INVESTCORP

Agile Growth

INVESTCORP ANNUAL REPORT 2021

Global Reach, Local Insights

Against the backdrop of a challenging year for the world economy, our ongoing global expansion allowed us to strengthen and diversify our offering, delivering exceptional outcomes for clients across geographies in the toughest of circumstances. As we look ahead to the future, sustainability, diversity and inclusion remain at the heart of everything we do and we continue to outperform to the benefit of all our stakeholders.

ROBUST 17% GROWTH IN AUM BY PROVIDING ALTERNATIVE SOLUTIONS

We continue to show resilience against the impact of COVID-19, delivering 17% growth in AUM to a record high of US $ 37.6 billion supported by strong performance across all business lines. This is a testament to the strength of our business model and heightened demand for sophisticated and tailored alternative investment solutions that meet the needs of our growing and global client base.

VALUE CREATION - LEVERAGING OUR DEEP NETWORK IN NORTH AMERICA AND EUROPE

Our longstanding presence in North America and Europe and the strength and depth of our network in those markets have enabled us to not only identify fresh and exciting investment opportunities for our shareholders and clients, but deliver growth across our portfolio companies through operational improvement and value creation.

FUNDRAISING ACROSS FRONTIERS

The focus on broadening our closed-end fund offerings resulted in the first close of the North American Private Equity Fund and Technology Fund V and continued fundraising for the Investcorp Strategic Capital Partners Fund and the Asia Food Growth Fund. The firm also secured its first anchor investment in the Aberdeen Standard Investcorp Infrastructure Partners' new GCC and MENA infrastructure fund from the Public Investment Fund, the sovereign wealth fund of Saudi Arabia.

RESPONSIBLE BUSINESS

This year we deepened our commitment to responsible investing to deliver value that is sustainable, inclusive and considerate of all our stakeholders. Our focus remains on being a responsible operator, a responsible employer, and a responsible global citizen.

DIVERSE THINKING AND INCLUSIVE INVESTMENT

Our business model and ability to deliver strong returns is built on diversity and our people hail from across the world. The diverse nature of our workforce and their diversity of thought is one of the pillars of our success and we continue to strengthen our inclusive policies across geographies.

BRINGING VALUE THROUGH THE PUBLIC MARKETS

Our ability to support the growth and evolution of leading, dynamic businesses whilst creating significant growth and value via the public markets was underscored by our listings of BinDawood Holdings and Theeb Rent A Car on Tadawul, the Saudi Stock Exchange. Investcorp has listed four companies through public share sales over the last five years in the Kingdom of Saudi Arabia, following the public offerings of L'azurde Company for Jewelry in 2016 and Leejam Sports Company in 2018.

GROWING OUR FOOTPRINT AND IMPACT IN ASIA

Our expansion into Asia continues to make good progress, with a total of 11 new private equity investments made during the period across India, China and southeast Asia. AUM in Asia increased by 17% to US$ 1.1 billion. We also opened an office in Beijing and launched our first China healthcare investment platform.

Investcorp has cemented its position as one of the world's foremost managers of alternative investments.

Our continued excellence in unpredictable times is a testament to the strength of our partnership and the entrepreneurial spirit of our people. Our goal to consistently deliver exceptional outcomes for our clients is at the heart of our ambitious growth strategy and drive for further global expansion. Our disciplined investment practices and constant innovation have earnt us a reputation as one of the leading global managers of alternative investments.

MESSAGE TO SHAREHOLDERS

The Board of Directors of Investcorp is pleased to submit the consolidated audited financial statements for Investcorp's 38th fiscal year ended June 30, 2021.

Dear Shareholders,

We would like to extend our deepest gratitude for your ongoing support through what has been a year defined and shaped by successive waves of COVID-19 across the globe. The crisis has reinforced the strength of our global platform and enabled us to demonstrate the resilience of Investcorp. We are making good progress in growing the business and diversifying our investor, product and geographic base, which has not only helped us weather the pandemic but emerge from it in a robust position, well placed for future long-term growth.

The year ended June 30, 2021 has seen continued positive progress towards the execution of our long-term strategic plan. Whilst the last year has been tumultuous and unpredictable at times, we have once again exhibited the strength of our business model and the resiliency of our diversified offering. Of course, we closely follow and monitor such market volatility but also see opportunity and a chance to recalibrate our operational ambitions. As we look back on the year, it is remarkable to see what we have accomplished.

We believe our robust financial results for FY21 are a direct reflection of the flexibility embedded within our long-term growth strategy. Our ability to navigate crises and remain nimble is entrenched in our history and further evidenced by the strong performance shown throughout the past year. As we continue our journey of geographical and business line diversification, we are confident in our ability to maintain an upward trajectory and remain focused on our steadfast dedication to helping our clients.

Financial performance – a resurgent year

Through the combination of the successful globalization of our distribution platform, robust capital and liquidity positions and our market-leading investment teams, our full fiscal year 2021 results are marked by solid performance across all business lines and strong fundraising levels across asset classes.

Continuous diversification across geographies and clients translated into a broad-based increase in AUM to a record US $37.6 billion, an increase of 17% from US $32.2 billion in June 2020.

We achieved substantial levels of investment activity for FY21 equal to US $3.3 billion, whilst placement and fundraising levels totaled US $4.3 billion and distributions of US $3.0 billion remained strong. Total shareholders' equity (excluding non-controlling interests) for FY21 was US $1,270 million, a 46% increase compared to US $867 million as of June 30, 2020. Total assets at the end of FY21 were US $2.4 billion, compared with US $2.1 billion last year, representing a 13% increase. The FY21 recommendation for distribution of preferred and ordinary dividends is US $44 million, with the proposed ordinary dividend being US $0.30 per share versus US $0.10 per share for FY20.The buoyancy of our business lines has resulted in a net profit attributable to equity holders of the parent of US $124 million for FY21 compared to a net loss of US $165 million in FY20, owing to the challenging environment and associated effects from the early stages of COVID-19. Diluted earnings per share for FY21 were US $1.34 per share compared to a loss per share of US $2.57 in FY20.

As the market environment and outlook improved over the course of the year, so did fee income which increased by 24% in FY21 to US $356 million. Furthermore, deal fees increased by 39% to US $139 million driven by strong levels of transactional and fundraising activity. The continued recovery in asset values, driven by improved operating results of underlying portfolio companies as well as healthy financial markets, resulted in asset-based income of US $107 million compared to a loss of US $110 million in FY20.

Diversification at the heart of our growth

Despite the multi-faceted nature of the challenges that we have had to navigate throughout the past 12 months, we have nevertheless remained relentlessly committed to maintaining our diversification and growth strategies. We have continued to make significant progress on several key strategic initiatives.

Firstly, the firm's expansion into Asia continues to yield positive results; a total of 11 new private equity investments were made during the year across India, China and southeast Asia. AUM in Asia increased by 17% to US $1.1 billion at the end of FY21, up from US $0.9 billion in FY20. Additionally, we opened an office in Beijing during the year, whilst also launching our first China healthcare investment platform. The pipeline of opportunities emanating from the Asia region remains strong and we stand well positioned to bolster our AUM in the region over the coming years.

Broader operational highlights include the first closing of the North American Private Equity Fund and Technology Fund V, as well as continued fundraising for the Investcorp Strategic Capital Partners Fund and the Asia Food Growth Fund. We also secured our first anchor investor in the Aberdeen Standard Investcorp Infrastructure Partners' (ASIIP) new regional GCC and MENA infrastructure fund from the Public Investment Fund, the sovereign wealth fund of Saudi Arabia.

During the year we announced our intention to delist from the Bahrain Bourse which was completed in July 2021, marking a significant step in our evolution, allowing us to make greater strides as a truly global alternative asset manager towards realizing our ambition of reaching US $50 billion in AUM.

Our performance in the private equity space remains robust. Our ability to support established businesses that benefit from long-term growth trends and to apply disciplined, active management to these portfolio companies is as strong and essential as ever. Private equity and strategic capital AUM increased to US $7.0 billion, with investment activity for private equity and strategic capital hitting US $1.2 billion for FY21. This included five new investments in the US and Europe, as well as two add-on acquisitions in addition to the 11 investments in businesses across Asia. Exit activities included the realization of six private equity investments, including the successful sale of Avira to NortonLifeLock, the first exit from the Investcorp Technology Partners Fund IV.

Investcorp Credit Management (ICM) also continued its positive growth trajectory, finishing the year with US $14.7 billion in AUM, contributing US $60 million in fee income to the group. Operational highlights for ICM through the year to June 30, 2021 include the closing of three new CLOs totaling approximately US $1.4 billion.

Real Estate AUM rose to US $7.5 billion as real estate markets embarked on a strong recovery, underscoring the resiliency of the asset class. A total of approximately US $0.7 billion was deployed into new investments during the fiscal year and approximately US $0.7 billion was returned to investors in distributions of ongoing property income and sales proceeds. Sales activity during the year included the first exit from the European real estate portfolio, marking a new stage in its maturity. The European real estate business was launched in FY17 and currently has AUM of approximately US $1.1 billion.

The Investcorp-Tages joint venture, which is the home of our global absolute return investments platform, had a very successful first full financial year of operations. The total income included in Investcorp's net profit attributable to the equity holders of the parent was US $28 million. During the year AUM for the business also increased by 24% to US $7.6 billion, up from US $6.1 billion last year.

At the foundations of our culture are our people

Beyond our economic growth, we are delighted with the significant strides we have made from a cultural perspective. Since our inception almost 40 years ago, we have been rooted in a diverse culture that continues to flourish to this day. Our world class talent now numbers around 430 employees, representing 45 different nationalities. We wholeheartedly believe that Diversity, Equity and Inclusion (DEI) is a key part of our uniquely global culture and we understand the critical importance of different perspectives as a driver of thoughtful decision-making and investment success.

Accordingly, we are thrilled with the progress we have made over the past 12 months. In July 2020, we appointed Jordana Semaan as our DEI champion, a role specifically designed to improve our global coordination efforts of firm-wide DEI initiatives. Further to this, in April 2021, we announced that our Strategic Capital business had entered into a strategic partnership with Xponance to collaborate on General Partnership staking and seeding interests in diverse and woman-owned alternative asset managers.

As an organization, we are focused on being accountable to our goals and we aim to build an environment which is committed to, and lives and breathes our DEI values.

Our history of delivering sustainable performance and value creation is something we are immensely proud of and our commitment to understanding and acting on the long-term sustainability implications of our investment portfolio has never been stronger. With this in mind, we appointed Habib Abdur-Rahman in October 2020 to lead our efforts to enhance ESG alignment across our global investing platform and also became a signatory of the UN Principles for Responsible Investment. Responsible investing has been in our DNA from the beginning, with a particular long-standing focus on exclusion policies. That said, ESG is about more than exclusionary screening, it is about responsibility - responsibility towards all our stakeholders including investors, shareholders, employees and as global citizens, the communities in which we operate.

Through our activities as a capital provider, we see ourselves as responsible for supporting and building sustainable businesses that fulfill our overarching purpose to enrich the lives of future generations. We are continually working to better understand and prioritize our sustainability efforts, and through this process we have formulated a framework structured around three pillars of 'responsibility'. These are: being a responsible operator, being a responsible employer, and being a responsible citizen, and for each of these pillars we hold ourselves accountable to KPIs with a detailed roadmap for full adoption over the next two-three years. As we look forward, we have full confidence in our ability to continue to evolve and better ourselves as responsible investors.

Looking ahead

Whilst the short-term macro-economic picture remains relatively uncertain, we have an unwavering commitment to our long-term growth strategy. Our objective of reaching US $50 billion in AUM remains unchanged and is increasingly within our grasp. Looking forward, we will continue to navigate the challenges and opportunities ahead with the same vigour that we have displayed throughout the past 12 months.

As we move further into the second half of calendar 2021 and towards our Ruby Anniversary, we will continue to leverage our world class talent, resilient balance sheet and truly diversified platform to meet our clients' needs with an increasingly robust range of investment solutions. It is our mission to foster dynamism and innovative thinking across the firm and together, with your support, we remain well-positioned to build upon our momentum and effectively tackle the many opportunities that lie ahead.

Dr. Yousef Hamad Al-Ebraheem
Chairman of the Board of Directors

Mohammed Mahfoodh Alardhi
Executive Chairman

Global Excellence

$6.6B

TOTAL AUM

Private Equity AUM increased by 16% during the year to US $6.6 billion, reflecting the well supported deal-by-deal fundraising during the year.

Private Equity

As the world continues to adapt to new challenges and opportunities presented by the global pandemic, our private equity strategy remains unchanged and our commitment to seeking attractive investment opportunities is unwavering. The strength of our private equity business is reflected in robust performance over the past year.

Our private equity teams operate across North America, Europe, Asia, India and the MENA region. We also have a dedicated team, Investcorp Technology Partners, that focuses on investing in growing technology companies. With more than US $45 billion in transaction value, our past and present portfolios include more than 200 investments across a diverse and growing range of sectors.

$590M

Total Fundraising
Raised from clients in private equity deal-by-deal investments including new commitments into institutional investor programs.

$470M

Raised from clients for the continued fundraising of Asia Food Growth Fund and fundraising for the newly launched Investcorp North America Private Equity Fund and Investcorp Technology Partners Fund V.

$1.2B

Total Investment Activity
The aggregate capital deployed in sixteen new private equity investments, one existing strategic investment in a third-party technology-focused fund in the US and fifteen existing portfolio investments.

$840M

Total Realization Activity
Total private equity realization proceeds and other distributions to Investcorp and its clients.

US

We invested in RoadSafe, the leading provider of traffic management and road infrastructure services in the US. We also completed the proprietary acquisition of Resultant, a leading consulting firm specializing in data analytics, technology and digital transformation. We have a long history of collaborating with technology-enabled professional services businesses.

We announced the sale of PRO Unlimited, a leading provider of contingent workforce management solutions to global enterprises.

We secured $1.0 billion in First Close commitments, from global blue-chip institutional investors and Investcorp's existing investor base, for Investcorp North American Private Equity Fund I, L.P.

Europe

We closed three acquisitions; Investis Digital, a leading provider of digital corporate communications and marketing services; Sanos Group, a leading provider of specialized clinical trial services; and CloudCare, a leading Italian tech-enabled digital sales and marketing solutions platform.

We completed the sale of leading cybersecurity provider, Avira, to NortonLifeLock for approximately US $360 million. This is the first exit from the US $400 million Investcorp Technology Partners Fund IV and was achieved after only 7 months of ownership – with both acquisition and exit occurring amidst lock-down in Europe. We also closed the sale of Kee Safety Group Ltd, a leading global provider of Fall Protection and Safe Access solutions and products associated with working at height, to its management team and Intermediate Capital Group plc.

MENA

We successfully listed two of our portfolio companies on Tadawul, the Saudi Stock Exchange; Theeb Rent a Car, a leading car rental company and BinDawood Holding, one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia.

Asia

Our presence in Asia continued to grow from strength to strength in the healthcare, technology and food sectors. We invested in Wuhan's leading medical testing group, Kindstar; Lu Daopei Medical Group, the leading hematology hospitals group in China; WeDoctor, a leading online healthcare services company; and China's leading SaaS and supply chain management provider for the dental and medical aesthetics industry, Linkedcare.

In the technology sector, we invested in Terminus Technologies, a leading global Artificial Intelligence (AI) CITY and smart service provider in China, and is the Premier Partner for Expo 2020 Dubai.

In the food sector, we acquired Viz Branz, China and Southeast Asia's leading instant cereal and coffee company; Heritage Foods, a buy-and-build platform of leading condiments and sauces brands; and City Super Group, one of the most recognizable premium food retailing chains in Hong Kong and Shanghai.

India

We continued at pace with our acquisition of Unilog, a leading SaaS e-commerce solutions provider, XpressBees, an end-to-end e-commerce logistics platform, FreshToHome, a fully integrated online fresh fish and meat brand and Safari Industries, one of India's largest luggage companies.

Real Estate

Our strategy across real-estate markets remains unchanged, owing to the strong trajectory we are on. With teams based in New York, London and Mumbai, we focus on core-lite and core-plus opportunities in commercial real estate, targeting properties that generate current cash flow and capital appreciation.

Since its inception in 1996, our global real estate investments have totaled over US $21 billion across approximately 925 properties in the US, Europe and India.

$7.5B

Total AUM
Real Estate AUM increased by 18% during the year to US $7.5 billion due to the acquisitions of new real estate assets.

$651M

Total Fundraising
Raised from clients across five new portfolios, and several portfolios carried over from the previous year.

$696M

Total Investment Activity
The aggregate capital deployed in five new real estate portfolios, and warehoused five additional properties which will be part of future portfolios.

$748M

Total Realization Activity
Total real estate realization proceeds and income distributions to Investcorp and its clients.

Multifamily

~16,000 units

Industrial

~28M sq. ft.

Spate of acquisitions in US real estate
Expanding on our robust footprint in US multifamily real estate, we acquired five suburban multifamily properties for approximately US $330 million. In addition, we continued our growth with US $384 million of acquisitions in five new US multifamily properties. We also grew our US industrial real estate portfolio through the acquisition of 32 industrial properties totaling approximately 3.5 million square feet for US $256 million across four major US markets. We subsequently expanded our portfolio through acquiring another 2 million square feet of industrial space for US $262 million across six dynamics markets.

US real estate exits in multiple markets
With the sale of Atlanta, Georgia Student Housing Complex, we sold four student housing assets in multiple markets for a combined total of US $285 million since October 2020. We completed more than US $1 billion in sales of US industrial, student housing, and multifamily real estate located in targeted markets in Arizona, California, Florida, Illinois, Indiana, New York, Massachusetts and Texas.

Significant exit of UK Industrial Real Estate Portfolio
We completed the sale of seven industrial real estate assets made up of three single let buildings and four multi-let estates. The portfolio comprised of approximately 692,000 square feet of industrial, warehouse and distribution accommodation, located in Glasgow, Edinburgh, Liverpool, Warrington, Leeds, South Elmsall, and High Wycombe. The transaction marks an important milestone for Investcorp's European real estate business.

Strong Trajectory

FIRST REAL ESTATE INVESTMENT IN THE WELSH MARKET

Investcorp announced that it acquired a portfolio of 13 multi-let industrial assets in South Wales. The acquisition marks Investcorp's 11th property investment in the UK since launching its European real estate business in 2017, having consistently grown the platform and deploying approximately £800 million across its European portfolio.

Powering Resilience

$14.7B

TOTAL AUM

Credit Management AUM increased by 12% during the year to US $14.7 billion due to the issuance/pricing of three new CLOs and the launch of Mount Row (Levered) Credit Fund II.

Credit Management

We have a 17-year history of providing attractive risk-adjusted returns to our investors across a variety of income-generating products. Our global sourcing platform and proprietary distribution allow for access to attractive investment opportunities and market timing. Throughout what has been a challenging 12 months for credit markets, we have navigated the opportunities and tension points to deliver robust performance and strong capital preservation.

Based in London and New York, the Investcorp Credit Management (ICM) business manages funds that invest primarily in senior secured corporate credit and private debt issued by mid- and large-cap corporates in the US and Western Europe. Our platform is further enhanced by Investcorp's strong balance sheet, and frequent position as an investor, fostering further alignment with our investors.

$1,558M

Total Fundraising
US $1,288 million raised from the issuance/pricing of three new CLOs.

US $59 million of new subscriptions into the open-ended senior secured loan fund, ICM Global Floating Rate Income Fund.

US $211 million was raised from clients for Mount Row (Levered) II Credit Fund, European Loan Company II & Investcorp Credit Opportunity Portfolio IV.

$1.4B

Total Investment Activity
The aggregate investment in five CLOs for the credit management business.

$60M

Contributed fee income
to the Investcorp Group.

$1.4B

Total Realization Activity
Total credit management realization proceeds and other distributions to Investcorp and its clients.

Closing of oversubscribed Mount Row (Levered) Credit Fund
In our capacity as one of the leading global credit managers operating in the world's foremost financial hubs, we closed a number of credit funds, including the Mount Row (Levered) Credit Fund, which we closed with capital commitments of €318 million, exceeding its target of €300 million. Through Mount Row, we will aim to continue executing on our investment strategy to actively manage and construct a diverse portfolio of performing large-cap European secured loans.

€318M

Robust performance
We successfully priced three CLOs during the year; Harvest 25 (US $466 million), Jamestown 16 (US $402 million), and Harvest 26 (US $484 million). In addition, US $2.4 billion of CLO refinancings were executed during the year across five European CLOs and one US CLO.

Absolute Return Investments

The Investcorp-Tages joint venture, which is the home of the firm's global absolute return investments platform, had a highly successful first full financial year of operations. Investcorp-Tages combines complementary strengths, expertise and footprints to serve investors as a leading global multi-manager investment firm with a culture of continuous product innovation and full alignment of interests.

Launched in 1996, our Absolute Return Investments (ARI) team has deep experience and expertise creating customized solutions for clients across strategies. In May 2020, Investcorp and Tages Capital entered into a 50/50 joint venture to merge Investcorp ARI and Tages Group, the absolute return subsidiary of Tages, to create Investcorp-Tages Limited.

Nut Tree Capital
Nut Tree Capital, one of the alternative managers that Investcorp-Tages previously seeded, exceeded $2 billion in AUM. Based in New York, Nut Tree is an opportunistic alternative credit investment manager that launched in February 2016 with $100 million in AUM, anchored by strategic capital from Investcorp. Nut Tree Capital also recently held the final close of its first Drawdown Fund with capital commitments of approximately $320 million.

$2B AUM

The Drawdown Fund
The Drawdown Fund was launched to invest primarily in distressed and deeply stressed corporate debt, with a focus on mid-size North American issuers and aligns with Nut Tree's investment strategy to leverage periods of market dislocations to nimbly capture attractive corporate credit investment opportunities.

Continuous Innovation

$7.6B

TOTAL AUM

AUM increased by 24% during the year to US $7.6 billion, up from US $6.1 billion last year.

Sustainable Success

$415M

TOTAL AUM

AUM increased by 158% during the year to US $415 million, up from US $161 million.

Strategic Capital

Our Strategic Capital Group seeks to execute an investment strategy focused on acquiring minority interests in alternative asset managers, particularly GPs who manage longer-duration private capital strategies (e.g. private equity, private credit, real estate).

Through our New York-based team, we focus on GPs with strong track records, exceptional teams, and attractive growth prospects. We target well-established mid-sized alternative asset managers who have the resources and infrastructure to attract the best talent, retain large, sophisticated investors, and build a lasting business.

