 30, 2020 (Audited)</i>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Off- balance sheet</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Off- balance sheet</i>
<u>Outstanding balances</u>						
Co-investments	875	-	-	810	-	-
Underwritten and warehoused investments	340	-	-	192	-	-
Strategic investments	76	-	-	71	-	-
Strategic shareholders	9	-	-	10	-	-
Investee companies	62	2	-	61	2	22
Investment holding companies	167	-	126	185	0	155
Financing	-	274	-	-	261	-
Directors and senior management	-	1	-	-	2	-
	1,529	277	126	1,329	265	177

23. CYCLICALITY OF ACTIVITIES

The Group's income is comprised predominantly of revenues generated from direct investment and advisory services relating to investment activities. The main components of this revenue arise during the acquisition, placement and exit processes of private equity and real estate investments which may not be earned evenly during the fiscal period. Furthermore, the value development cycle for a given investment usually occurs over a longer time period and the revenues generated from that process are not spread evenly over the period. Consequently, the short-term operating result may not necessarily be indicative of the long-term operating result.

24. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in United States dollars, this being the functional currency of the Group, and rounded to the nearest millions (\$millions) unless otherwise stated.

The Group has adopted below listed amendments to standards effective from July 1, 2020. The adoption of these amendments did not have any material impact on the interim condensed consolidated financial statements of the Group.

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 - Definition of a Business
- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Amendments to IFRS 16 - COVID-19-related rent concessions

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard and amendments to standards issued but not yet effective

Standard and amendments to standards issued but not yet effective up to the date of the Group's interim condensed consolidated financial statements are listed below. The Group intends to adopt applicable standard and amendments to standards when they become effective.

- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 – Phase 2 of Interest Rate Benchmark Reform (issued August 2020, effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 3 - Reference to the Conceptual Framework (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 16 - Proceeds before Intended Use (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 - effective for annual periods beginning on or after 1 January 2022;
- IFRS 17 Insurance Contracts (issued May 2017; effective for annual periods beginning on or after 1 January 2023); and
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (issued January 2020; effective for annual periods beginning on or after 1 January 2023).

25. SUBSEQUENT EVENTS

On January 28, 2021, Investcorp issued a 8.25% fixed rate resettable non-cumulative preference share capital amounting to \$252.3 million. These instruments does not have any fixed maturity date and is redeemable at Investcorp's option.

During the period, Investcorp entered into an agreement to divest its indirect interest in Banque Pâris Bertrand. The transaction is expected to close during the first half of calendar year 2021, subject to regulatory approvals.

**INVESTCORP HOLDINGS B.S.C.
SUPPLEMENTARY DISCLOSURES (UNAUDITED)****IMPACT OF CURRENT ECONOMIC SITUATION**

Financial results for first half fiscal year 2021 (“H1 FY21”) were driven by solid performance across all business lines resulting in net income of US\$ 64 million as compared to US\$ 48 million for first half fiscal year 2020 (“H1 FY20”). Fee income was unchanged compared to H1 FY20. Further, the partial re-opening of economies and the recovery in asset values, driven by improved operating results of underlying portfolio companies as well as buoyant financial markets, resulted in a positive asset-based income.

Assets Under Management (AUM) as of December 31, 2020 grew to a record US\$ 35 billion, a 9% increase compared to US\$ 32 billion as of June 30, 2020. Activity metrics were also solid with investment activity of US\$ 1.4 billion, placement and fundraising of US\$ 1.6 billion and distributions of US\$ 1.1 billion.

As of December 31, 2020, total equity was US\$ 959 million and total accessible liquidity was approximately US\$ 1.1 billion. Prudent capital and liquidity management have served the Group well during this unprecedented crisis allowing a focus on employees’ safety and business continuity.

The financial position and liquidity profile provide confidence that the Group has sufficient financial resources for the foreseeable future. Consequently, the Group’s management believe that the Group is well positioned to manage its businesses and its liabilities as they fall due.