Together, our team has deep experience originating and executing transactions across alternative asset management General Partners and working alongside them to identify suitable strategies, develop their business as well as capital formation.

$247M

Total Fundraising
New commitments raised largely for the Investcorp Strategic Capital Partners Fund.

$42M

Total Investment Activity
The aggregate capital deployed in one new strategic capital investment.

Partnership with Centre Lane Partners
Investcorp's Strategic Capital Group entered into a partnership with Centre Lane Partners, a leading private investment firm focused on private equity and private credit investments in the North American middle market. The partnership provides long-term strategic capital to continue its successful strategy of investing in the debt and equity of middle market companies in North America. Under the terms of the agreement, ISCG would be a passive, non-voting partner to Centre Lane.

Xponance and Investcorp to Launch Strategic Partnership in Support of Diverse and Woman-Owned Managers
We entered into a strategic partnership with Xponance, a US $12 billion multi-strategy investment firm, to collaborate on General Partnership (GP) staking and seeding interests in diverse and woman-owned alternative asset managers.

This approach aims to further enable diverse and historically overlooked GPs in the midmarket space to optimize their business structures, support vertical or horizontal expansion, and seed adjacent strategies.

Infrastructure

Investcorp and Aberdeen Standard Investments (ASI) operate a joint venture that focuses on investing in social and core infrastructure projects in Gulf Cooperation Council countries. Aberdeen Standard Investcorp Infrastructure Partners (ASIIP), combines global infrastructure experience with local investment insight and expertise.

ASIIP benefits from our extensive private equity expertise and market reach in the Gulf, and ASI's strong track record of investing in 120 social infrastructure projects over the past 20 years. Investcorp and ASI's global and regional networks represent a powerful combination with a complementary mix of regional expertise and global perspectives.

ASIIP aims to participate in the economic transformation in the Gulf Cooperation Council (GCC) and the wider Middle East and North Africa (MENA) region by investing in sustainable core infrastructure projects. With Environmental and Social Governance (ESG) and United Nations Sustainable Developments Goals at the heart of its philosophy, its mission is to deliver solutions in healthcare, education, water, mobility and digital infrastructure that will have a positive impact on communities and future generations.

$300M

Total commitments received and approved for the ASIIP New Regional Infrastructure Fund.

Appointment of Chairman of ASIIP

Investcorp and ASI announced the appointment of Sir Michael Fallon, former Secretary of State for Defence of the United Kingdom, as Chairman of ASIIP. Sir Michael Fallon's wealth of experience in both the private and public sectors, and knowledge of numerous industries, including energy and infrastructure, is proving instrumental in delivering on ASIIP's growth and ambitions.

Sir Michael served as a British Member of Parliament for more than three decades and held a number of senior governmental leadership roles, most notably as Secretary of State for Defence from 2014-2017.

Impactful Networks

PIF ANCHORS ASIIP NEW REGIONAL INFRASTRUCTURE FUND

ASIIP received a capital commitment from the Public Investment Fund (PIF) for up to 20% of the total size of the fund in advance of its anticipated first closing. PIF is one of the largest and most impactful sovereign wealth funds in the world and a driving force in Saudi's economic transformation in line with Vision 2030.

CONNECTED CAPITAL

GLOBAL DISTRIBUTION

$4.3B

PLACEMENT AND FUNDRAISING

Across the year, fundraising totaled US $4.3 billion of which approximately 60% was from institutions. The truly international nature of our firm is reflected in the geographical spread of both the location of our investors and our investments with 44% of our investments located in North America, 38% in Europe, 11% in the Gulf and 7% in Asia.

Investcorp continues to grow its distribution and private wealth capabilities.

We continue to offer investors not only the best-in-class private market investments, but also a diverse set of product offerings including liquid alternatives and public market investments. Our capital raising capabilities for wealth clients, family offices as well as private wealth distribution channels continue to go from strength to strength.

Our relationships with blue-chip institutional clients around the globe are deeper than ever before with investors drawn to our tailored approach and diversified portfolio.

What's Next? Investment Trends for the Future

We published the second iteration of our annual survey exploring institutional investors' sentiment and allocations regarding the critical economic trends expected to shape the global economy over the next three decades, in partnership with Mercury Capital Advisors, a leading institutional capital raising and investment advisory enterprise, IMD Business School and Banque Pâris Bertrand, an independent, Swiss-regulated private bank based in Geneva and Luxembourg.

Our survey revealed the proportion of institutional investors who highlight the following as top 5 trends:

95%

Automation, Digitization and Artificial Intelligence

96%

Aging Population

65%

Impact of climate Change

62%

Electric Vehicles and Autonomous Driving

60%

Personalized Healthcare

Four White Papers launched this year

Our impressive output of market analysis and in-depth research on the latest investment trends across geographies foregrounds the strength of our global footprint and the expertise of our people.

Increasing allocation to Private Markets

We published a white paper on the increasing allocation of capital to private markets as investors seek to capitalize on mega-trends such as aging populations, ESG, AI, climate change and the redefinition of global trade. Our team examined the opportunities and challenges surrounding private markets, which offer a range of asset classes and duration profiles to provide exposure to these long-term trends.

The Rising Opportunities in China and Southeast Asia post-COVID 19

Our Asia-based private equity team pinpointed the strategic opportunities in China and Southeast Asia following the continent's recovery from the pandemic. They analyze how the fast adoption of new technologies in 5G, artificial intelligence, next generation healthcare and new consumerism, coupled with effective models of government, are generating attractive investment opportunities across China and Southeast Asia.

Market Update: North America Real Estate

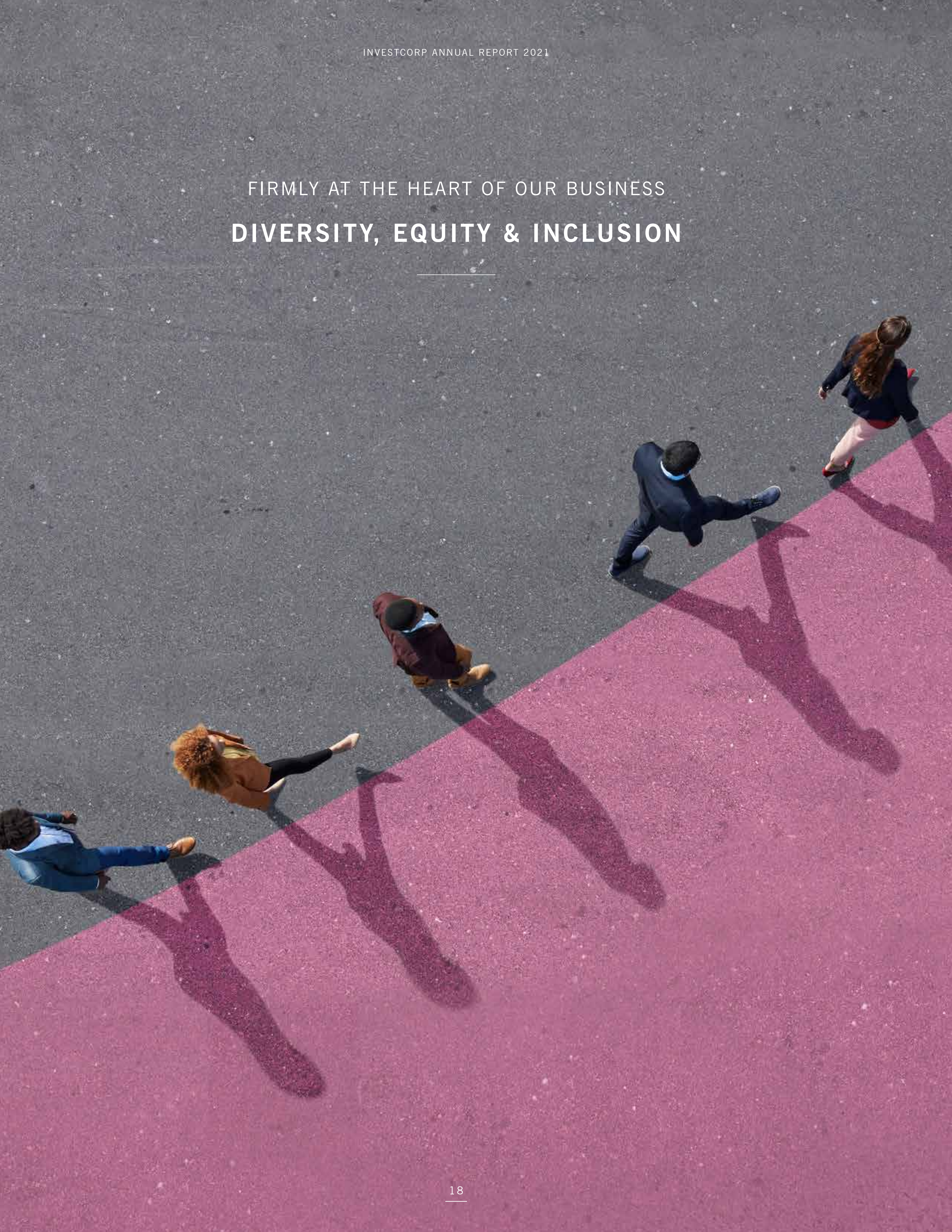
The joint leaders of our North America Real Estate team discussed the impact of the Covid-19 pandemic on real estate owners, operators and investors. While real estate as an asset class has experienced solid performance over the last decade, there is a wide dispersion across individual property types and their outlook. Investcorp owes its long history of successful performance to the strategic decision to sharpen its real estate investment focus on Multifamily and Industrial assets.

Digital Process Automation: Driver of Future Economic Growth

Our European private equity team discussed the role of automation technologies in driving economic growth. Their findings show that digital automation addresses a critical need for most companies, allowing them to increase output and optimize costs leading to revenue opportunities and higher profitability. Significant white space provides a strong ground for further penetration of these technologies and automation technologies can be applied to a variety of sectors and use cases.

FIRMLY AT THE HEART OF OUR BUSINESS

DIVERSITY, EQUITY & INCLUSION



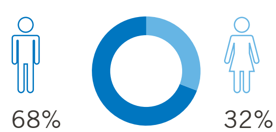
Embedding Diversity, Equity & Inclusion (DEI) into our workplace culture is at the core of everything we do. This year, DEI became firmly embedded across all areas of Investcorp's business and daily operations. Since its beginnings in 1982, we have recognized that fostering an open, inclusive and diverse culture is at heart of our business and plays a vital role in creating value for clients. Our ongoing efforts to drive a corporate strategy shaped by diverse perspectives are a testament to that belief.

Diverse Global Representation

~430 Employees

45 Nationalities

Global Gender



Jordana Semaan, Investcorp's DEI Champion named among Top 40 D&I Leader by Real Deals

The Real Deals Future 40 Diversity and Inclusion Leaders list, in association with Private Equity Recruitment (PER), showcases key individuals in the asset class who have made or are making a notable impact on improving diversity and inclusion practices across their firm and the wider industry.

Investcorp Ranked Among top five D&I Firms

We were ranked among the top Five Global Private Equity firms according to our Diversity and Inclusion efforts between 400 global PE and VC firms.

The ranking was announced by Equality Group's first Inclusive Top 20 PE & VC Index.

Mobilized our alternatives expertise

We mobilized our alternatives expertise and global scope to champion diversity and gender equality in the alternative asset management space. This is exemplified by our partnership with Xponance, a woman led and 100% employee-owned investment manager. This strategic partnership involves collaboration on General Partnership staking and seeding interests in diverse and woman-owned alternative asset managers. This approach aims to further enable diverse and historically overlooked GPs in the mid-market space to optimize their business structures, support vertical or horizontal expansion, and seed adjacent strategies.

RESPONSIBLE BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We strengthened our adherence to an ambitious new set of ESG policies and rolled out an overarching framework that will see us deepen our existing commitment to socially responsible investment across geographies and business lines. Our approach seeks to drive positive change on material ESG issues, build businesses that are valued by employees, customers, and communities, and in turn generate revenue growth that is both profitable and sustainable.

Investcorp operates with the utmost transparency and its long-term undertaking to fulfill all aspects of its corporate social responsibility demonstrates a desire to act in the best interests of all beneficiaries. Investcorp takes its responsibility for supporting and building sustainable businesses and fulfilling its overarching purpose to enrich the lives of future generations seriously.

Signatory to the UNPRI

We became a signatory to the United Nations Principles for Responsible Investment (UN PRI), the world's leading proponent of responsible investment, reflecting our commitment to a future shaped by responsible investing practices which strengthen returns and better manage risks, all whilst recognizing our duty to society as a whole.

To ensure we are consistently in line with UNPRI demands, we have formulated a robust framework structured around the three pillars of "Responsibility" which apply both to Investcorp and to its investee companies.

Being a Responsible Operator
Investcorp is committed to the highest standards of business ethics, transparency and procurement practices to drive both exceptional outcomes and sustainable value for its diverse client base.

Being a Responsible Employer
Investcorp's people have and always will be at the heart of its business, and the firm is dedicated to ensuring best quality labor practices, diversity and inclusion and employee health & wellbeing across its global network.

Being a Responsible Citizen
Playing a role in the preservation of the planet has never been more important for each and every firm. Investcorp has put in place measures to reduce energy consumption and greenhouse gas emissions to contribute to this global effort.

AT A GLANCE

OUR BUSINESS

Investcorp is a leading, global alternative investment manager for individuals, families and institutional investors, offering diverse strengths and proven resilience. Since our founding in 1982, we have built a global reputation for superior performance, innovation and service. We continue to execute on an ambitious, albeit prudent, growth strategy of global and asset class diversification. Through a disciplined investment approach across each of our lines of business, our focus remains on generating value for all of our stakeholders.

AUM increased by 17% to

$37.6B

Net Profit

$125M

Fee income increased by 24% to

$356M

$1.5B

Total Accessible Liquidity

BUSINESS REVIEW

CONTENTS

BUSINESS REVIEW

> We are delighted to report strong financial and operational performance in what has been an incredibly challenging period for businesses globally. Whilst the coronavirus pandemic continues to present significant headwinds for many, we are making good progress on our growth journey and diversifying our investor, product and geographic base, which has not only helped us weather the pandemic but emerge from it in a robust position, well placed for our future long-term plan.
>
> The business delivered 17% growth in AUM to a record high of US$ 37.6 billion and strong performance across all business lines. This is a testament to the resilience of Investcorp's business model and heightened demand for sophisticated and tailored solutions that meet the needs of our growing and global client base.
>
> I am particularly pleased with the external recognition we gained for our Diversity, Equity and Inclusion efforts and for the strengthened adherence we have made to our ESG policies.
>
> We look to this next chapter at Investcorp with confidence and excitement. Whilst challenges remain, we are committed to our long-term strategy of driving sustainable growth and value enhancement for our clients and shareholders.
>
> Mohammed Alardhi, Executive Chairman

BUSINESS HIGHLIGHTS

STRATEGIC INITIATIVES

A number of strategic initiatives have been completed and several are well underway to realize Investcorp's medium-term objective of reaching $50 billion in assets under management, including:

Strategic Initiatives

Delisted the Firm's ordinary shares from the Bahrain Bourse. The delisting represents an important step in the Firm's evolution with the senior leadership team now more able to focus on investing for the long-term strategy and driving growth of the Firm going forward.

Completed the issuance of $252 million of Series E Preference Shares.

Fundraising Platform

Secured first anchor investor in Aberdeen Standard Investcorp Infrastructure Partners (ASIIP) from the Public Investment Fund (PIF) for up to 20% of the total size of the fund.

Launched and held the first close of Investcorp Technology Partners Fund V, established to invest principally in European lower middle-market technology-enabled companies. The fund builds on the successes of the first four technology funds that have seen Investcorp develop a strong reputation as a major technology investor.

Launched and held the first close of Investcorp North America Private Equity Fund, established to invest in U.S. middle-market companies.

Launched Investcorp iPartners, a new Fintech investment platform that enables investors to browse, assess and invest in Investcorp's private equity, real estate and other alternative investment offerings online.

Investment Platform

Launched the first China Healthcare Investment platform, a diversified portfolio of leading high-growth pre-IPO healthcare technology and services companies in China.

Investcorp's Strategic Capital Group entered into a partnership with Centre Lane Partners, a leading private investment firm focused on private equity and private credit investments in the North American middle market.

Continued active growth of the Firm's presence in Asia with 11 new private equity investments made during the fiscal year across India, China and Southeast Asia.

The Firm's growing real estate business in Europe has reached a new stage in its maturity with its first successful exit of the UK Industrial Portfolio, a portfolio of seven industrial real estate assets to Mileway, the pan-European last mile logistics real estate company.

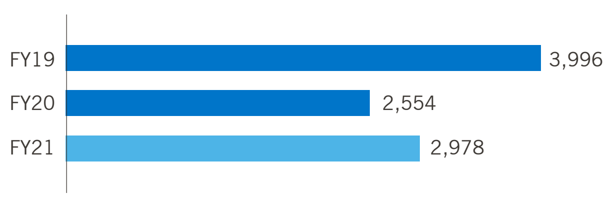
Investment activity ($m)

Solid levels of activity achieved with $3.3 billion of aggregate investment across Investcorp's businesses, a 6% year-on-year increase.

Deal-by-deal fundraising ($m)

Deal-by-deal fundraising of $1.3 billion was achieved, reflecting continued strong client demand in both private equity and real estate.

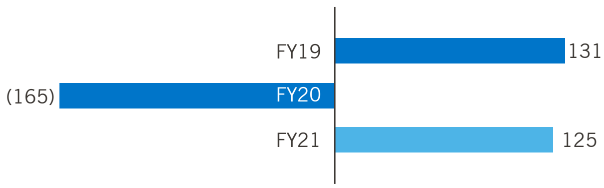
Realizations and distributions ($m)



Distributions to Investcorp and its clients from investment realizations and other distributions decreased to $3.0 billion.

BUSINESS REVIEW

Results for the year ($m)

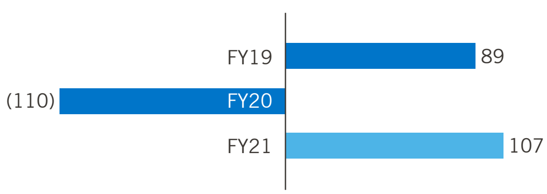


Profit for the period of $125 million reflects a strong turnaround following the loss of $165 million in FY20. This was driven by good levels of activity across the core businesses of private equity, real estate, credit management and absolute return investments.

Fee income ($m)

Fee income increased by 24% to $356 million, showing an improved profile of earnings with a greater proportion of earnings attributable to recurring AUM fees.

Asset-based income ($m)



The continued recovery of asset values, driven by improved operating results of underlying portfolio companies as well as healthy financial markets, resulted in asset-based income of $107 million, compared to a loss of $110 million in FY20.

Fee income / operating expenses

Fee income continues to cover operating expenses.

Shareholder KPIs

$1.34 Fully diluted EPS	13% Return on Equity	$10.81 Book Value per share

Balance sheet KPIs

Jun-20	Jun-21	
$2.1b	$2.4b	**Total assets** increased primarily due to increased underwriting and higher valuations for the co-investment portfolio
$0.9b	$1.3b	**Total equity** increased driven by the issuance of new preference share capital and the strong rebound in profitability during the period
$1.2b	$1.5b	**Accessible liquidity** liquidity substantially covers all outstanding medium-term debt
0.6x	0.2x	**Net leverage** remains well below 1.0x
0.6x	0.4x	**Co-investments/permanent & long-term capital** remains well below 1.0x

Investcorp's key performance indicators

	FY17	FY18	FY19	FY20	FY21
Fee income ($m)	320	321	376	288	**356**
Asset-based income ($m)	102	133	89	(110)	**107**
Gross operating income ($m)	422	454	465	178	**463**
Fee income / operating expenses*	137%	125%	140%	105%	**123%**
Return on average assets	5%	5%	5%	(4%)	**5%**
Diluted earnings per share ($)	1.25	1.30	1.47	(2.57)	**1.34**
Book value per share ($)	11.10	12.13	13.26	10.07	**10.81**
Dividend per ordinary share ($)	0.24	0.24	0.30	0.10	**0.30**

* Excluding tax

Total AUM ($ billions)

Private equity AUM increased by 16% to $6.6 billion primarily due to the launch and first close of two new private equity funds and expansion in Asia.

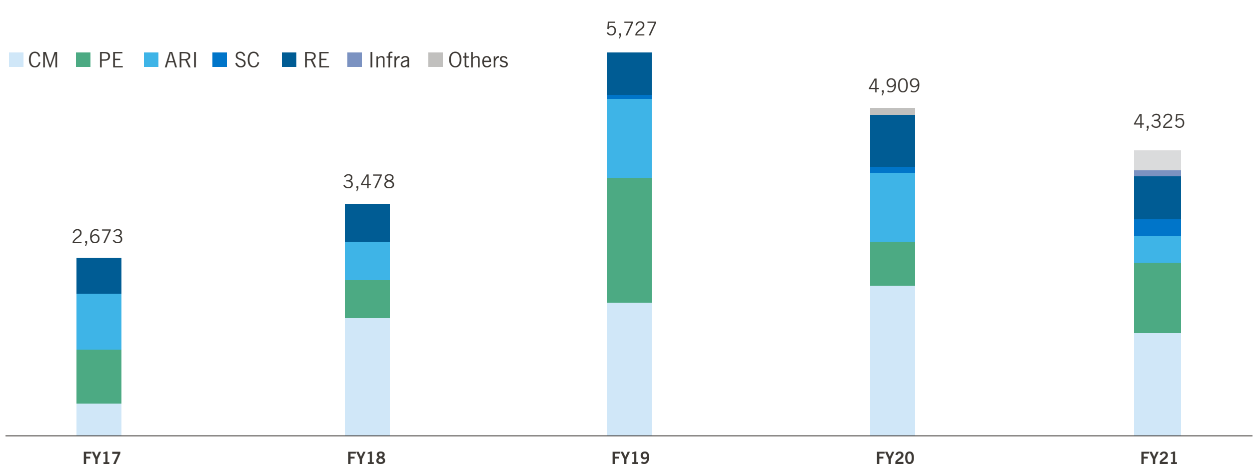
Real estate AUM increased by 18% during the year to $7.5 billion largely due to the acquisition and placement of five new portfolios and overall performance.

Absolute return investments AUM (managed by the Investcorp-Tages joint venture) increased by 24% to $7.6 billion, largely due to the strong performance and fundraising for Nut Tree Capital Management and continued fundraising across other products.

Credit management AUM increased by 12% to $14.7 billion primarily due to the issuance/pricing of three new CLOs and the launch of Mount Row (Levered) Credit Fund II.

Strategic Capital AUM and Infrastructure AUM was $0.6 billion due to continued fundraising for the Investcorp Strategic Capital Partners Master Fund, L.P., and new commitments for the ASIIP Fund.

Total Fundraising – by asset class ($ millions)



FUNDRAISING ($ MILLIONS)

Total fundraising was $4.3 billion (and in addition to the amounts listed below, also includes $252 million of fundraising relating to the issuance of Investcorp Series E Preference Shares).

$1,060 Private Equity

$590 million raised from clients in private equity deal-by-deal investments including new commitments into institutional investor programs.

Private equity deal-by-deal fundraising includes the continued placement of FY20 private equity offerings and the launch of China Pre-IPO Healthcare Portfolio, India E-commerce Portfolio, Sanos, Resultant (formerly KSM Consulting), RoadSafe and offerings of additional investments in K.S.I. Trading Corp. and ABAX.

$470 million was raised from clients for the continued fundraising of Asia Food Growth Fund and fundraising for the newly launched Investcorp North America Private Equity Fund and Investcorp Technology Partners Fund V.

$651 Real Estate

$651 million raised from clients across five new portfolios, and several portfolios carried over from FY20.

$416 Absolute Return Investment

$411 million was raised for the Investcorp-Tages hedge funds partnerships platform.

$5 million was raised for the Investcorp-Tages Alternative risk premia platform.

$1,558 Credit Management

$1,288 million was raised from the issuance/pricing of three new CLOs.

$59 million of new subscriptions into the open-ended senior secured loan fund, ICM Global Floating Rate Income Fund.

$211 million was raised from clients for Mount Row (Levered) II Credit Fund, European Loan Company II & Investcorp Credit Opportunity Portfolio IV.

$247 Strategic Capital

$247 million of new commitments raised largely for the Investcorp Strategic Capital Partners Fund.

$90 Infrastructure

$90 million of new commitments raised for the ASIIP Fund.

BUSINESS REVIEW

INVESTMENT ACTIVITY

Private Equity

$1.2 billion

The aggregate capital deployed in **sixteen new private equity investments**, one existing strategic investment in a third-party technology-focused fund in the US and fifteen existing portfolio investments

Heritage Foods
Consumer
Hong Kong, China

CloudCare
Business services
Rome, Italy

Linkedcare
Healthcare
Shanghai, China

RoadSafe Traffic Systems
Industrial services – Supply chain services
Illinois, US

Investis Digital
Business services
London, UK

Safari Industries
Consumer
Mumbai, India

Resultant
Business services – Technology enabled services
Indiana, US

Sanos Group
Business services - Healthcare
Herlev, Denmark

Viz Branz
Consumer
Singapore

City Super Group
Consumer
Hong Kong, China

Unilog
Technology – E-commerce
Pennsylvania, US / Bangalore, India

XpressBees
Technology – E-commerce
Pune, India

Kindstar Global
Healthcare
Wuhan, China

WeDoctor
Healthcare
Hangzhou, China

FreshToHome
Technology – E-commerce
Bengaluru, India

Lu Daopei Medical
Healthcare
Beijing, China

Real Estate

$696 million

The aggregate capital deployed in **five new real estate portfolios**, and warehoused five additional properties which will be part of future portfolios.

SUNBELT MULTIFAMILY PORTFOLIO

Type: Multifamily properties

Locations: Phoenix, Arizona; Atlanta, Georgia and Dallas, Texas

No. of properties: 5

US NATIONAL INDUSTRIAL PORTFOLIO

Type: Industrial properties

Locations: Tempe, Arizona; Orlando, Florida; Piscataway, New Jersey; Minneapolis, Minnesota; Sacramento, California and Reno, Nevada

No. of properties: 39

UK INDUSTRIAL IV PORTFOLIO

Type: Industrial properties

Location: South Wales

No. of properties: 13

2021 MULTIFAMILY PORTFOLIO

Type: Residential properties

Locations: Atlanta, Georgia; Owings Mills, Maryland and Jacksonville, Florida

No. of properties: 5

2020 WAREHOUSE & LOGISTICS PORTFOLIO

Type: Industrial properties

Locations: Cleveland, Ohio; Columbus, Ohio; Cincinnati, Ohio and Chicago, Illinois

No. of properties: 32

Credit Management

$1.4 billion

The aggregate investment in **five CLOs** for the credit management business.

Strategic Capital

$42 million

The aggregate capital deployed in **one new strategic capital investment**.

EXITS AND DISTRIBUTIONS

Private Equity

$840 million

Total **private equity realization** proceeds and other distributions to Investcorp and its clients

Private equity exits included the sale of **ORKA holding**, one of Turkey's leading branded menswear retailers; the sale of **Kee Safety**, a leading global provider of fall protection and safe access solutions and products associate with working at height; the sale of 30% of Investcorp's stake in **Theeb Rent a Car Co.**, a leading car rental and leasing company in Saudi Arabia, following the listing of the company on the Saudi Stock Exchange ("Tadawul"); the sale of **Avira**, a multinational cybersecurity software solutions firm; the sale of **L'azurde**, the Arab world's leading designer, manufacturer and distributor of gold jewelry for the premium mass market, by Investcorp Gulf Opportunity Fund; and the sale of 20% of Investcorp's stake in **Bindawood Holding**, a leading grocery retailer in the Kingdom of Saudi Arabia, following the listing of the company on the Tadawul.

ORKA holding
Consumer products – Specialty retail
Istanbul, Turkey

Kee Safety
Industrial products
Birmingham, UK

Theeb Rent a Car Co.
Consumer services
Riyadh, Saudi Arabia

Avira
Technology – Security
Tettnang, Germany

L'azurde
Consumer products
Riyadh, Saudi Arabia

Bindawood Holding
Consumer products – Grocery retail
Jeddah, Saudi Arabia

Real Estate

$748 million

Total **real estate realization** proceeds and other distributions to Investcorp and its clients

Significant real estate exits included the realizations of six portfolios: **US Hotel Portfolio** (with the realization of Doubletree Tulsa); **2013 Office Properties Portfolio II** (with the realization of One Westchase Center); **Florida and Arizona Multifamily Portfolio** (with the realizations of Arcadia Cove, Midtown on Main, Aqua Deerwood, Highpoint Club, Montevista at Windemere and Tuscany Palms); **New York & California Multifamily Portfolio** (with the realizations of Highlands Apartment Homes & Atlantic Point); **2016 Residential Properties Portfolio** (with the realization of The Avenue) and **Boca Raton & Minneapolis Residential Portfolio** (with the realization of University Park).

A complete list of real estate properties realized in FY21 is below:


Doubletree Tulsa
Tulsa, Oklahama


One Westchase Center
Houston, Texas


Arcadia Cove
Phoenix, Arizona


Highlands Apartment Homes
Grand Terrace, California


Midtown on Main
Mesa, Arizona


Aqua Deerwood
Jacksonville, Florida


Highpoint Club
Orlando, Florida

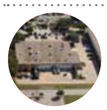

Montevista at Windemere[1]
Orlando, Florida

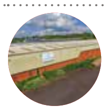

Tuscany Palms
Mesa, Arizona


Atlantic Point[1]
Bellport, New York


The Avenue
Indianapolis, Indiana

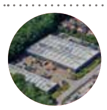

University Park
Boca Raton, Florida


Metric A&B Partial Sale
Austin, Texas


Oakwell
Leeds, England


Stadium Way
South Elmsall, England


Britonwood
Liverpool, England


Grosvenor Grange
Warrington, England


South Gyle
Edinburgh, Scotland

BUSINESS REVIEW

Southpoint
Glasgow, Scotland

Wooburn
High Wycombe, England

Mercury 3100
Orlando, Florida

Bel Air Keystone Ranch
Dallas, Texas

Centurion Park
Rotherham, England

263 Quigley/34 Blevins Partial Sale
New Castle, Delaware

7550 Plaza Court Partial Sale
Chicago, Illinois

Signature West
Atlanta, Georgia

Bel Air Willow Bend
Dallas, Texas

1 Assets were recapitalized by Investcorp. Investcorp and its subsidiaries continue to have a management role in these two properties. Investcorp maintains a direct equity investment in Atlantic Point and is considered a current portfolio.

Other Realizations and Distributions

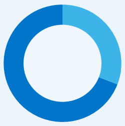
A total of $7 million of distributions to Investcorp and its clients was made from the Special Opportunities Portfolio VIII.

Total credit management realization proceeds and other distributions to Investcorp and its clients amounted to $1.4 billion over the period.

DIVERSITY, EQUITY AND INCLUSION

Commitment to Fostering a Diverse & Inclusive Workplace

GLOBAL GENDER



68% 32%

AVERAGE AGE PROFILE

39

Years

DIVERSE GLOBAL REPRESENTATION

~430

Employees

45

Nationalities

KEY HIGHLIGHTS

Talent Acquisition

The Firm's approach to hiring focuses on securing world-class talent with strong values and diverse representation across backgrounds, genders, and socioeconomic status. Effective fiscal year 2021, all open positions are required to shortlist a minimum of 50% of diverse candidates.

Accountability

Investcorp continuously reviews and enhances its internal policies to ensure that employee benefits and resources support the organization's priority to take care of employees through an integrated approach to healthcare, wellness and work-life flexibility.

Retention & Development

All employees and new hires undergo various DEI training on an annual basis. The Firm continually hosts global conversations, social events, and interactive roundtables for Firm-wide contribution. In addition, Investcorp holds regular interactive workshops with its employees to further strengthen awareness and improve its DEI objectives.

Our Culture

The Firm is committed to fostering an open, inclusive, equitable, and diverse culture, which promotes mutual understanding, transparency and dialogue. The DEI committee ensures that diversity measures are taken and enhanced across the Firm with a focus on each geography globally.

MEMBERSHIPS AND AFFILIATIONS

30% Club GROWTH THROUGH DIVERSITY

CEO ACTION FOR DIVERSITY & INCLUSION

100 Women in Finance

LEVEL 20

#100BLACK INTERNS

ilpa INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

The Firm's culture is fundamental to its success and aims to build an environment committed to its DEI values. The initiatives are integrated internally and DEI competencies are linked to all employees. A DEI page has been launched on the Investcorp intranet platform which is updated monthly with informative and culture enhancing themes.

As an organization, Investcorp is focused on being committed and accountable to its DEI goals, during fiscal year 2021 an all staff Engagement Survey was launched of which the results were reviewed and certain policies were introduced to enhance a more favorable work-life balance and create a better environment for employees.

Investcorp believes that providing opportunities to young and diverse students generates positive experiences for both the students and their mentors at the Firm, enabling them to broaden their skill set and enhance their paths to achieving their goals. With this in mind the Firm has launched local internship programs across all geographies.

As the world coped with the COVID-19 pandemic, Investcorp conducted a thorough analysis on the affects it has on its people, as a result all employees were provided with access to a platform which has a scientific approach for techniques to help reduce stress, enhance focus, and contribute to better sleep. Additionally, all employees were advised of, and able to access, a strictly confidential mental health hotline available 24/7 to help employees cope with any personal matters of mental wellbeing. This year's DEI focus has prioritized the focus on employees and how Investcorp can have a direct positive impact.

MAIN INITIATIVES

Inclusion

Encouraging collaboration, flexibility, and a sense of belonging within the organization by creating an environment all employees are able to participate in and contribute to with full potential.

Authenticity

Being authentic to the Firm's mission and vision whilst striving to create the best place to work, and continuously aiming to better. ourselves and our performance.

Adaptability

Continuously adapting to the everchanging communities globally and being aware of peoples' needs by adapting for a better environment, to the fullest of the Firm's capabilities.

Impartiality

Distributing resources based on the needs of employees and exemplifying fairness.

- No bias treatment
- No prejudgment
- No stereotypes
- No discrimination

Testimonials

Riya Patel
Investor Relationship Management

"It is a pleasure to interact with so many individuals from a variety of backgrounds across the Firm and externally. Investcorp fosters a positive environment, whereby employees are able to verbalise their own ideas and challenge the status quo. I strongly believe a diverse mix of voices leads to better discussions, decisions, and outcomes for the Firm."

Vitali Bourchtein
Private Equity, North America

"The diversity of our employees is crucial to our success and our ability to create and deliver value to our investors. I am proud of what the North America DEI Committee has accomplished over the past year, including the successful launch of a diverse summer internship program. Although we are still early in our journey, we are committed to enhancing all aspects of DEI at Investcorp and will strive to make sure that our actions advance that goal."

Ajay Kumar
Real Estate, India

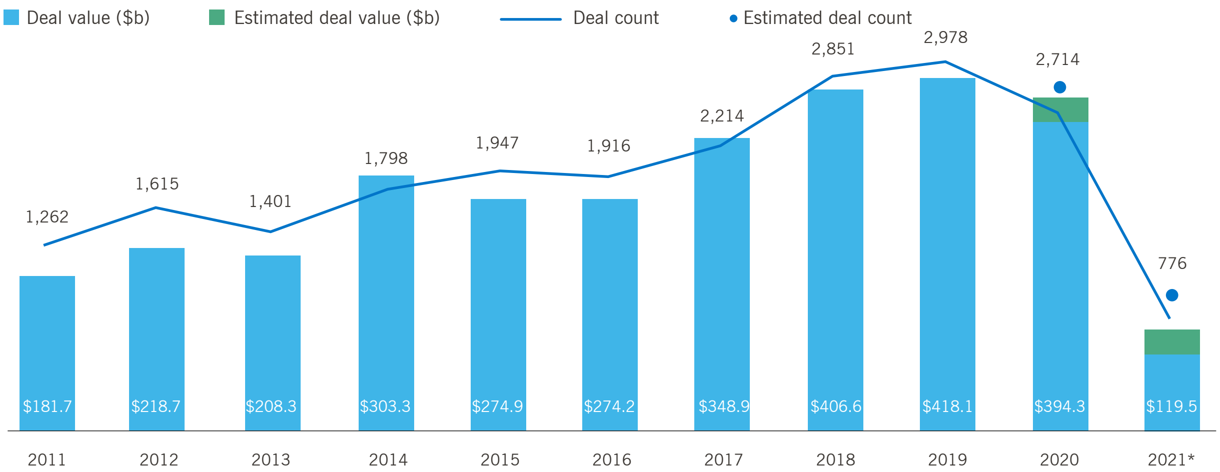
"With employees from 45 nationalities, Investcorp DEI journey is all about our commitment to celebrate people for their differences, provide employees equal opportunities and ensure that the diversity of nationalities, gender, culture, and values work in harmony for the larger benefit of the Company and society as a whole."

BUSINESS ENVIRONMENT

PRIVATE EQUITY – NORTH AMERICA AND EUROPE

US middle-market private equity (PE) deal activity was very strong during the first quarter (Q1) of calendar year[1] 2021, with deal count and value easily exceeding pre-COVID-19 Q1 2020 levels. According to Pitchbook, US PE firms closed 776 deals in the quarter for a combined $119.5 billion, the second highest quarterly deal value figure on record after Q4 2020. An abundant supply of inexpensive debt and the US Federal Reserve's continued accommodating monetary policies have helped sustain the dealmaking environment robustness which is expected to continue for the rest of 2021. Leveraged finance markets are currently highly supportive of dealmaking at elevated multiples, with buyouts frequently levered to 7x EBITDA or more (per Pitchbook).

US PE deal flow by year



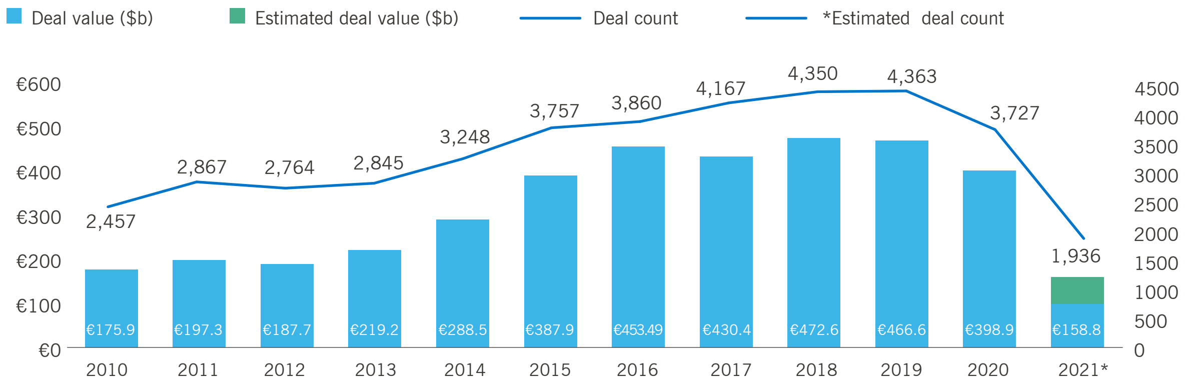
* As of March 31, 2021. Unknown values are estimated based on known figures.
Source: Pitchbook Q1 2021 US PE Middle Market Report

In Europe, deal flow started very strong in 2021. Deal value and volume both accelerated to quarterly records buoyed by increased middle-market activity (deals sized between €100.0 million and €500.0 million) and rising micro-cap transactions (deals sized under €25.0 million), respectively. According to Pitchbook, European dealmakers closed on 1,936 transactions totaling to €158.8 billion, a year-on-year increase of 79.9% and 28.5% respectively. A few factors contributed to the heightened deal activity, including but not limited to the revival in the leveraged lending markets, willing sellers taking advantage of heightened valuations, and pent-up demand from general partners (GPs) eager to put their record levels of dry powder to work. As expected, the proportion of IT deal volume hit 24.7%, indicating the resistance of the sector to the pandemic. The ubiquitous stay-at-home orders in Q1 2021 continued to drive e-commerce, collaboration platforms, and SaaS adoption. Many of the pandemic-induced changes in consumer and business behavior will likely be permanent, not temporary shifts, pushing sponsors to position portfolios to take advantage of the digitization megatrend. Bolt-on acquisitions in Q1 2021 reached a new high representing 70.9% of all buyout deal activities.

1 All reference to dates in the business environment section refer to calendar year, unless otherwise stated

BUSINESS REVIEW

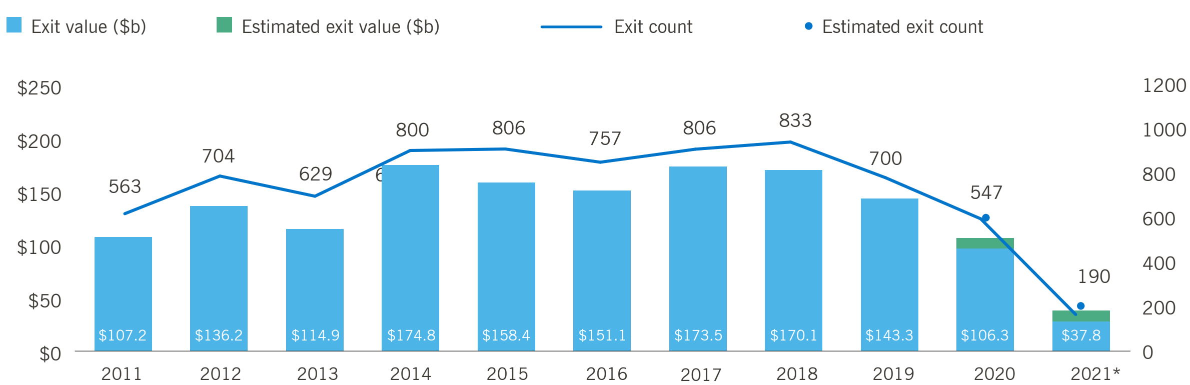
Europe PE deal activity



* As of March 31, 2021. Unknown values are estimated based on known figures.
Source: Pitchbook Q1 2021 European Breakdown Report

The US PE middle-market exit environment began to normalize in Q1 2021 resulting in healthy exit numbers of 190 transactions for a combined $37.8 billion in the quarter. However, some of this activity represents spillover from 2020's slowdown. According to Pitchbook, holding times ticked up by approximately three quarters, meaning that many companies sold in 2021 were likely slated to be sold in 2020 before the COVID-19 pandemic hit. Middle-market GPs benefited from a range of favorable exit opportunities in Q1, including sponsor-to-sponsor exits, sales to strategic buyers, as well as public listings, including via SPACs. Sponsor-to-sponsor deals, which dropped off in 2020 due to pricing mismatches between sellers and buyers seeking "COVID-19 discounts", are now growing as a percentage of middle-market PE exits.

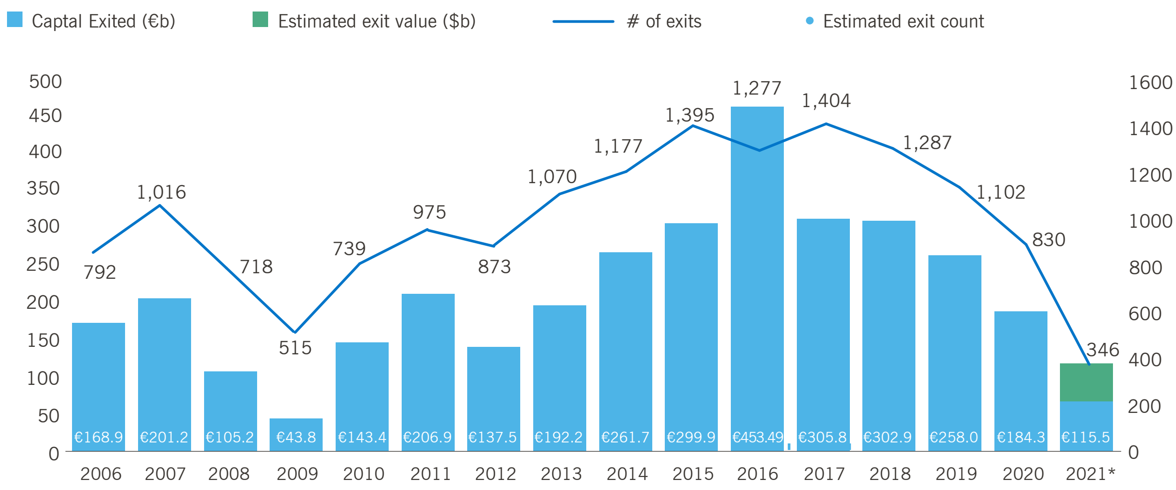
US PE-backed exits



* As of March 31, 2021. Unknown values are estimated based on known figures.
Source: Pitchbook Q1 2021 US PE Middle Market Report

European PE-backed exits activity also had a very strong start to 2021. According to Pitchbook, exits in Q1 2021 amounted to over €115.5 billion - a new quarterly top - across 346 transactions, a year-on-year increase of 33.0% and 150.4%, respectively. This increase is mainly caused by ten years of strong deal making, meaning fund lives are coming to an end, forcing sponsors to now seek exits from a number of portfolio companies. In addition, 2020 was a particularly subdued year with regards to exit activity due to the ongoing pandemic which pushed back many exit processes and ignited pent-up demand from managers moving into 2021.

European PE exit activity



* As of March 31, 2021. Unknown values are estimated based on known figures
Source: Pitchbook Q1 2021 European Breakdown Report

PRIVATE EQUITY – MENA

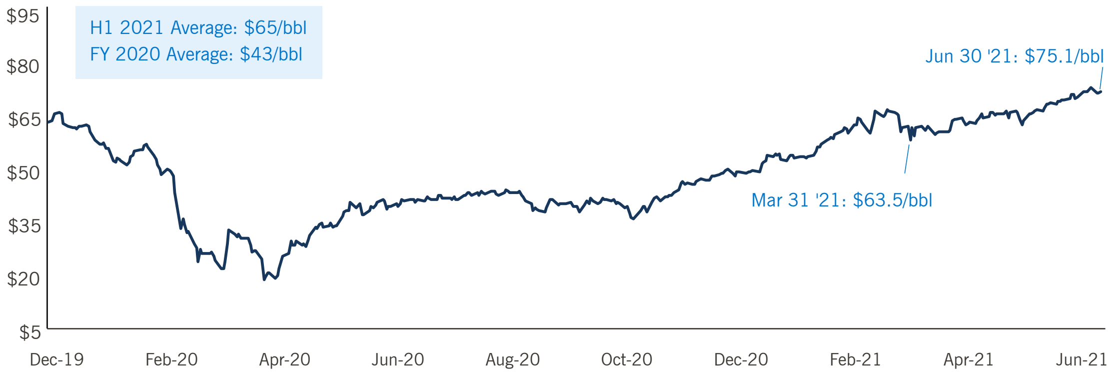
The beginning of 2021 marked a positive sentiment in oil prices driven by the announcement of stimulus plans in the US, vaccine rollout efforts, rebound in Chinese crude oil imports and the OPEC+ decision to further roll over its nearly 8 mb/d of oil production cuts until May 2021. The bullish sentiment, however, was largely held in check with overall crude oil prices averaging $61.3 per barrel in Q1 2021 as worries over oil demand in India (third largest oil importer in the world) amid record daily coronavirus infections and the emergence of more virulent coronavirus strains outweighed positive economic data from Europe and the US.

Oil prices continued to increase in Q2 2021 averaging at $69.1 per barrel, benefitting from renewed oil demand optimism as the vaccine rollout in advanced economies gathered pace leading to easing of mobility restrictions, although the critical public health emergency in India and rising coronavirus cases in Brazil remained key sources of near-term demand concern. In the US and Europe, road and air traffic improved considerably, according to high frequency mobility data. In the US, demand for gasoline reached within 5% of the pre-pandemic level, while in China, oil consumption is believed to have reached above pre-pandemic levels.

Overall, crude oil prices averaged at $65.2 per barrel during the first half (H1) of 2021, up 51% from the $43.2 per barrel average in 2020. The U.S. Energy Information Administration in its July 2021 report projects oil prices to average at $68.8 per barrel in 2021 reiterating that gains in oil demand are contingent on an acceleration in the rollout of vaccines and robust efficacy against new COVID-19 variants and that concerns of viral resistance to the currently available vaccines and another round of mobility restrictions being triggered as a result is a key downside risk factor.

BUSINESS REVIEW

Brent Crude Oil Price: July 1, 2020 – June 30, 2021 ($bbl)

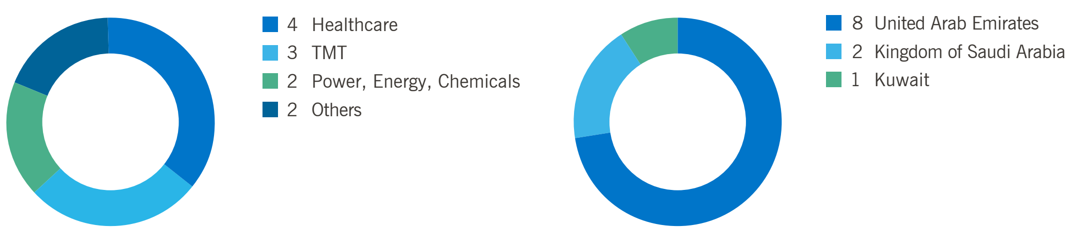


Source: Bloomberg

During H1 2021, the GCC stock exchanges registered two IPOs in Saudi Arabia and one IPO in Qatar with total capital raised of approximately $462 million compared to two IPOs in H1 2020 with total capital raised of approximately $747 million.

H1 2021 recorded 55 M&A transactions in the GCC region, compared to 37 transactions in H1 2021 (+48%). Transactions led by a financial buyer stood at eleven in H1 2021 compared to 14 transactions in H1 2020. Healthcare and Technology, Media, and Telecommunications were the most active sectors, with the UAE being the most active market. During the same period, there were five exits by a financial investor.

Breakdown of GCC Private Equity Transactions in H1 2021 (January 1 – June 30, 2021)



Source: Merger Market, Investcorp Analysis as of June 30, 2021

Note: Others includes Industrials and Transportation

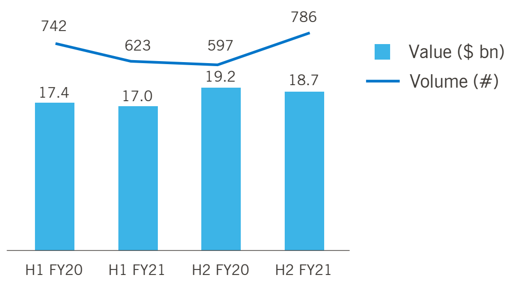
During H1 2021, there were 14 IPOs in Turkey with a total capital raised of approximately $919 million. On the M&A front, Turkey recorded 49 M&A transactions in H1 2021 compared to 36 transactions in H1 2020 (+36%). Transactions led by a financial buyer increased to seven in H1 2021 compared to eight transactions in H1 2020. During the same period, there were six exits by a financial investor.

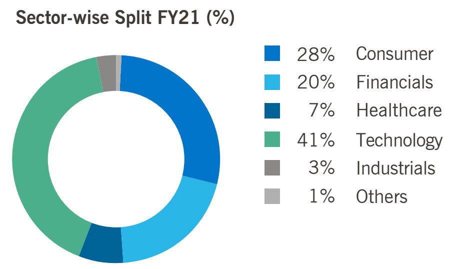
PRIVATE EQUITY – INDIA

Investment Activity

India witnessed a strong deal momentum during the second half (H2) of fiscal year (FY) 2021 despite the impact of the second COVID-19 wave during April to May 2021. Deal volumes in H2 FY21 were up 26% on a year-on-year basis whereas the deal values were up 10% year-on-year. For the entire FY21, deal volumes were broadly similar to FY20 whereas the deal values were up 10% compared to FY20. The higher deal value in FY21 can also be partly attributed to the large investments in the group entities of Reliance Industries (Jio Platforms and Reliance Retail) worth approximately $7 billion.

Companies focused on technology/tech-enabled businesses received a major chunk of PE/VC investments during FY21 as COVID-19 accelerated demand for digital channels and spiked user adoption of on-demand, at home services.





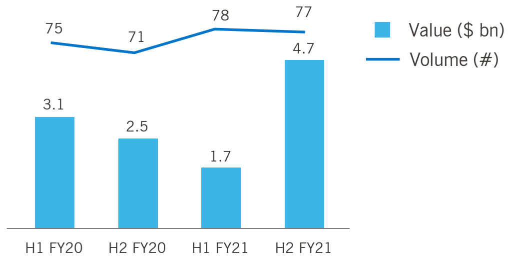
Source: VCCEdge, Bain India Private Equity Report (2021)

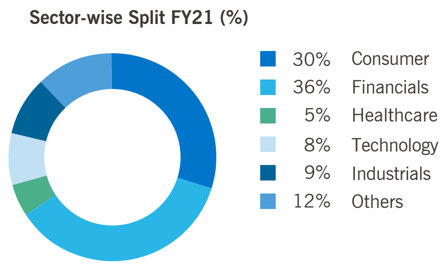
Exit Activity

Capital markets were buoyant in FY21 on the back of sooner-than-expected business recovery, strong foreign institutional investor (FII) inflows, and COVID-19 vaccine approval and administration. IPO markets saw 36 listings in FY21 compared to ten listings in FY20. As a result, exits were marginally higher in FY21 compared to FY20 despite the impact of COVID-19 first and second wave.

Strong IPO momentum is likely to continue going forward as the second wave of COVID-19 has largely subsided in India and companies have reported strong earnings. Several PE/VC backed large consumer-tech companies such as Zomato, Flipkart, PayTM, and Nykaa are expected to go public soon.

In FY21, PE exits were up 88% year-on-year in value and 8% in volume.





Source: VC Edge

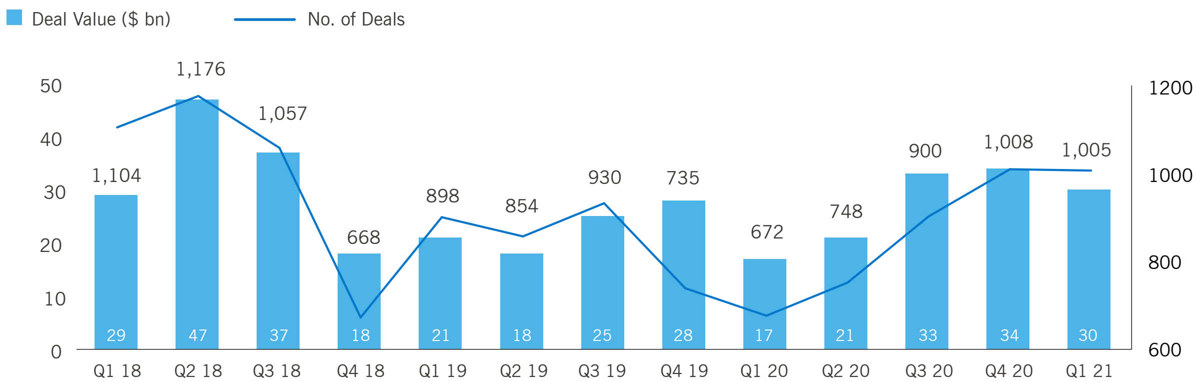
Fundraising Activity

Fundraising activity declined in FY21 compared to FY20, with LPs growing cautious of the uncertain macroeconomic environment. However, surveys indicate that funds are positive about fundraising going forward.

PRIVATE EQUITY – ASIA

In China, the total deal value of PE investments reached a new record high in Q1 2021 compared with same quarters in the previous three years. As of Q1 2021, 1,005 PE transactions were announced in China, totaling $30 billion in deal value. Deals showed an increase of 50% and 76% on a year-over-year basis in terms of number of deals and deal value respectively. IT and biotech/healthcare remain the most active sectors, which together account for approximately 42% of the total deal number in Q1 2021.

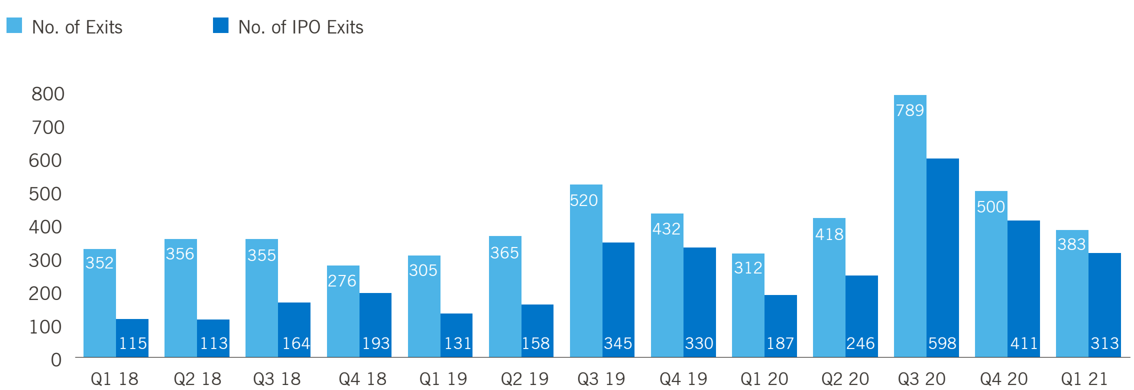
China PE deal activity



Source: PEdata as of April 28, 2021. Note: Assuming FX (USD/CNY) of 6.5

As of Q1 2021, 383 PE transactions were announced in the China exit market – representing a year-over-year increase of 23%. Of these transactions, 313 PE-backed IPO exits have taken place in Q1 2021, a 67% year-over-year increase, driven by the strong IPO markets across Mainland China, Hong Kong and the US.

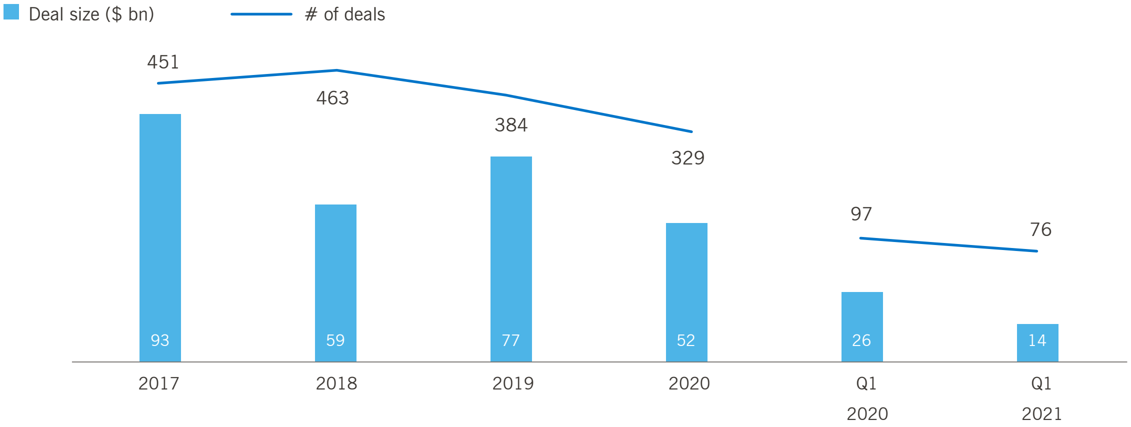
China PE exit activity



Source: PEdata as of April 28, 2021

As of Q1 2021, Southeast Asia recorded 76 deals with a total value of $14 billion representing a 46% decline in total deal value and 22% decline in total number of deals compared to Q1 2020. Deal activity in the region continues to be affected by the COVID-19 pandemic situation, although countries like Singapore and Thailand made progress flattening the contagion curve with effective measures and vaccination programs.

M&A activity - Deals in Southeast Asia, 2017 – Q1 2021



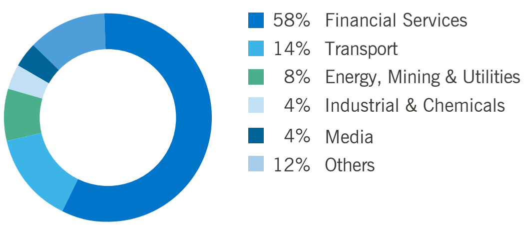
Source: Merger Market Report Q1 2021

Financial Services recorded the highest deal value in the region totaling over $8 billion across seven deals, followed by Transport ($ 2 billion and four deals) and Energy, Metals & Mining ($1.1 billion and ten deals). Singapore was the top country in terms of total deal value (65% of total) and Indonesia was second (18%) driven by the strong interest from inbound deals with $2.4 billion across 60 deals.

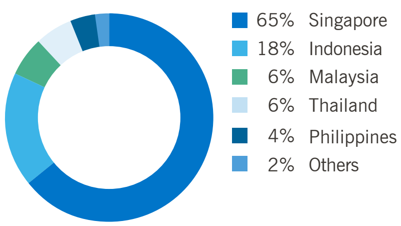
The region has seen an increase in PE buyout activity during Q1 2021 with $3 billion of capital deployed across 12 deals (highest quarterly deal value since Q4 2019) led by investments in the Technology sector.

M&A activity – Deals breakdown in Southeast Asia - Q1 2021

Sector breakdown by deal value Q1 '21



Country breakdown by deal value Q1 '21



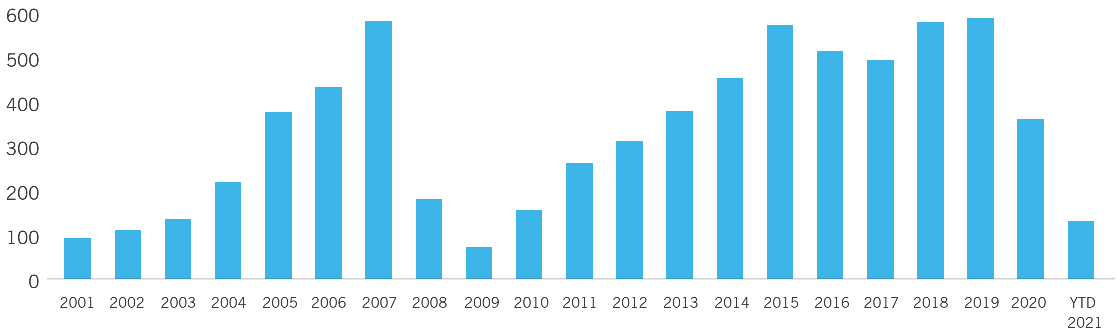
Source: Merger Market Report Q1 2021

REAL ESTATE INVESTMENT – NORTH AMERICA

As the rate of COVID-19 cases begins to stabilize and with the introduction of vaccines, states and cities have loosened quarantine requirements and restrictions related to travel and business operations. Over the past-year, commercial real estate market fundamentals in the US have continued to vary, depending on which asset class is being considered, with industrial and multifamily leading in terms of performance. Investcorp continued to see rent collections in the mid to high 90% range through March 2021 across its US real estate portfolio (above the national average). This is largely due to Investcorp's primary investment focus on the industrial and residential spaces. Per Real Capital Analytics, US real estate transaction volume was down 28% in Q1 2021 compared to the same period a year prior due to COVID-19 impacts. However, it is expected that Q1 2021 will be the last quarter where a large year-over-year decline in deal volume will be seen as states reverse shutdown mandates and gain an understanding of how to conduct business in the current market environment. Investcorp's decision several years ago to focus mainly on residential assets (multifamily and student housing) and industrial, has proven prudent in the current market.

BUSINESS REVIEW

Transaction Volume ($ billions)



* Year-To-Date ("YTD") through Q1, 2021; Source: Real Capital Analytics, Inc. Q1, 2021

US market fundamentals for the **industrial sector** remained robust through Q1 2021. The sector has shown that it is well positioned to benefit from the COVID-19 crisis and to lead the economic recovery. According to CBRE, there continues to be strong indicators of ongoing durability in the sector, which included net asking rents rising 7.1% year-over-year and vacancy remaining historically low at 4.4% as of Q1 2021. In addition, Q1 2021 recorded positive net absorption of 99.3 million sq. ft., which is the 44th consecutive quarter of positive net absorption. Further, Q1 2021 was the third strongest quarter in the last 11 years for net absorption, almost 60% above the quarterly average. Experts are of the view that the COVID-19 crisis has accelerated an ongoing transition of consumer spending from brick-and-mortar retail to online shopping, creating higher demand for warehouse space. Despite 376 million sq. ft. of industrial space currently under construction, increasing demand from e-commerce and historically strong preleasing is expected to keep asking rates high and continue to push vacancy rates to record lows. Additionally, there is renewed interest from both corporations and the government to bring more manufacturing and warehousing/storage back to the US as a result of the disruptions to the US supply chains from COVID-19. Low availability rates and strong leasing demand have resulted in sustained rent growth. The average net asking rent grew by 2.2% quarter-over-quarter as of Q1 2021 to $8.44 per sq. ft. – the 38th consecutive quarter of rent growth. Strong fundamentals through Q1 2021, increased the need for supply chain diversification, and shifting consumer sentiment provide strong evidence of continued growth of the industrial sector.

While the US economy was impacted by nationwide job losses due to strict stay-at-home orders issued by most states because of COVID-19 in March 2020, fundamentals in the **"for rent" multifamily sector** remain relatively strong. Suburban submarkets (where Investcorp invests) continue to outperform urban markets due to COVID-19 and continued remote-working arrangements. The multifamily market stabilized in Q1 2021, one quarter earlier than expected, on the heels of a COVID-19 vaccine and additional fiscal stimulus and should experience solid performance throughout the rest of 2021. In 2020, owners saw a significant increase in tenant renewals which offset any short-term reduction in new leasing and has had the net effect of maintaining strong occupancy. Vacancy rates as of Q1 2021 remain low at 4.7%, which was up slightly (20 basis points) from the prior quarter. The average rent rose 0.4%, the first quarterly increase since Q1 2020. According to the National Multifamily Housing Council, rent collections have improved to the mid 90% range nationally across all sub-asset classes; this level is generally consistent with historical collections. Despite the impact of COVID-19, demand for Class B, renter-by-necessity, multifamily housing (Investcorp's focus) has remained very strong. This is evidenced by Investcorp collecting 96% of rents across its multifamily portfolio for Q1 2021. Among investors, the multifamily sector continues to be viewed as a safe haven.

The **US office sector** was negatively impacted by the strict stay-at-home orders issued by most states starting in March 2020 due to COVID-19, which has led to a downturn in performance. Despite the significant drop in actual office occupancy, credit-quality tenants have continued to pay rent, as is shown by Investcorp's office portfolio collection rate remaining in the mid to high-90% range since the onset of the pandemic. According to CBRE, in Q1 2021, the office market recorded 34.8 million sq. ft. of negative net absorption, the largest quarterly decline since 2001. Overall office vacancy rose by 1.0% quarter-over-quarter to 16.0%, the highest level since 2012. While leasing activity continued to be down in Q1 2021, leasing professionals reported increases in touring activity and prospective tenant inquiries. This interest suggests a possible improvement in figures in Q2 2021. Average gross asking rents in Q1 2021 declined by 1.6% year-over-year to $34.72 per square foot. A recent study by the Partnership for New York City shows that 62% of New York City employers expect employees to return to the office by September 2021, a 17% increase from three months prior. With New York City as the bellwether, other cities should expect to see a gradual return to office in the near period, which is expected to bring back a return in property performance.

The **US student housing sector** has historically performed well during prior recessionary periods and was experiencing strong performance in both occupancy and revenue growth before COVID-19 impacted the US in 2020. The impact of COVID-19 has led to varying performance depending on the student housing market. Primary markets with large public universities (where Investcorp's student housing assets are located) have fared much better than secondary student housing markets with smaller or private universities. Each underlying university experienced varying performance in the 2020-2021 academic year depending on the school's policy on in-person classes. However, for universities that did not fully re-open, a high percentage of students still returned to their schools. Despite COVID-19, effective asking rents remained relatively flat year-over-year in the spring of 2021 and saw growth of about 1% since fall 2020. Nationwide occupancies are rebounding, with Q1 2021 vacancy at 10.4%, a significant improvement from the 12.0% posted in Q3 2020, and only about 1.5% higher than Q1 2020 (the height of COVID-19). With a majority of the country's largest university systems, including the University of California and University of Texas systems, having indicated plans to return to campus in the fall, it is expected that the student housing asset class will continue to be a strong performing asset class, as it is defensive in nature and has outperformed other asset classes in recent years.

REAL ESTATE INVESTMENT – EUROPE

United Kingdom

The UK economy contracted sharply in 2020 with GDP falling 9.8% due to strict lockdowns and the emergence of the Alpha COVID-19 variant. For the UK industrial and logistics sector however, 2020 proved to be a record-breaking year in which the sector saw unprecedented levels of occupational and investment demand which have continued in H1 2021. During Q1 2021, UK industrial and logistics take-up reached 14.7 million sq. ft., making the last 12 months the most active period on record. Retailers, parcel delivery companies and third-party logistics accounted for the majority of demand. This increase in demand for space combined with the lack of supply continues to put upward pressure on rents, with prime rents growing on average 6.2% p.a. since Q2 2020.

In Q1 2021 investment volumes for UK logistics reached £2.7 billion, the highest Q1 level seen in more than five years. Prime yields for logistic assets remain under downward pressure and now stand at 3.75%. The long-term outlook for the sector remains positive as the COVID-19 pandemic has accelerated ongoing structural market trends, with e-commerce making up an ever-increasing share of retail distribution channels.

In the office sector, take-up totalled 2.0 million sq. ft in Q1 2021, an increase of more than 200% when compared to Q2 2020. Despite this increase in take-up, leasing activity remains well below the five-year quarterly average of 3.6 million sq. ft. As lockdown restrictions continue to ease, regional office markets are expected to rebound in H2 2021. Encouragingly, despite subdued take-up levels, record rents have been achieved in many markets, providing evidence that occupiers are prepared to pay top rents for quality office schemes. As many companies seek to encourage employees to return to the office, the importance of office as a space for learning, collaboration and well-being is becoming increasingly prominent.

Investment volumes in the UK office market (including London) reached £1.07 billion at the end of Q1 2021, a 32% decrease on the long-term average for deals recorded in the first quarter. Prime regional office yields have remained stable at 5.00% since April 2020, when yields increased 25 basis points in response to the pandemic. Yields are forecast to remain stable in the near term.

Germany

After more than a year of the COVID-19 pandemic, which saw GDP contract by 4.9% in 2020, the German office markets have remained largely resilient to the crisis. After the third wave of COVID-19 infections in early 2021 and a resulting lockdown, restrictions were largely relaxed in June 2021. The vaccination program accelerated significantly in Q2 2021 and infection rates in June 2021 were very low by international comparison. The Ifo Business Climate Index rose sharply in June 2021 as business optimism for the second half of the year increased. GDP growth of 3.8% in forecast for 2021 and the unemployment rate is expected to decrease from 3.8% to 3.6% in 2022.

BUSINESS REVIEW

The ‘Big 7’ German office markets (Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich and Stuttgart) recorded take-up of approximately 1.2 million sq. m. in H1 2021, which represents a 1% year-on-year increase. Corporate reluctance to relocate to new premises has kept the volume of new leases below the 10-year average level in H1 2021. The amount of office space in all of Germany’s top 7 cities that is available at short notice grew slightly during the first two quarters of 2021, on average by 1.1 %. The average vacancy rate across the ‘Big 7’ increased from 3.8% to 3.9%. Despite this minor increase, the vacancy rate remains low with quality space in short supply, this is evident in rental rates which have seen little change with prime rents in the ‘Big 7’ remaining stable in H1 2021.

With occupational demand somewhat subdued during H1 2021, take-up is expected to rebound in the remainder of the year. Due to the uncertain economic situation, many companies have paused their leasing decisions in the short term however, with greater clarity as the pandemic progresses and the vaccination program gains traction, companies will become more active once again, generating more demand in the office market. Since companies require a lead time for their plans, a noticeable increase in letting activity is mainly expected from Q4 2021.

Overall, the investment market for offices located in Germany’s top 7 cities was gathering momentum by the end of Q2 2021 with transactions totaling €12.5 billion. Prime yields remained stable in H1 2021, having remained unchanged from 2020. Due to greater demand for core real estate, the average prime yield on offices contracted slightly to 2.88 % (-0.05 percentage points). Yields are likely to decline further in the near term as appetite for German offices remains robust with investors keen to deploy capital in the sector. The investment market for core plus and value-added office product, which saw very little transaction activity in 2020, showed signs of recovery in Q2 2021.

The Netherlands

The Dutch economy fared relatively well in 2020, contracting by 3.7% compared to the euro-zone average of 6.8%. The downturn was less severe as compared to European countries due to less strict lockdowns. GDP growth of 2.7% is forecast for 2021 with an unemployment rate of 4.3% in 2021, rising to 4.4% in 2022. The Netherlands started to ease COVID-19 lockdown measures in Q2 2021 as the country came out of its third wave of infections, allowing employees to return to the office. As is the case in Germany, it is expected that the easing of restrictions and opening of the economy will lead to a recovery of the occupational office market in the second half of 2021.

Office take-up in the Netherlands was approximately 402,000 sq. m. in H1 2021, a 29% decrease compared to H1 2020. Expansion or relocation plans of office occupiers were predominantly put on hold. Thus, despite declining take-up, the vacancy rate in the Netherlands remained stable around 8.2%.

Prime office rents in The Netherlands remained stable in Q1 2021. In secondary locations, incentives have risen which has impacted net effective rents. The office investment volume in Q1 2021 declined by 65% to €472 million compared to the same period last year. Prime office yields remained stable in H1 2021 at 2.85% as investors focused on low-risk core investments with prime tenants and long-term leases. As is the case in Germany, there are signs that the investment market for core plus and value-added product is rebounding as of Q2 2021.

Belgium

The Belgian economy was severely impacted by COVID-19 in 2020 with a decline in GDP of 8%. Lockdown restrictions continued to drag on activity in Q1 2021, however, the easing of restrictions in mid-April 2021 alongside the rollout of the vaccine has led to a pickup in momentum, with record quarterly growth forecast in Q3 2021. GDP growth of 4.3% is forecast for 2021 with unemployment expected to gradually decrease to stand at 6.7% at the end of 2023.

Occupational take-up in Brussels totaled 110,000 sq. m. in Q1 2021, which is the second best start to the year since 2015, although this was driven by a relatively small number of deals. Most large occupiers continue to adopt a ‘wait-and-see’ approach to their office space requirements. The office market vacancy rate remained stable at 7.5% in Q1 2021, as did prime rents.

Commercial real estate investment activity in Brussels remained in line with previous years at €535 million (Q1 2021), however, two large owner-occupier transactions accounted for more than 60% of the total. Prime yields remained stable at 3.5% which is a historic low. Appetite for core products remains strong.

REAL ESTATE INVESTMENT – INDIA

Global Trends

Q1 2020 was the second consecutive quarter to register residential quarterly sales that surpassed the 2019 pre-COVID-19 average. Residential sales were impacted in the months of April and May due to the second COVID-19 wave in India. Sales activity restarted in June and has shown initial signs of a continued recovery in residential real estate. The COVID-19 pandemic reinforced the need for home ownership and the requirement for larger homes, which coupled with other factors such as multi-decade low home loan interest rates, competitive house prices, developer driven flexible payment schemes as well as stamp duty cuts in key micro-markets, is expected to serve as a catalyst to reignite latent demand.

Investments

Investor activity bounced back sharply in Q1 2021. Q1 witnessed investments in the real estate sector to the tune of $3.2 billion, which is equivalent to 80% of that witnessed in full year 2020 and 48% of full year 2019. The recovery in investments (in value terms) was primarily driven by the office and retail segments. The recovery was evident in volumes (number of deals) as well. Q1 2021 witnessed 19 deals compared to 21 deals in the entire 2020. The residential segment witnessed investments totalling $234 million in Q1 2021. The investor preference, which had moved from equity to debt in the last decade, again tilted in favour of equity in 2020 and Q1 2021, indicating a resurgence in risk appetite. The office segment witnessed investments worth $2.1 billion in Q1 2021, which is equivalent to 92% of that witnessed during the full year 2020 and 72% of investments during entire 2019. The retail segment witnessed investments worth $484 million compared to $220 million during the full year 2020.

Residential Sector

Sales recorded in Q1 2021 were higher by 17% over the previous quarter. The Q1 2021 sales were also 17% higher than the 2019 quarterly average sales. In addition to other factors as highlighted above, continuation and permanent adoption of work from home by the IT industry provided a boost to sales.

Healthy growth in sales also encouraged developers to launch new projects. New launches were 36% higher than 2019 quarterly average launches.

India Market Snapshot (Quarterly)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 21 YoY Growth (%)	Q1 21 as % of 2019 Qtr Avg.
Sales (Housing Units)	9,632	33,403	61,593	71,963	44%	117%
Launches (Housing Units)	5,884	31,106	55,033	76,006	38%	136%

Going forward, with expectation of rapid vaccination progress and economic aspirations to return to normality, activity levels are expected to improve once important vaccination milestones are achieved.

Commercial Office Sector

Keeping pace with the recovery momentum witnessed during Q4 2020, gross leasing activity recorded a 5.3% quarter-on-quarter growth with 12.2 million sq. ft. of Grade A office space leased during Q1 2021. Mumbai accounted for the highest share (24%) in the quarter, followed by Bangalore (20%) and Delhi-NCR (17%). On an annual basis however, Q1 gross leasing was lower indicating a dip in the market activity given the ongoing pandemic. Despite an improvement in gross leasing momentum on a quarterly basis, the net absorption across cities has been lower on the back of continued portfolio optimisation which caused a spike in vacancy levels.

BUSINESS REVIEW

India Market Snapshot (Commercial Office – Quarterly)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Transactions Mn sq.m (sq. ft.)	1.4 (14.6)	0.2 (2.6)	0.4 (4.7)	1.6 (17.5)
Transactions as % of 2019 Quarterly average	96%	17%	31%	115%
New completions Mn sq.m (sq.ft.)	1.2 (13.2)	0.5 (5.2)	0.7 (7.1)	0.9 (10)
New Completions as % of 2019 Quarterly average	86%	34%	47%	65%

The last 2-3 quarters have witnessed instances of consolidation as well as rebalancing of portfolios among large occupiers. While the former has resulted in rising vacancy levels across cities, it has also enabled tenants, holding large office real estate prior to the pandemic, to re-evaluate their footprint and future leasing plans.

As occupiers continue to review, revise, and fine-tune their space strategies over the next 3-9 months, Investcorp expects market activity could remain flat in the short term with limited deal closures. Investcorp also expects some delays in completion of projects due to COVID-19 related lockdowns.

Change in business sentiments depending on the severity of any future waves and its containment as well as timely completion of projects with significant pre-leased spaces could have a positive impact on the net absorption in H2 2021.

Sources: Knight Frank India Research for Q1 2021 (PE Investments and Residential Sector Update), Cushman & Wakefield India Research for Q1 2021 (Office Sector Update)

ABSOLUTE RETURN INVESTMENTS

Hedge funds delivered performance of 4.8% for the second half of FY21, as measured by the HFRI Fund of Funds Composite Index.

Global macro discretionary funds posted a strong second half of FY21 with the HFRI Macro (Total) index up 7.90% and the HFRI Macro: Discretionary Thematic index up 6.2%. Overall returns over the last six months for macro managers have been mixed. Many managers were positioned for the “reflation’ trade and got caught off guard as the US treasury curve flattened and the US dollar strengthened towards the end of FY 2021. Performance was led by commodity managers with the HFRI Macro: Commodity index up 14.8%. Managers were able to profit from the strong returns in the energy, agriculture and industrial metals sectors. Subdued volatility in FX markets was generally more challenging for FX focused managers with the HFRI Macro: Currency index returning -1.5%.

Commodity trading advisors (‘CTA’) posted solid returns in H2 FY21, broadly in line with global macro discretionary managers. The HFRI Macro: Systematic Diversified index gained 7.5% and the Societe Generale CTA index was up 6.5%. CTA managers have been beneficiaries of long and continuous trends, particularly in equity and commodity markets; including a diversified long equity positioning across US, Asia and emerging markets, and persistent trends across the commodity complex including industrial metals, energy and the agricultural complex.

Equity market neutral (EMN) strategies performed better in H2 FY21 than H1 FY21 as represented by the HFRI EH: Equity Market Neutral Index which was up 5.2%. The “value” factor made a long-awaited resurgence after underperforming “growth” for an extended period of time. Fundamentally orientated EMN managers and quantitative EMN managers were broadly on par.

Fixed income relative value (FIRV) strategies underperformed in H2 FY21, as represented by HFRI RV: Fixed Income – Sovereign Index which advanced by only 1.8%. Subdued fixed income volatility levels from significant central bank intervention have weighed heavily on the strategy.

Convertible arbitrage strategies were unable to maintain their very strong momentum from H1 FY21 but were still up 4.6% as represented by the HFRI RV: Fixed Income Convertible Arbitrage Index. The new issuance calendar remains very robust helping managers that are active in the primary market. However, falling volatility levels and already tight credit spreads meant that much of the returns were made in the preceding six months.

Credit funds were up 7.3% in H2 FY21 as measured by the HFRI: Credit Arbitrage Index. Credit spreads across US and European credit markets have continued to retrace in 2021 and have exceeded the tight levels of early 2020 in all areas except European Loans. High yield has continued to outperform investment grade as the broader market environment continues to normalize. Returns have been strong across sub-strategies with the Distressed strategy as represented by the HFRI ED: Distressed/Restructuring Index rising by 14.8% in H2 FY21, closely followed by the HFRI ED: Special Situations Index at 13.0%.

Equity long/short (L/S) hedge funds finished the second half of FY21 up 12.7% as measured by the HFRI: Equity Hedge (Total) Index. Equity long / short managers have benefitted from buoyant equity markets, that have been driven by significant monetary and fiscal stimulus and the strong rebound in earnings after the initial shock of COVID-19. Cyclical and value sectors such as Energy, Financials and Industrials have performed particularly well. Performance has also been diverse geographically with European markets, for example, keeping pace with the US for the first time in a while.

Event driven funds were up 11.5% over the second half of FY21 as measured by the HFRI Event Driven (Total) index. Key sub-strategies such as activism (HFRI ED: Activist index, +13.0%) and special situations (HFRI ED: Special Situations index, +13.0%) posted strong gains. The HFRI ED: Merger Arbitrage Index lagged in absolute terms, delivering a positive return of 8.6% in H2 FY21, however with its inherently more conservative risk profile it did well on a risk-adjusted basis. Managers also benefited from the rotation into cyclicals / value due to the COVID-19 vaccine news as well as more opportunistic "economy reopening" trades in leisure and travel companies for example. Some event driven managers also successfully played the exuberant SPAC market in January and February.

CREDIT MANAGEMENT

US MARKET

The credit environment is expected to remain favorable in H2 2021. The global economy is continuing its post-pandemic recovery, central banks remain accommodative, capital markets are accessible to borrowers and credit fundamentals are improving. These factors drove strong H1 returns for high yield (HY) and leveraged loans of 3.89% and 3.48%[2] , respectively which are expected to extend into H2. Demand for leveraged loans, given their low duration and floating rate nature, should benefit from continued concerns about rising rates that drove strong returns in H1 2021.

Credit fundamentals continue to improve as a sharp post-pandemic economic recovery has accelerated into Q3 2021. Revenue and EBITDA are increasing, leverage is declining (from a spike of 6.41x in Q2 2020 down to 5.36x as of Q1 2021[3]), default activity is low and these improving trends are expected to accelerate as the anniversary of the weakest quarters during the pandemic is approached. Borrowers have taken advantage of favorable capital markets conditions to improve liquidity and extend maturities. The current 1.25% trailing twelve-month default rate is significantly down from a peak of 4.17% in September and the current distress ratio of 1.02% is at the lowest level since November 2014[4] . Default rates are expected to remain below average for the remainder of 2021 and 2022 with most strategists calling for 1.0%-2.0% through 2021.

Despite record low yields for bonds and loans, continued strong performance for leveraged credit is expected. On a relative value basis, loan yields look attractive compared to high yield bonds. Yields for the HY bond index (4.37%) are only 21bps above that of loan issuers (4.16%), compared to a 92bps gap for the cross issuer base since 2010[5].

From a technical perspective, demand for loans remains robust. CLO issuance ended at a record $79 billion[6] in H1 and is projected to reach $140 billion for the full year[7] which would surpass the full year record of $129 billion in 2018. Inflows into loan retail mutual funds and ETFs have been averaging over $750 million per week year-to-date[8] as investors, worried about rates, continue to favor the floating rate nature of loans.

On the supply side, given extremely low yields, 2021 has seen a record pace of leveraged credit issuance ($330 billion in leveraged loans and $286 billion in HY bonds[9]). The total market size outstanding surpassed $3 trillion at the end of H1 2021[10]. Many strategists have now revised their initial 2021 full year issuance projections to more than $600 billion in loans and more than $500 billion in HY bonds.

US market outlook

Investcorp continues to expect strong US economic growth to sustain into 2022 albeit at more modest levels than the torrid, immediate post-COVID-19 growth rates currently underway. Consensus expectations are that the Fed will likely begin tapering its asset purchases late this year and is likely to begin raising rates in the first half of 2023, if not somewhat sooner. Leveraged credit, and loans in particular, are expected to continue to perform well in this environment.

In terms of Investcorp's current industry positioning and concerns in the US market, the Delta variant concerns could delay some of the full potential of the reopening, but not derail the recovery. In particular, Investcorp is less concerned about Delta in geographies with high degrees of vaccination penetration. Investcorp is aware of the pressures that wage, material and other input cost inflation could put on earnings. However, given robust economic demand, most borrowers in Investcorp's portfolio have been able to offset these pressures with price increases and expect some of these structural pressures to ease later in the year. The Firm is more cautious on sectors and individual credits with "reversion risk" and have reduced exposure in areas where we are unsure of the sustainability of the COVID-19 led demand bump.

Investcorp continues to drive value and outperformance through a "front footed" active trading and portfolio management approach focused on protecting principal while also finding opportunities for capturing total return and convexity.

[2] Source: Credit Suisse High Yield Index, Credit Suisse Leveraged Loan Index, June 30, 2021.
[3] Source: S&P/LSTA Leveraged Loan Index, March 31, 2021.
[4] Source: S&P LCD News, July 1, 2021.
[5] Source: JP Morgan, High-Yield and Leveraged Loan Morning Intelligence, July 16, 2021.
[6] Source: S&P LCD, June 29, 2021.
[7] Source: JP Morgan, 2021 Mid-Year High-Yield Bond and Leveraged Loan Outlook, June 28, 2021.
[8] Source: JP Morgan, High-Yield and Leveraged Loan Morning Intelligence, July 16, 2021.
[9] Source: S&P LCD, June 29, 2021.
[10] Source: S&P/LCD News, July 15, 2021.

EUROPEAN MARKET

Total new issuance levels across the European leveraged loan and high yield markets set record levels in H1 2021, as the market was flooded with deals either from private equity deploying its dry powder in new transactions after a relatively barren COVID-19 hit 2020, issuers accessing more liquidity to drive COVID-19 recovery plays or private equity sponsors refinancing the deals which were transacted at premium pricing in 2020.

To put this in context, the total issuance across loans and high yield of €151.5 billion in H1 2021 was €11 billion or 8% above the previous record year in 2007. High yield issuance set an outright record at €70.6 billion in H1 2021 and loan issuance of €80.9 billion, although behind the record H1 2007 issuance of €118.4 billion, looks set to potentially rival the full year tally for issuance in 2007 of €165.5 billion.

Despite this significant level of issuance, the leveraged loan market generally absorbed the new issuance as new CLO issuance and repayments alongside pent up demand for assets kept the demand for assets high. In fact, Europe saw a supply deficit for much of H1 2021 providing a strong technical tailwind.

As a result, issuers generally benefitted from favorable pricing, with tightening spreads through most of H1 2021. This in turn fueled an increase in opportunistic dividend recap and refinancing activity by sponsors. The secondary market bid also held up well as demand for assets remained strong.

From a credit risk perspective, the original predictions of high single digit default rates for loans in Europe has not materialized. The combination of easily available liquidity from governments and/or markets and private equity sponsors alongside the almost completely covenant-lite nature of the European market, which has removed any triggers for a default unless an issuer runs out of liquidity, has meant that defaults, despite the clear COVID-19 related underperformance of some credits, have been almost non-existent. H1 2021 saw the default rate for European leveraged loans continue to decrease, ending the half year at 1.13% having started the year at 2.57%. To put this in full context, the European default rate is now only just above the level of 0.97% recorded in February 2020 immediately before the COVID-19 crisis.

This all fed into positive returns for European leveraged loans and high yield bonds in H1 2021. European leveraged loans generated a return of 2.91%, with the average price of the index finishing the half year at 98.74% (versus 97.35% at the end of December 2020). Returns were driven by higher risk assets, as the low default rates and COVID-19 recovery plays enticed more risk taking across the market, with CCC loans returning +10.73% in H1 2021 while Single-B's gained +2.50% and BB loans returned +1.29%[11].

European High Yield bonds were similarly positive, generating a return of +3.26%, with the average price of the index finishing June 2021 at 100.91% (versus 98.58% at the end of December 2020)[12].

European market outlook

Looking forward into H2 2021, European credit markets seem set for a positive second half driven by increasing spreads and ultra-low default levels.

The European leveraged loan market has started to show the first signs that the weight of primary issuance seen to date, and expected going forward, is starting to cause some indigestion. New issuance loan spreads increased in June 2021, as a combination of the strong forward primary pipeline, with new issuance showing no signs of abating in the near term, reduced repayments and slowdown in demand for CLO AAA assets in Europe has shifted the supply/demand balance.

Given the relative reliance on CLOs in the European market, which represent over 50% of primary issue demand in the market[13], this last point is especially important as European loans tend to generate very strong underlying new issue spreads in the periods where primary issuance is high and the new CLO issuance market is more difficult. Although CLO AAA spreads averaged 86 bps in Q1 2021 the expectation is that spreads will increase to 100bps+ in Q3 2021 given the relative level of supply and demand in the new issuance CLO market.

[11] Credit Suisse Western European Leveraged Loan Index, June 30, 2021

[12] Credit Suisse Western European High Yield Bond Index, June 30, 2021

[13] S&P LCD, July 2021

BUSINESS REVIEW

The dynamic seen in June 2021 has continued into July, resulting in both spreads on new issue widening and some softness in the secondary market, especially in low rating/lower spread names, and it is expected to continue through Q3 2021 and potentially into Q4 2021 if, as expected, new issuance is maintained at current levels.

Positively, the overall size and liquidity of the European leveraged loans market has benefitted from the recent levels of new issuance. The market (per the Credit Suisse Western European Leveraged Loan Index) now comprises 520 issuers with a face value of €340 billion compared to 507 issuers and a face value of €310 billion at the end of December 2019[14]. The size of the market is expected to continue to grow over 2021, providing more opportunity to diversify risk and actively manage portfolios.

From a credit risk perspective, it is hard to see at the current time the driver for an increase in default rates in the near term, despite the fears of a Delta variant driven third (or fourth) wave of COVID-19 cases in Europe. Defaults are expected to occur in the market but likely in 2022 and beyond as issuers deal with either the removal of government liquidity or the overall strain on their balance sheets from COVID-19. However, even these defaults are expected to be sporadic and it is more likely that the more overly levered credits across the European market will see their maturities extended so that they can eventually grow out of their current structures given that a default is unlikely to be the best option for issuers or investors.

Clearly, risks do still exist in the market. In the short-term inflation is a potential issue across all issuers in credit markets both in terms of long-term wage inflation as employment normalizes and in the time lag between increases in input prices and the ability of issuers to pass that on to customers. However, these impacts are expected to feed through Investcorp's portfolio companies over 2021 and to be broadly offset by the increase in performance as the COVID-19 recovery continues. Longer term, Investcorp is still wary of the impact of the eventual removal of central bank stimulus from European markets.

Overall H2 2021 is expected to provide strong investment opportunities for Investcorp's Funds. Given Investcorp's strong market position, the Firm is well placed to continue to benefit from the strong, well-priced primary issuance seen recently and to use this to rotate portfolios to increase yields.

[14] Credit Suisse Western European Leveraged Loan Index, June 30, 2021

DISCUSSION OF RESULTS

RESULTS FOR THE YEAR

Results for the year include 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'), real estate ('RE'), absolute return investments ('ARI'), strategic capital ('SC') products, strategic investments and investments in joint ventures and associates, rental yields on RE co-investments and accrued returns and impairment losses/reversals on credit management ('CM') exposures.

Despite the continued impact of the COVID-19 pandemic on the macro-economic and fiscal environment, profit for the year of $125 million reflects a strong turnaround from the loss of $165 million for the prior fiscal year (FY20). Investcorp's FY21 results were driven by good levels of activity across all asset classes, resulting in an annualized return on equity ('ROE') of 13% and fully diluted earnings per share ('EPS') of $1.34 per ordinary share.

Income ($ millions)	**FY21**	FY20	% Change H/(L)
Fee income	**356**	288	24%
Asset-based (loss) income	**107**	(110)	>100%
Gross operating income	**463**	178	>100%
Provisions for impairment	**(4)**	(26)	(85%)
Interest expense	**(31)**	(40)	(23%)
Operating expenses	**(290)**	(275)	5%
Profit (loss) before tax	**138**	(163)	>100%
Income tax expense	**(13)**	(2)	>100%
Profit (loss) for the year	**125**	(165)	>100%
Basic earnings per ordinary share ($)	**1.42**	(2.57)	>100%
Fully diluted earnings per ordinary share ($)	**1.34**	(2.57)	>100%

Fee income increased to $356 million (FY20: $288 million) driven by an increase in both AUM fees as well as in deal fees. Asset-based income was $107 million (FY20: loss of $110 million) reflecting a successful turnaround across all asset classes.

Interest expense decreased by $9 million, driven mainly by lower borrowings. Operating expenses increased by 5% to $290 million (FY20: $275 million) mainly due to an increase in variable compensation, in line with the increase in gross operating income. The tax expense increased by $11 million, in line with the increase in fee income.

BUSINESS REVIEW

FEE INCOME

Fee income has two components: (i) AUM fees which include management and administrative fees on aggregate client investments under management in PE, RE and SC deals, all fees from client investments in ARI and CM as well as placement fees earned on PE and RE investments from program clients; 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 (excluding placements with program clients) and eventual exit, plus performance fees on PE, RE and SC assets under management (AUM) for value added during the ownership period.

Summary of fees ($ millions)	FY21	FY20	% Change H/(L)
PE fees	**91**	88	3%
CM fees	**59**	55	7%
RE fees	**35**	28	25%
Other management fees	**32**	17	88%
AUM Fees	**217**	188	15%
Activity fees	**113**	101	12%
Performance fees	**26**	(1)	>100%
Deal fees	**139**	100	39%
Fee income	**356**	288	24%

Total fee income in FY21 increased to $356 million (FY20: $288 million) showing an improved profile of earnings with a greater proportion of fee income (excluding performance fees) attributable to recurring AUM fees.

AUM fees were $217 million in FY21, 15% higher than FY20. The increase reflects a higher level of client assets under management driven by strong fundraising during the year, and an increase in other management fees, primarily driven by higher performance fees from ARI AUM.

Deal fees also increased in FY21 to $139 million (FY20: $100 million), driven by growth in activity and performance fees reflecting increased activity and good performance across all asset classes.

ASSET-BASED INCOME

Asset-based income is earned on Investcorp's PE, RE, CM, ARI and SC co-investments held on the balance sheet, including invested liquidity and strategic investments. Asset-based income includes unrealized changes in fair value of co-investments in Investcorp's PE, RE, ARI, SC products and strategic investments, rental yields on RE co-investments and accrued returns and impairment losses on CM exposures.

Gross asset-based income of $107 million, was primarily driven by a significant increase in the PE and CM returns during the year reflecting a strong recovery from the effects of the COVID-19 pandemic on asset values in FY20.

Asset-based income ($ millions)	FY21	FY20	% Change H/(L)
Private equity investment	**42**	(96)	>100%
Credit management investment	**49**	(22)	>100%
Absolute return investments	**1**	(5)	>100%
Real estate investment	**16**	31	(48%)
Other strategic investments	**(11)**	(27)	59%
Investment in joint ventures and associates	**4**	-	n.m.
Treasury and other asset-based income	**6**	9	(33%)
Gross asset-based (loss) income	**107**	(110)	>100%

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

PE asset-based income KPIs ($ millions)*	FY21	FY20	% Change H/(L)
Asset-based income (loss)	**42**	(96)	>100%
Average co-investments	**309**	418	(26%)
Absolute yield	**13.6%**	(22.9%)	36.5%

CM asset-based income KPIs ($ millions)	FY21	FY20	% Change H/(L)
Asset-based income (loss)	**49**	(22)	>100%
Average co-investments	**335**	345	(3%)
Absolute yield	**14.5%**	(6.4%)	20.9%

ARI asset-based income KPIs ($ millions)	FY21	FY20	% Change H/(L)
Asset-based income (loss)	**1**	(5)	>100%
Average co-investments	**58**	94	(38%)
Absolute yield	**1.7%**	(5.3%)	7%

RE asset-based income KPIs ($ millions)	FY21	FY20	% Change H/(L)
Asset-based income	**16**	31	(48%)
Average co-investments	**193**	381	(49%)
Absolute yield	**8.3%**	8.1%	0.2%

Returns across all asset classes have been positive. The continued partial re-opening of economies during the COVID-19 pandemic and the recovery in asset values, driven by improved operating results of underlying companies as well as healthy financial markets, resulted in a positive asset based income of $107 million for FY21, compared to a loss of $110 million in FY20 reflecting a strong recovery.

RE returns continue to be resilient in the face of the COVID-19 crisis with slightly improved yields but an overall lower income as a result of a lower average co-investment balance.

INTEREST EXPENSE

Total interest expense, including commitment fees on undrawn revolving credit facilities, decreased by 23% to $31 million in FY21 from $40 million in FY20. The decrease was due to reductions in average cost of funding, average drawn funding amounts and commitment costs associated with undrawn revolvers. Reduction in average cost of funding was mainly driven by a reduction in the average LIBOR rates and the funding mix during the year.

Interest expense ($ millions)	FY21	FY20	Change H/(L)
Total interest expense	**31**	40	(9)
Average short-term interest-bearing liabilities	**532**	545	(13)
Average medium- and long-term interest-bearing liabilities	**508**	587	(79)
Average interest-bearing liabilities	**1,040**	1,132	(92)
Interest expense on funded liabilities[(a)]	**24**	31	(7)
Average cost of funding on funded liabilities	**2.3%**	2.7%	(0.4%)
Average 1-month US LIBOR	**0.1%**	1.4%	(1.3%)
Spread over LIBOR	**2.2%**	1.3%	0.9%

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

BUSINESS REVIEW

OPERATING EXPENSES

In line with the increase in gross revenues, operating expenses also increased by 5% to $290 million in FY21 from $275 million in FY20. The increase was driven by an increase in staff compensation, which includes fixed and variable components, to $199 million (FY20: $164 million). Other personnel costs and charges such as training and recruitment decreased by 22% due to the decrease in global headcounts across all locations. Other operating expenses, comprising professional fees, travel and business development, administration and infrastructure costs decreased by 17% to $77 million as compared to $93 million in FY20, primarily due to a reduction in travel and other discretionary expenses given the current environment.

Operating expenses ($ millions)	**FY21**	FY20	Change H/(L)
Staff compensation	**199**	164	35
Other personnel costs and charges	**14**	18	(4)
Other operating expenses	**77**	93	(16)
Total operating expenses	**290**	275	15
Full time employees ('FTE') at end of period	**427**	447	(20)
Staff compensation per FTE ('000)	**466**	367	27%
Total staff compensation / total operating expenses	**69%**	60%	9%
Cost-to-income[a]	**68%**	n.m.	n.m.

(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	**Jun-21**	Jun-20
Total assets	**$2.4 billion**	$2.1 billion
Leverage[a]	**0.7x**	1.2x
Net leverage ratio[b]	**0.2x**	0.6x
Shareholders' equity	**$1.3 billion**	$0.9 billion
Co-investments[c] / long-term capital[d]	**0.4x**	0.6x
Residual maturity – medium- and long-term facilities	**63 months**	72 months

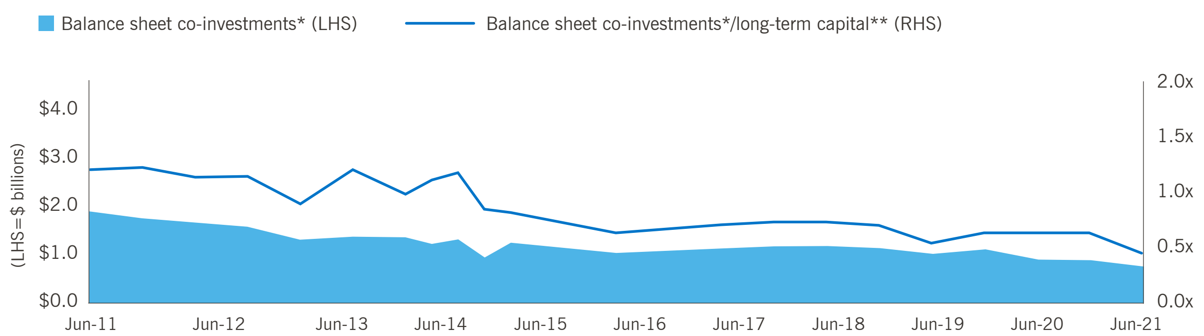
(a) Calculated in accordance with bond covenants
(b) Calculated in accordance with bank loan covenants and is net of liquidity, underwriting and deferred fees
(c) Excludes underwriting and is net of facilities secured against ARI and CM co-investments
(d) Long term capital consists of JPY37 billion debt maturing in FY30, €36 million secured financings maturing in FY31, €3 million debt maturing in FY32, $50m debt maturing in FY33, deferred fees and total equity

ASSETS

Assets ($ millions)	Jun-21	Jun-20	Change H/(L)
Cash and other liquid assets	**289**	309	(20)
Underwriting & warehousing	**445**	192	253
Co-investments	**705**	884	(179)
Investments in joint ventures, associates and intangible assets	**76**	115	(39)
Other (working capital and fixed assets)	**876**	623	253
Total assets	**2,391**	2,123	268

At June 30, 2021, total assets were $2.4 billion, 13% higher than at June 30, 2020 primarily due to higher PE and RE underwriting and warehoused investments, and an increase in other working capital. This was partially offset mainly due to lower co-investments. The increase in working capital is a temporary increase primarily due to a higher level of subscriptions receivable driven by a high level of placement activity and higher exit proceeds receivables. The increase in underwriting & warehousing is due to higher deployment at year end, providing a strong pipeline for the launch of placements in FY22. The significant decrease in total co-investments by $179 million was driven by a decrease in PE, RE, ARI and CM co-investment resulting from net realizations during the fiscal year. This was partially offset by an additional investment in structured products. During FY21, the Firm established a fund of $379 million (including commitments) consisting of a portfolio of co-investments in PE, RE and ICM products. $157 million has been initially funded by Investcorp in the fund, with the remaining funded by a third party as a preferred investor. The fund is currently being marketed to other potential investors and $90 million of the funded portion is shown as underwriting.

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



* Excludes underwriting and is net of the amount of a secured facilities (which are secured against CM co-investments)
** Long term capital consists of JPY37 billion debt maturing in FY30, €36 million secured financings maturing in FY31, €3 million debt maturing in FY32, $50m debt maturing in FY33, deferred fees and total equity

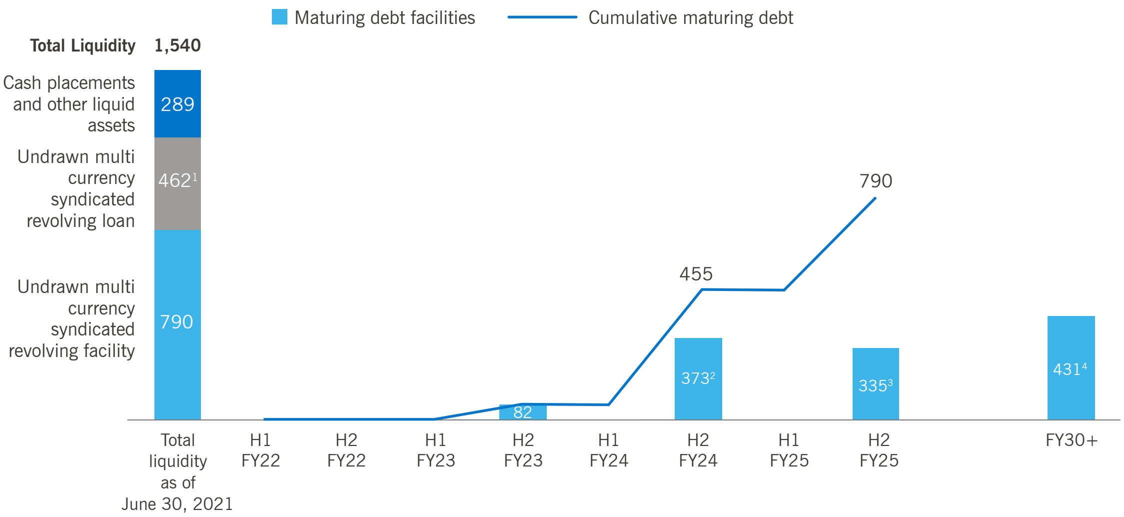
Investcorp focuses on maintaining a co-investment to long-term capital ratio of 1.0x or lower, such that the entire balance sheet co-investment portfolio is fully funded through permanent or quasi-permanent capital and does not rely on medium-term debt financing. Prudent capital and liquidity management has served the Firm well during this unprecedented crisis. Despite the impact of the COVID-19 pandemic on the total share capital of Investcorp, as at June 30, 2021 the aggregate level of co-investments remained fully covered by permanent and long-term sources of capital.

BUSINESS REVIEW

LIQUIDITY

Investcorp's prudent liquidity management policy ensured that accessible liquidity, comprising undrawn committed revolving facilities plus balance sheet cash and other liquid assets was $1.5 billion at the end of FY21 and covers all outstanding debt maturing over the next five years.

Liquidity cover ($ millions)



1 $462 million balance available from multi currency term and revolving loan on a call basis, as at June 30, 2021
2 Syndicated revolving facilities - includes €76 million ($90 million as at June 30, 2021 exchange rates)
3 Syndicated revolving facilities
4 JPY 37 billion ($335 million as at June 30, 2021 exchange rates) debt maturing in FY30, €36 million ($42 million as at June 30, 2021 exchange rates) debt maturing in FY31, €3 million ($4 million as at June 30, 2021 exchange rates) debt maturing in FY32, & $50 million maturing in FY33

LIABILITIES

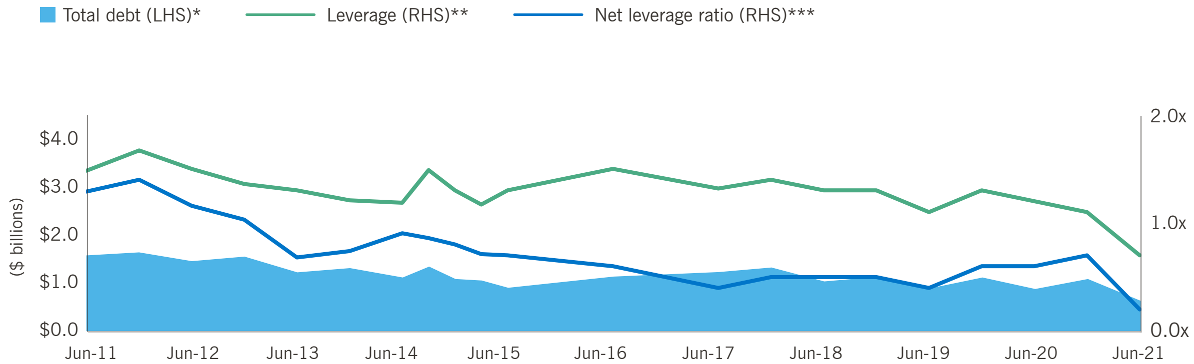
Total liabilities decreased by $136 million to $1,119 million at June 30, 2021.

Liabilities ($ millions)	Jun-21	Jun-20	Change H/(L)
Short-term financing	**174**	261	(87)
Medium and long-term debt	**456**	611	(155)
Total debt	**630**	872	(242)
Lease liability	**102**	109	(7)
Deferred fees	**52**	62	(10)
Other liabilities[(a)]	**335**	212	123
Total liabilities	**1,119**	1,255	(136)

(a) Payables and accrued expenses, negative fair value of derivatives

The decrease in total liabilities was mainly driven by the repayment of short-term and medium-term revolvers and partial repayment of secured long-term debt. This was offset by an increase in working capital due to deal related payables, as a result of acquisitions at year end. The improved net debt position together with a higher level of equity and liquidity puts the balance sheet in a strong position heading into the next fiscal year.

Financial leverage



* Total debt is defined as short-term financing and medium and long-term debt

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

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

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

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

CREDIT RATINGS

Agency	Rating grade	Comment
Fitch Ratings	BB / Stable outlook	Rating and outlook affirmed in November 2020
Moody's Investor Service	Ba2 / Negative outlook	No changes from rating actions performed in June 2020

In April 2020, Fitch Ratings revised Investcorp's credit ratings from BB 'Positive' outlook to BB 'Stable' outlook which was affirmed in November 2020. "The rating affirmation reflects the locked-in nature of most of Investcorp's fee streams, its strong client franchise and high degree of brand name recognition in the Gulf, supported by its investment track record and long-term relationships in the region. The affirmation also reflects the Firm's increased earnings volatility and placement risk relative to peers, given its business model of offering investments to clients on a fully underwritten deal-by-deal (DBD) basis and its sizable co-investment portfolio, which is subject to fair value changes."

In June 2020, Moody's revised Investcorp's credit ratings from Ba2 'Stable' outlook to Ba2 'Negative' outlook and no additional rating actions have been taken. "The rating reflects Investcorp's solid market position in the Gulf Cooperation Council (GCC) region as a leading alternative investment provider, its global franchise, historically healthy operating margins and good asset retention. Furthermore, Investcorp's level of assets under management, liquidity and equity are expected to remain resilient. The rating also reflects Investcorp's high leverage, and the impact of the economic downturn prompted by the coronavirus on its financial performance."

BUSINESS REVIEW

EQUITY

Equity ($ millions)	**Jun-21**	Jun-20	Change H/(L)
Ordinary shareholders' equity	**854**	727	127
Preference share capital	**375**	123	252
Proposed appropriations	**44**	22	22
Other reserves	**(3)**	(5)	2
Non-controlling interests	**2**	1	1
Net book equity	**1,272**	868	404

Net equity at June 30, 2021 increased to $1.3 billion. The 47% increase from June 30, 2020 resulted from the strong rebound in profitability in FY21, the successful issuance of $252 million of Series E Preference shares and the sale of treasury shares to the management team. Book value per ordinary share as of June 30, 2021 increased by 7% to $10.81 (FY20: $10.07).

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT ('AUM') [1 2 3 4 5]

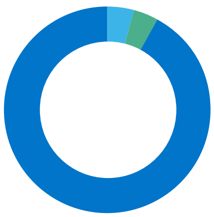
Please refer to the table in Note 2 of the Consolidated Financial Statements of Investcorp Holdings B.S.C., which summarizes total assets under management in each of the reporting segments.

Total assets under management

($b)

Client AUM | Balance sheet co-investment AUM | Affiliates & co-investors AUM

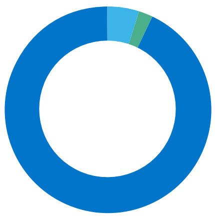
As of June 30, 2021



- $34.4/92%
- $1.6/4%
- $1.6/4%

Total AUM
$37.6b

As of June 30, 2020



- $29.7/93%
- $1.7/5%
- $0.7/2%

Total AUM
$32.2b

Total AUM increased to $37.6 billion at June 30, 2021 from $32.2 billion at June 30, 2020. The $5.4 billion increase in AUM is largely driven by the organic growth of AUM across all asset classes.

Total client assets under management

($b)

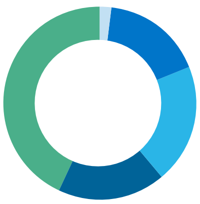
Private equity investments | Absolute return investments | Real estate investments
Credit management investments | Infrastructure | Strategic capital investments
Client balances with trust

As of June 30, 2021

- $14.2/41%
- $6.2/18%
- $7.5/22%
- $5.5/16%
- $0.7/2%
- $0.4/1%
- $0.1/0%

Total Client AUM
$34.4b

As of June 30, 2020



- $12.8/43%
- $5.3/18%
- $6.0/20%
- $4.9/17%
- $0.6/2%
- $0.1/0%

Total Client AUM
$29.7b

Total client AUM increased by 16% to $34.4 billion at June 30, 2021 from $29.7 billion at June 30, 2020.

[1] Includes $4.9 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 was transferred to the Investcorp-Tages joint venture. Further as at June 30, 2021, the total AUM held through the joint venture amounted to $7.6 billion (June 30, 2020: $6.1 billion)

[2] Real estate investments AUM is stated at gross asset value. Also, includes $0.3 billion (June 30, 2020: nil) of assets under management relating to a property management business

[3] Includes Group's commitment of $4 million (June 30, 2020: $4 million) to a private equity deal

[4] As of June 30, 2021, Investcorp managed AUM amounting to $0.2 billion through its joint ventures for PE investment business

[5] As of June 30, 2020, Investcorp's associate management AUM amounting to $6 million which is currently nil due to the sale of the associate

BUSINESS REVIEW

The most dominant asset class in client AUM continues to be credit management with 41% of the total AUM. The increase in total client AUM in FY21 is largely attributable to the 25% increase in absolute return investments client AUM to $7.5 billion from $6.0 billion. This increase is largely due to the strong performance and fundraising for Nut Tree Capital Management and continued fundraising across other products particularly HC Tech and Tages Eckhardt Systematic Short-Term UCITS Fund. Real estate client AUM increased by 16% to $6.2 billion from $5.3 billion largely due to the acquisition and placement of five new portfolios. Private equity client AUM increased by 11% to $5.5 billion from $4.9 billion primarily due to strong fundraising for the new private equity offerings, and the launch of the North American Private Equity Fund and Investcorp's Technology Fund V. Credit management client AUM increased by 11% to $14.2 billion from $12.8 billion largely due to the issuance/pricing of three new CLOs and the launch of Mount Row (Levered) Credit Fund II. Strategic capital client AUM increased to $0.4 billion largely due to continued fundraising for the Investcorp Strategic Capital Partners Master Fund, L.P. Infrastructure investments client AUM of $90 million represents the Firm's first anchor investment in the Aberdeen Standard Investcorp Infrastructure Partners' new GCC and MENA focused infrastructure fund from PIF, the sovereign wealth fund of Saudi Arabia.

Private equity investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Closed-end funds	**2,884**	2,658	8%
Deal-by-deal investments	**2,581**	2,251	15%
Total client AUM – at period end	**5,465**	4,909	11%
Average client AUM	**5,188**	4,925	5%

Real estate investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Closed-end funds (Mezzanine/debt)	**117**	184	(36%)
Deal-by-deal investments	**6,068**	5,134	18%
Total client AUM – at period end	**6,185**	5,318	16%
Average client AUM	**5,752**	5,136	12%

Credit management investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Closed-ended funds	**13,804**	12,492	11%
Open-ended funds	**371**	314	18%
Total client AUM – at period end	**14,175**	12,806	11%
Average total client AUM	**13,491**	12,020	12%

Absolute returns investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Multi-manager solutions	**3,158**	2,939	7%
Hedge funds partnerships	**3,703**	2,479	49%
Special opportunities portfolios	**593**	564	5%
Alternative Risk Premia	**49**	40	23%
Total client AUM – at year-end	**7,503**	6,022	25%
Average total client AUM	**6,762**	4,855	39%

Strategic capital investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Closed-end funds	**332**	87	>100%
Deal-by-deal investments	**28**	28	0%
Total client AUM – at period end	**360**	115	>100%
Average total client AUM	**237**	57	>100%

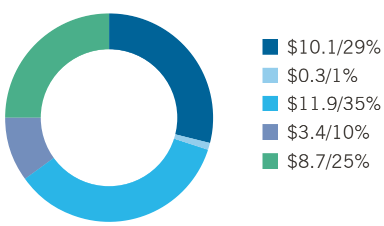
Infrastructure investments ($ millions)	Jun-21	Jun-20	% change B/(W)
Client AUM			
Closed-end funds	**90**	-	n.m.
Total client AUM – at period end	**90**	-	n.m.
Average total client AUM	**-**	-	n.m.

Regional split of clients' assets under management

($b)

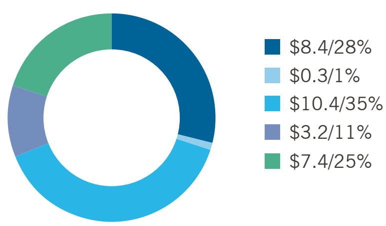
Gulf
North America
Asia
Europe
Others

As of June 30, 2021



Total Client AUM
$34.4b

As of June 30, 2020



Total Client AUM
$29.7b

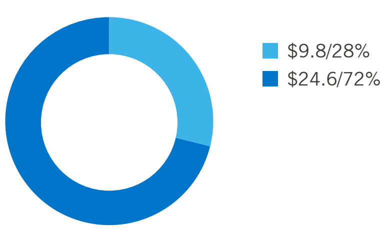
During FY21, client AUM has grown consistently across the various regions. As at June 30, 2021, 65% of the Firm's client assets under management are from outside the Gulf region.

Composition of clients' assets under management by client type

($b)

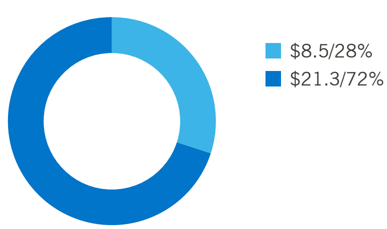
Private Wealth
Institution

As of June 30, 2021



Total Client AUM
$34.4b

As of June 30, 2020



Total Client AUM
$29.7b

The composition of client AUM across institutional and private wealth clients have remained relatively stable.

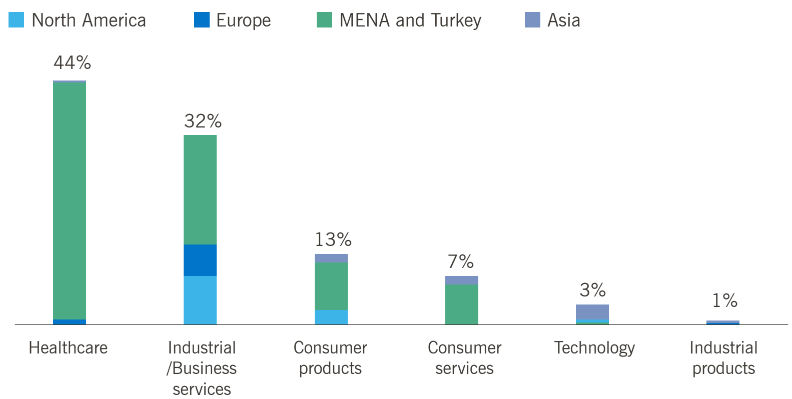
BUSINESS REVIEW

PORTFOLIO REVIEW

PRIVATE EQUITY

At June 30, 2021, the carrying value of Investcorp's balance sheet co-investment in PE, excluding strategic investments and underwriting, was $237 million (invested in 59 companies and one special opportunity investment) compared with $339 million at June 30, 2020 (invested in 45 companies and two special opportunity investments). This represents 34% of total balance sheet co-investments at June 30, 2021. PE underwriting at June 30, 2021 was $196 million (FY20: $59 million).

The private equity portfolio is diversified by sector and geography across North America, Europe, Asia and the MENA region, including Turkey.



Please refer to the table in Note 10 (A) of the Consolidated Financial Statements of Investcorp Holdings B.S.C., which summarizes the June 30, 2021 and June 30, 2020 carrying values of PE co-investments by region and investment sector.

The below sections provide an overview of these portfolio companies and investments.

PE NORTH AMERICA

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in private equity investments in North America was $27 million invested across eleven companies.

Portfolio Company Name	Acquired	Industry Sector	Headquarters
RoadSafe Traffic Systems	April 2021	Industrial services – Supply chain services	Illinois, US
	The leading provider of traffic management and road infrastructure services in the United States **www.roadsafetraffic.com**		
Resultant (formerly KSM Consulting)	December 2020	Business services – Technology enabled services	Indiana, US
	A leading provider of digital transformation and data analytics services in the United States **www.resultant.com**		
Fortune International	January 2020	Distribution – Supply chain services	Illinois, US
	A leading provider of premium seafood, cheese and other gourmet products in the Midwestern United States **www.fortunefishco.net**		
Revature	February 2019	Business services – Technology enabled services	Virginia, US
	A leading technology talent development company **www.revature.com**		
Health Plus Management	January 2019	Business services -Healthcare	New York, US
	A leading managed services provider to musculoskeletal practices in the Northeastern US **www.healthplusmgmt.com**		
United Talent Agency	August 2018	Business services – Media	California, US
	A leading global talent and entertainment company **www.unitedtalent.com**		

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
ICR	March 2018	Business services – Knowledge & professional services	Connecticut, US
	A leading strategic communications and advisory firm **www.icrinc.com**		
K.S.I. Trading Corp.	March 2018	Consumer products – Supply chain services	New Jersey, US
	A value-added, industry-leading distributor of quality replacement auto body parts **www.ksiautoparts.com**		
AlixPartners	January 2017	Business services – Knowledge & professional services	New York, US
	A leading global business advisory firm **www.alixpartners.com**		
Arrowhead Engineered Products	October 2016	Consumer products – Supply chain services	Minnesota, US
	A market leading supplier/distributor of mission critical aftermarket parts primarily for off-highway vehicles **www.arrowheadep.com**		
PRO Unlimited[1]	October 2014 / May 2017	Business services – Technology enabled services	Florida, US
	A leading provider of software and services that enable large enterprises to more effectively manage their contingent workplace **www.prounlimited.com**		

[1] In June 2021, Investcorp announced that it has agreed to the sale of PRO Unlimited to EQT Private Equity. The transaction is subject to customary conditions and approvals, and is expected to close during the first half of FY22

PE EUROPE

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in private equity investments in Europe was $10 million invested across thirteen companies.

Portfolio Company Name	Acquired	Industry Sector	Headquarters
CloudCare	June 2021	Business services	Rome, Italy
	A leading tech-enabled provider of online sales and customer acquisition services in Italy **www.cloud-care.it**		
Investis Digital	April 2021	Business services	London, UK
	A leading global provider of digital corporate communications and marketing services **www.investisdigital.com**		
Sanos Group	December 2020	Business services – Healthcare	Herlev, Denmark
	A leading provider of specialized clinical trial management services to the global pharmaceutical and biotechnology industry **www.sanosclinic.com**		
Vivaticket	October 2019	Business services	Bologna, Italy
	A leading global provider of integrated ticketing software solutions to the leisure and entertainment, sport, culture and tradeshow industries. **www.vivaticket.com**		
Cambio	February 2019	Business services – Healthcare	Stockholm, Sweden
	The Nordic market-leading provider of Electronic Health Record (EHR) software and services as well as e-Health solutions to the primary and social care sector **www.cambio.se**		
Acura	March 2018	Business services – Healthcare	Frankfurt am Main, Germany
	A fast-growing platform company to execute on a buy-and-build strategy in the German dental market **www.acura-zahnaerzte.de**		

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
ABAX	June 2017	Business services – Technology enabled services	Larvik, Norway
	A leading provider of telematics and internet of things solutions to small and medium sized businesses in Europe **www.abax.co.uk**		
Agromillora	December 2016	Consumer products – Agriculture	Barcelona, Spain
	The leading global developer of high yielding plants and trees **www.agromillora.com**		
Corneliani	June 2016	Consumer products – Specialty retail	Mantova, Italy
	An Italian luxury menswear brand **www.corneliani.com**		
POC	October 2015	Consumer products	Stockholm, Sweden
	One of the top providers of premium bicycle and winter sports gear products **www.pocsports.com**		
Dainese	January 2015	Consumer products	Vicenza, Italy
	A leading manufacturer of safety apparel for motorcycle and other dynamic sports **www.dainese.com**		
SPGPrints	August 2014	Industrial products	Boxmeer, The Netherlands
	A global manufacturer of digital printing systems for textile and graphics **www.spgprints.com**		
Georg Jenson	November 2012	Consumer products – Specialty retail	Copenhagen, Denmark
	A global luxury Scandinavian design brand with over 115 years heritage in fine silverware, jewelry and high-end homeware **www.georgjensen.com**		

PE TECHNOLOGY

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in technology investments was $1 million invested across six companies. Two companies (eviivo and OpSec Security Group) are managed by Investcorp on behalf of clients with no balance sheet co-investment.

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Contentserv	August 2019	Technology – Big data	Ermatingen, Switzerland
contentserv	A leading provider of Product Information Management software **www.contentserv.com**		
Ubisense	December 2018	Technology – Big data	Cambridge, UK
Ubisense	A market leader in enterprise location intelligence solutions **www.ubisense.net**		
softgarden	September 2018	Technology – Big data	Berlin, Germany
(softgarden)	A fast-growing Human Resource software provider **www.softgarden.io**		
Impero	July 2017	Technology - Security	Nottingham, UK
impero	A leading online student safety, classroom and network management software **www.imperosoftware.com**		
Ageras	March 2017	Technology – Internet / mobility	Copenhagen, Denmark
AGERAS	A fast-growing online marketplace for professional services **www.ageras.com**		
Calligo	November 2016	Technology – Big data	St Helier, Jersey
calligo The trusted cloud®	A fast-growing provider of cloud solutions **www.calligo.cloud**		

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
eviivo	March 2011	Technology – Internet / mobility	London, UK
eviivo	A leading European software provider for small and medium-sized accommodation businesses **www.eviivo.com**		
OpSec Security Group	March 2010	Technology - Security	Newcastle, UK
OpSec	A global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection **www.opsecsecurity.com**		

PE MENA

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in private equity investments in the MENA region was $183 million invested across eleven 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	Acquired	Industry Sector	Headquarters
Reem Integrated Healthcare	April 2018	Healthcare	Abu Dhabi, United Arab Emirates
	A state-of-the art International Rehabilitation Centre, Children's & Women's Hospital and Walk-In Family Medical Clinic **www.reemhospital.com and www.vamed.com**		
Al Borg Medical Laboratories	November 2016	Healthcare	Jeddah, Saudi Arabia
	A leading private laboratory network in the GCC **www.alborglaboratories.com**		
Bindawood Holding	December 2015	Consumer products – Grocery retail	Jeddah, Saudi
	A leading chain of supermarkets and hypermarkets **www.bindawoodholding.com**		
NDT Corrosion Control Services Co.	July 2015	Industrial services	Dammam, Saudi Arabia
	A leading industrial testing and inspection services provider in the GCC **www.ndtcorrosion.com**		
Arvento Mobile Systems	March 2015	Business services – Technology enabled services	Ankara, Turkey
	The leading fleet telematics company in Turkey, offering wide range of technology products and solutions **www.arvento.com**		
Namet	December 2013	Consumer products	Istanbul, Turkey
	The largest integrated producer of fresh cut and packaged processed red meat products in Turkey **www.namet.com.tr**		

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Al Yusr Industrial Contracting Company W.L.L.	October 2013	Industrial Services	Jubail, Saudi Arabia
	A leading provider of technical industrial support services to the petrochemical, oil & gas and other key industrial sectors in Saudi Arabia and Qatar **www.aytb.com**		
Theeb Rent a Car Co.	June 2013	Consumer services	Riyadh, Saudi Arabia
	A leading car rental and leasing company in Saudi Arabia **www.theeb.com.sa**		
Hydrasun Group Holdings Ltd.[2]	March 2013	Industrial services	Aberdeen, Scotland
	A leading specialist provider of products and solutions to the international oil and gas industry **www.hydrasun.com**		
Automak Automotive Company	October 2012	Industrial services	Kuwait
	A leading player in the fleet leasing and rental business in Kuwait **www.automak.com**		
Tiryaki Agro	September 2010	Consumer products – Trading and logistics	Istanbul, Turkey
	A leading trader and supply chain manager of agro commodities in Turkey and globally **www.tiryaki.com.tr**		

[2] Following the period end, in July 2021, Investcorp completed the sale of Hydrasun Group Holdings Ltd

PE ASIA

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in private equity investments in the Asia region was $16 million across eighteen companies and one special opportunity investment.

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Linkedcare	June 2021	Healthcare	Shanghai, China
Linkedcare 领健	A leading SaaS and supply chain solutions provider for dental and beauty industry in China **www.linkedcare.cn**		
Heritage Foods	June 2021	Consumer	Hong Kong, China
HERITAGE FOODS	A buy-and-build platform of Asian branded and heritage sauces and condiments **www.heritagefoodsgroup.com**		
Safari Industries	March 2021	Consumer	Mumbai, India
safari	India's third largest and fastest growing organized luggage brand **www.safaribags.com**		
Viz Branz	December 2020	Consumer	Singapore
VIZ BRANZ	A leading producer and distributor of branded instant cereal and coffee products in China and Southeast Asia **www.vizbranz.com/**		
City Super Group	December 2020	Consumer	Hong Kong, China
CITY SUPER GROUP	A leading premium grocery and lifestyle retailer in Hong Kong and China **www.citysuper.com.hk**		
Unilog	December 2020	Technology – E-commerce	Philadelphia, Pennsylvania / Bangalore, India
unilog	A leading Software as a Service (SaaS) based e-commerce solutions provider to small and medium businesses based in the United States. **www.unilogcorp.com /**		

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
XpressBees	November 2020	Technology – E-commerce	Pune, India
	One of the leading technology-led express logistics service provider in India **www.xpressbees.com**		
Kindstar Global	November 2020	Healthcare	Wuhan, China
	A leading independent medical testing provider in China **http://en.kindstarglobal.com**		
WeDoctor	October 2020	Healthcare	Hangzhou, China
	A leading online healthcare services company in China **www.guahao.com**		
FreshToHome	September 2020	Technology – E-commerce	Bengaluru, India
	One of the leading direct-to-consumer online meat brands in India **www.freshtohome.com**		
Lu Daopei Medical	July 2020	Healthcare	Beijing, China
	A leading private specialist medical group in the field of hematology in China **www.daopei.net**		
NephroPlus	November 2019	Healthcare	Hyderabad, India
	The leading dialysis service provider in India **www.nephroplus.com**		
Intergrow	October 2019 / October 2020	Consumer food & agriculture	Kerala, India
	A leading packaged food ingredients company in Kerala **www.intergrowbrands.com**		

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Bewakoof	October 2019	Technology - E-commerce	Mumbai, India
Bewakoof®	One of the leading direct-to-consumer online apparel companies in India **www.bewakoof.com**		
CityKart	February 2019 / March 2020	Consumer & retail	New Delhi, India
Citykart	A fashion and apparel value retail chain **http://citykartstores.com**		
ZoloStays	January 2019 / July 2020	Consumer services – Technology enabled services	Bangalore, India
zolo	India's leading technology enabled managed living services provider **www.zolostays.com**		
China Pre-IPO Technology Portfolio	September 2018	Technology	Predominantly in China, together with one US-based company with significant China angle
CHINA PRE-IPO TECHNOLOGY PORTFOLIO	A diversified portfolio of leading high-growth pre-IPO technology companies in China or globally with a significant China angle. The portfolio currently comprises eleven high-growth companies		
ASG Eye Hospital Limited	October 2017	Healthcare	Jodhpur, India
asg	A leading full-service specialty eye care hospital chain **www.asgeyehospital.com**		
InCred Finance	November 2016 / March 2017	Financial services	Mumbai, India
InCred	A technology enabled retail financing company **www.incred.com /**		

BUSINESS REVIEW

Other private equity activity

March 2021	Investcorp Gulf Opportunity Fund 1 announced the Initial Public Offering ("IPO") of its portfolio company, **Theeb Rent a Car Co.**, which started trading after a virtual bell-ringing ceremony on March 29, 2021 on the Saudi Stock Exchange ("Tadawul"). The IPO process was over 60x oversubscribed accumulating orders of $8.7 billion.
January 2021	PE Technology portfolio company, **Impero**, acquired Netop, an international software solutions provider to the education sector and corporates, from Consolidated Holdings A/S.
November 2020	PE North America portfolio company, **Fortune International**, acquired Neesvigs, a Windsor, Wisconsin-based processor and distributor of seafood and protein products. Neesvig's also operates Empire Fish, a Wauwatosa, Wisconsin-based retail store and a state-of-the-art fulfillment operation in DeForest, Wisconsin.
November 2020	PE Europe portfolio company, **ABAX**, the leading telematics solutions provider in the Nordics and one of the largest in Europe, acquired Automile, a Nordic based provider of telematics and internet of things (IoT) services. The transaction has closed and positions the combined group as a global telematics leader with more than 360,000 subscriptions.
October 2020	Investcorp announced the successful listing of its portfolio company **Bindawood Holding** on the Tadawul. This marks the third investment that Investcorp has partially exited through the public capital markets in Saudi Arabia over the last four years, following the public offerings of L'azurde Company for Jewelry in 2016 and Leejam Sports Company (Fitness Time) in 2018.

ABSOLUTE RETURN INVESTMENTS ('ARI')[3]

At June 30, 2021, the balance sheet carrying value of Investcorp's co-investment in ARI which is managed by the Investcorp-Tages joint venture was $40 million compared with $81 million at June 30, 2020. The amount represents 6% of total balance sheet co-investments at June 30, 2021. Please refer to the table in Note 10 (D) of the Consolidated Financial Statements of Investcorp Holdings B.S.C., which summarizes the June 30, 2021 and June 30, 2020 carrying values.

Exposure Profile

The balance sheet co-investments in ARI consist of investments in managers who are on Investcorp-Tages joint venture's hedge fund partnerships platform, multi-manager solutions platform and co-investments in Special Opportunity Portfolios. As of June 30, 2021, Investcorp's balance sheet co-investment amount in hedge fund partnerships was $11 million, its investment amount in multi-manager solutions was $11 million, and its investment amount in Special Opportunities Portfolios was $18 million.

Liquidity

Investcorp's ARI co-investment portfolio is constructed so that a significant portion of it is available for monetization within a three to twelve-month window. As of June 30, 2021, approximately 28% of Investcorp's ARI co-investment was contractually available for monetization within a three-month window and 88% was available within a twelve-month window.

[3] In May 2020, Investcorp's ARI business entered into a 50/50 joint venture with Tages Capital LLP, the absolute return and multi-manager solutions subsidiary of Tages Group, to form Investcorp-Tages Limited

Strategy Outlook

Below is Investcorp's outlook on hedge fund strategies as of July 2021:

Strategy	Change	Negative	Neutral	Positive
Hedged Equities		○○○	●	○○○
US		○○○	●	○○○
Euro area ex UK		○○○	●	○○○
Japan		○○○	●	○○○
Emerging Markets		○○○	○	●○○
Event Driven		○○○	○	●○○
Special Situations	-	○○○	●	○○○
Merged Arbitrage		○○○	○	●○○
Equity Market Neutral		○○○	○	●○○
Marco Discrentionary		○○○	○	●○○
Marco Systematic		○○○	●	○○○
FI Relative Value		○○○	●	○○○
Corporate Credit		○○●	○	○○○
Corporate Distressed		○○○	●	○○○
Structured Credit		○○○	○	●○○
Convertible Arbitrage	-	○○○	●	○○○

REAL ESTATE INVESTMENT

At June 30, 2021, Investcorp's RE balance sheet co-investments excluding underwriting totaled $47 million compared with $71 million at June 30, 2020. The amount represents 7% of total balance sheet co-investments at June 30, 2021.

Please refer to the table in Note 10 (C) of the Consolidated Financial Statements of Investcorp Holdings B.S.C., which summarizes the June 30, 2021 and June 30, 2020 carrying values by portfolio type. For details on RE underwriting, please refer to the table in Note 9 of the Consolidated Financial Statements of Investcorp Holdings B.S.C.

Carrying values for Investcorp's real estate co-investment by vintage year are shown below. Carrying values reflect stable values for existing assets as well as the impact of exits and new acquisitions and placements during the year.

Investcorp currently has 26 active real estate investment portfolios and one additional property is currently warehoused on the Investcorp balance sheet. At June 30, 2021, 23 of these portfolios were on or ahead of plan and only three portfolios were behind plan. The three portfolios that were behind plan consist of office buildings that have been negatively impacted by COVID-19 and are located in suburban Northern Virginia, downtown Washington, D.C. and downtown New York City.

BUSINESS REVIEW

REAL ESTATE PORTFOLIO LISTING

Investcorp co-investment by year ($ millions)	Properties # vs. current[1]	Sector	Geographic location[2]	Carrying value end of Jun-21	Carrying value end of Jun-20
Canal Center	4 / 3	Office	VA		
Vintage FY15				**1**	1
Boca Raton & Minneapolis Residential	5 / 0	-	-		
733 Tenth Street	1 / 1	Office	DC		
Vintage FY16				**2**	2
2016 Residential	10 / 0	–	–		
New York & California Multifamily	2 / 0	–	–		
Chicago & Boston Industrial	6 / 0	–	–		
Vintage FY17				**0**	3
Florida & Arizona Multifamily	6 / 0	Residential	FL / AZ		
UK Industrial Logistics	9 / 2	Industrial	GBR		
Midtown Manhattan Office	2 / 2	Office	NY		
2018 Residential[(4)]	5 / 2	Residential	IL / GA		
UK Industrial Logistics II	9 / 8	Industrial	GBR		
2018 Warehouse[(4)]	42 / 40	Industrial	AZ / MN / IL / TX		
Vintage FY18				**6**	19
German Office 2018	2 / 2	Office	GER		
US Industrial & Logistics[(4)]	56 / 51	Industrial	TX / IL / DE / MN / AZ		
2018 Multifamily[(4)]	6 / 6	Residential	FL / TX / UT		
2019 Multifamily[(4)]	8 / 8	Residential	NC / TX / AZ / GA / FL		
Frankfurt and Hamburg	2 / 2	Office / Industrial	GER		
US Distribution Center[(4)]	8 / 8	Industrial	IL / OH / AZ / FL / NC / MO / OH / TX		
Vintage FY19				**2**	13
2019 Multifamily II[(4)]	11 / 11	Residential	GA / FL / PA / NC / MO		
UK Industrial & Logistics III	10 / 10	Industrial	GBR		
2019 US Industrial and Logistics[(4)]	76 / 74	Industrial	IL / NC / TX		
535-545 Boylston Street	1 / 1	Office	MA		
2020 Residential Properties	5 / 5	Residential	CO / TX / FL		
European Office Portfolio[(4)]	3 / 3	Office	GER / BEL / NDL		
2020 Southeast Industrial & Logistics[(4)]	50 / 50	Industrial	GA / TN		
Atlantic Point[(3)]	1 / 1	Residential	NY		
Vintage FY20				**17**	32
2020 Warehouse and Logistics Portfolio	30 / 30	Industrial	OH / IL		
2021 Multifamily Portfolio	5 / 5	Residential	GA / MD / FL		
US National Industrial Portfolio	39 / 39	Industrial	AZ / FL / NJ / MN / CA / NV		
Sunbelt Multifamily	5 / 5	Residential	AZ / GA / TX		
UK Industrial & Logistics IV	13 / 13	Industrial	GBR		
Vintage FY21				**11**	0
Others				**0**	1
Sub-total	**432 / 382**			**39**	70
New portfolios under construction	5 / 5			**8**	1
Total including new portfolios under construction	**437 / 387**			**47**	71

(1) 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

(2) Two letter code denotes North America US states and three letter code represents country ISO code

(3) Assets were recapitalized by Investcorp. Investcorp and its subsidiaries continue to have a management role in one of the properties. Investcorp maintains a direct equity investment in Atlantic Point and is considered a current portfolio

(4) Exposure has reduced as these portfolios form part of the new fund now shown under 'Investment in Structured Products'

STRATEGIC CAPITAL INVESTMENTS

Investcorp seeks to acquire minority interests in alternative asset managers, particularly general partners (GPs) who manage longer duration, private capital strategies (e.g., private equity, private credit, real estate, etc.) with a focus on those with strong track records, exceptional teams, and attractive growth prospects. Targets are typically well-established, mid-sized alternative asset managers who have the resources and infrastructure to attract top talent, retain large, sophisticated investors, and build a lasting business.

During FY21, Investcorp completed a strategic minority investment in Centre Lane, a private equity and private credit investment firm focused on the US lower middle market with approximately $2 billion in assets under management. This is the second investment in the Investcorp Strategic Capital Partners Master Fund, L.P.

Acquired	Portfolio Company Name	Industry Sector	Headquarters
July 2019	**Project Aspen** A leading diversified private capital manager focused on the lower middle market running private equity and private credit strategies	Diversified Private Capital	Boston, US
December 2020 CENTRE LANE PARTNERS	**Centre Lane Partners** Buyout and private credit investment firm focused on the lower middle market with a deep value orientation and focus on complex situations www.centrelanepartners.com	Private Equity and Private Credit	New York, US

BUSINESS REVIEW

CREDIT MANAGEMENT

At June 30, 2021, Investcorp's CM balance sheet co-investments totaled $255 million compared with $317 million at June 30, 2020. The amount represents 36% of total balance sheet co-investments at June 30, 2021.

Please refer to the table in Note 10 (B) of the Consolidated Financial Statements of Investcorp Holdings B.S.C., which summarizes the June 30, 2021 and June 30, 2020 carrying values by geography.

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

Assets under management – Investcorp credit management ($ millions)

Fund Name[1]	Cash returned to equity to date %[2]	Total AUM Jun-21	Investcorp AUM Jun-21
FY 2014	107%	820	22
FY 2015	98%	1,295	41
FY 2016	81%	1,322	50
FY 2017	50%	1,042	37
FY 2018	49%	934	46
FY 2019	24%	934	47
FY 2020	12%	1,360	0
FY 2021[3]	N/A	1,038	6
European CLO Funds		**8,745**	**250**
FY 2013	112%	310	0
FY 2015	45%	735	0
FY 2017	54%	509	5
FY 2018	45%	986	0
FY 2019	25%	446	6
FY 2020	17%	803	13
FY 2021[3]	N/A	410	30
US CLO Funds		**4,199**	**54**
Other Funds[4]		1,716	38
Other		**1,716**	**38**
Total		**14,659**	**342**

1 Fiscal year groupings are based on the closing date of a CLO
2 % of equity cash distribution over par value of equity at launch
3 The first payment date is not due as of June 30, 2021
4 Other funds include Global Fund, European Market Fund, Mount Row Levered Fund, Investcorp Credit Management BDC and Risk Retention Fund.

Collateralized Loan Obligations ('CLOs')

CLO equity continues to provide investors with attractive current income cash distributions. In both Europe and the US, the average annualized cash distribution on Investcorp's ongoing 2.0 CLOs as at June 30, 2021 were 13%.

Global Floating Rate Income Fund ('GIF' of the 'Fund')

The GIF[4] generated a net return of +2.45% in the six months ending June 30, 2021 and 9.06% in FY21. Since inception in August 2015, the Fund's annualized net return is 4.01%.

As expected in current market conditions, where CCC-rated and defaulted assets (which are outside the Fund's strategy), have driven market performance year-to-date, the Fund underperformed the 3.44% year-to-date return of the benchmark index by -56 bps on a gross basis (-99bps net). This performance is consistent with the conservative portfolio positioning and strategy of the Fund which drove outperformance on a comparable gross basis in FY20, when market conditions were more difficult. The Fund broadly maintained its geographical allocation over the quarter, with a slight increase towards US assets. At quarter end, 73% of the Fund was invested in USD, 24% in EUR and 3% in GBP, compared to 72% USD as at December 2020.

Mount Row (Levered) Credit Fund

Mount Row (Levered) Credit Fund I closed at €318 million in May 2020 and was fully invested in August 2020. The Fund was upsized by €50 million in May 2021 through an increase in its leverage facility. The portfolio is highly defensive, covering 110 issuers with an average EBITDA of over €450 million, and has performed well through 2021 to date. The Fund has generated a net return of approximately 10.0% per annum since inception in January 2020.

Mount Row (Levered) Credit Fund II, a €300 million target Fund, held its first close in January 2021. The Fund's current levered AUM is approximately €275 million. The Fund remains open for new investors targeted to be fully closed by the end of September 2021.

Investcorp Credit Management BDC

On August 30, 2019, Investcorp Credit Management US LLC (a subsidiary of Investcorp Holdings B.S.C.) acquired an approximate 76% ownership interest in CM Investment Partners, LLC ("CMIP"). CMIP is an investment adviser that has registered with the U.S. Securities and Exchange Commission and it acts as the investment adviser to Investcorp Credit Management BDC, Inc. ("ICMB"), a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended. ICMB is a publicly traded company that is listed on the Nasdaq Global Select Market under the symbol "ICMB".

4 USD Share Class

OWNERSHIP STRUCTURE, CORPORATE GOVERNANCE AND REGULATION

OWNERSHIP STRUCTURE, CORPORATE GOVERNANCE AND REGULATION

As at June 30, 2021, Investcorp Holdings B.S.C. ('Investcorp Holdings', 'Investcorp' or the 'Company') the Investcorp Group's (as defined below) principal parent entity, was domiciled in Bahrain and its Ordinary Shares (as defined below) were listed on the Bahrain Bourse.

Investcorp Holdings held an Extraordinary General Meeting on June 2, 2021, at which the Shareholders of Investcorp Holdings approved (i) the delisting of the Ordinary Shares from the Bahrain Bourse and (ii) the conversion of Investcorp Holdings' legal form from a public Bahrain Shareholding Company (B.S.C.) into a closed Bahrain Shareholding Company (B.S.C.(c)). Trading in the Ordinary Shares on the Bahrain Bourse was suspended on May 13, 2021.

The delisting process was completed on July 12, 2021 and, as a result, Investcorp Holdings is no longer subject to the regulatory oversight of the Bahrain Bourse. Investcorp Holdings is currently in the process of converting its legal form, and this is expected to be completed in the near future.

The information that follows is as at June 30, 2021.

OWNERSHIP STRUCTURE

Overview

Investcorp Holdings' ownership and subsidiary structure is designed to ensure that:

- the interests of Investcorp Holdings' strategic shareholder group, which comprises certain Investcorp Holdings directors, prominent Gulf individuals and institutions, together with public shareholders, are closely aligned with those of the Investcorp Group management; and
- Investcorp Holdings effectively operates as a management-controlled entity.

Substantially all of the Investcorp Group's assets and operations are owned and controlled by Investcorp S.A., an exempted company incorporated in the Cayman Islands ('ISA'). As a result, substantially all of the Investcorp Group's commercial risks are held outside of the Middle East.

Investcorp Holdings owns a 100% economic interest in, and controls 21.0% of the voting rights in, Investcorp Holdings Limited ('IHL'), an exempted company incorporated in the Cayman Islands. In turn, IHL owns a 100% economic interest in, and controls 100% of the voting rights in ISA. Investcorp Holdings, together with its consolidated subsidiaries, including IHL and ISA, are referred to herein as the 'Investcorp Group'. The ultimate parent company of the Investcorp Group is SIPCO Holdings Limited, an exempted company incorporated in the Cayman Islands.

As at June 30, 2021, assets comprising 99.5% of the book value of the Investcorp Group's consolidated assets were owned directly or indirectly by ISA. The significant subsidiaries of Investcorp Holdings, including IHL and ISA, are discussed in Note 1 (iv) to the consolidated financial statements of Investcorp Holdings.

Share Capital Structure

Investcorp Holdings' share capital comprises:

- Ordinary Shares, each with a nominal value of US$2.50 and each of which carries economic and voting rights (the 'Ordinary Shares');
- 'Series B' Preference Shares, each with a nominal value of US$1,000.00 and each of which carries economic rights, but which do not carry voting rights (the 'Series B Preference Shares'); and
- 'Series E' Preference Shares, each with a nominal value of US$125,000.00 and each of which carries economic rights, but which do not carry voting rights (the 'Series E Preference Shares').

Neither the Series B Preference Shares nor the Series E Preference Shares were admitted to listing or to trading on the Bahrain Bourse.

Shareholding Structure

The shareholding structure of Investcorp Holdings is outlined in Note 1 (iii) to the consolidated financial statements of Investcorp Holdings.

As at June 30, 2021 the Shareholders directly holding Ordinary Shares comprised the constituents and percentage interests shown in the table immediately below:

Shareholder Group	Percentage of Ordinary Shares Held[1]
Public shareholders[2]	47.14%
SIPCO Limited	1.42%
Ownership Holdings Limited	9.79%
CP Holdings Limited	41.64%

1 Percentages shown relate to direct holdings of Ordinary Shares, only.

2 Comprising predominantly Gulf-based nationals and institutions. As of June 30, 2021, (i) 10% of such Ordinary Shares were held by Konoz Securities Company SPC, (ii) 9.99% of such Ordinary Shares were held by Equity Ownership MB Limited, and (iii) 10.01% of such Ordinary Shares were held by Equity Ownership MB II Limited (Equity Ownership MB Limited and Equity Ownership MB II Limited are each indirectly owned and controlled by Mubadala Investment Company PJSC).

Each of SIPCO Limited ('SIPCO'), Ownership Holdings Limited ('OHL') and CP Holdings Limited ('CPHL') is an exempted company incorporated in the Cayman Islands. SIPCO administers the Investcorp Group incentive compensation plans. CPHL is controlled by OHL which, in turn, has SIPCO as its largest shareholder and controller. Strategic shareholders and SIPCO indirectly own the balance of the shares in CPHL and OHL. This structure enables Investcorp to effectively operate as a management-controlled entity.

As at June 30, 2021, SIPCO held, directly and indirectly, 19.52% of the Ordinary Shares which represent:

- ownership of indirect beneficial interests in Ordinary Shares held by certain current and former Investcorp Group management and employees through Investcorp Employee Share Ownership Plans (each such plan an 'ISOP');
- ownership of indirect beneficial interests in Ordinary Shares held by participants, including certain current Investcorp Group management and employees, in Investcorp Investment Plans (each such plan an 'IIP'); and
- treasury shares held for potential allocation or acquisition by employees pursuant to an ISOP or IIP.

The ownership of indirect beneficial interests in Investcorp Holdings by current and former Investcorp Group management and employees is implemented through either:

- ISOPs, which are deferred remuneration programs pursuant to which certain current and former Investcorp Group management and employees are allocated or subscribe utilizing variable (incentive) remuneration for indirect beneficial interests in Ordinary Shares; or
- IIPs, which are investment programs pursuant to which participants, including certain current Investcorp Group management and employees, purchase indirect beneficial interests in Ordinary Shares.

Both the ISOPs and IIPs are intended, among other things, to promote stakeholder alignment and encourage Investcorp Group management to focus on long-term value creation and prudent control of balance sheet risks.

As at June 30, 2021, of the 19.52% of the Ordinary Shares owned directly and indirectly by SIPCO:

- 9.3% corresponded to indirect beneficial interests held by participants in the ISOPs (which, as of June 30, 2021, comprised 190 current and former Investcorp Group management and employees in the aggregate), which includes 3.3% acquired but unvested shares under an ISOP;
- 9.38% corresponded to indirect beneficial interests held by participants in the IIPs (which, as of June 30, 2021, included 67 current and former Investcorp Group management and employees in the aggregate); and
- 0.84% corresponded to treasury shares held for potential acquisition by employees pursuant to an ISOP or IIP.

As a result of the Investcorp Holdings ownership structure, certain Investcorp Holdings directors and senior executive officers, who are also the directors of SIPCO and of OHL's sole director, have the ability to control the voting of 52.9% of the Ordinary Shares.

The Investcorp Group's senior management hold beneficial interests in Ordinary Shares through the ISOPs and the IIPs, however, no current member of Investcorp Group's senior management directly holds Ordinary Shares, Series B Preference Shares or Series E Preference Shares.

As reported above, an aggregate of 52.9% of Investcorp Holdings' Ordinary Shares are held by SIPCO, OHL and CPHL.

The table below shows the distribution by nationality of the holders of 47.1% of the Ordinary Shares that were held by public shareholders as at June 30, 2021.

Nationality	Number of Shares	Ownership
Bahraini	11,381,095	14.2%
British	203,400	0.3%
Cayman Islander	846,200	1.1%
Emirati	17,026,655	21.3%
Indian	2,400	0.0%
Jordanian	700	0.0%
Kuwaiti	1,519,900	1.9%
Lebanese	28,050	0.0%
Omani	445,776	0.5%
Qatari	865,700	1.1%
Saudi	5,284,850	6.6%
Swiss	64,000	0.1%
Virgin Islands, British	44,600	0.1%
Total	**37,713,326**	**47.1%**

CORPORATE GOVERNANCE, BALANCE SHEET AND RISK MANAGEMENT

The table below shows the distribution by nationality of the holders of Series B Preference Shares as at June 30, 2021.

Nationality	Number of Shares	Ownership
Bahraini	11,688	9.5%
British	857	0.7%
Canadian	367	0.3%
Cayman Islander	49,618	40.3%
Emirati	1,427	1.2%
French	357	0.3%
Indian	178	0.1%
Jordanian	287	0.2%
Kuwaiti	43,819	35.6%
Lebanese	178	0.1%
New Zealander	54	0.0%
Omani	6,471	5.3%
Qatari	1,230	1.0%
Saudi Arabian	4,535	3.7%
Swiss	1,816	1.5%
Syrian	357	0.3%
Total	**123,239**	**100.0%**

The tables below show the distribution of ownership of Investcorp Holdings' Ordinary Shares and Series B Preference Shares by size of shareholding as at June 30, 2021.

Ordinary shares	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	13,713,326	260	17.1%
1% up to less than 5%	1,138,713	1	1.4%
5% up to less than 10%	7,833,561	1	9.8%
10% up to less than 20%	8,000,000	1	10.0%
20% and greater	49,314,400	2	61.6%
Total	80,000,000	265	100%

Series B Preference Shares	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	15,131	53	12.3%
1% up to less than 5%	16,471	6	13.4%
5% up to less than 10%	8,918	1	7.2%
10% up to less than 20%	20,127	1	16.3%
20% and greater	62,592	2	50.8%
Total	123,239	63	100%

The Series E Preference Shares are represented by one Global Certificate (the 'Global Certificate'). On or about the date of issue of the Series E Preference Shares the Global Certificate was deposited with, and registered in the name of The Bank of New York Depository (Nominees) Limited (the 'Series E Nominee') acting as nominee for, a common depositary for Euroclear Bank SA/NV ('Euroclear') and Clearstream Banking S.A. ('Clearstream'). Whilst investors hold, via accounts (including via brokerage accounts) with Euroclear and Clearstream, indirect beneficial interests in the Global Certificate and, therefore, indirect beneficial interests in Series E Preference Shares, the Series E Nominee is the only registered holder of legal title to the Series E Preference Shares. Beneficial interests in the Global Certificate are evidenced by, and transfers thereof are effected only through, records maintained by the participants in Euroclear and Clearstream, as the case may be and, as such, the identities of investors holding indirect beneficial interests in the Global Certificate and in Series E Preference Shares are not available to Investcorp Holdings.

Information regarding the ownership of Ordinary Shares, Series B Preference Shares and Series E Preference Shares by Investcorp Holdings' Directors and senior management is provided in the Investcorp Holdings Fiscal Year 2021 Corporate Governance Report ('Fiscal Year 2021 Corporate Governance Report') which is a supplement to this Annual Report. The Fiscal Year 2021 Corporate Governance Report is also available on Investcorp's website (www.investcorp.com).

Cayman Islands country risk/Control of the Investcorp Group: creditor protection mechanisms

As at June 30, 2021, assets comprising 99.5% of the book value of the Investcorp Group's consolidated assets were owned directly or indirectly by ISA, which is a subsidiary of IHL.

In order to separate voting control from economic interests, IHL has issued (i) ordinary shares which carry voting rights, but do not carry economic rights; (ii) 'Series A' Preference Shares ('IHL Series A Preference Shares'), which carry both voting and economic rights; (iii) 'Series B' Preference Shares ('IHL Series B Preference Shares'), which only carry economic rights and (iv) 'Series E' Preference Shares ('IHL Series E Preference Shares') which only carry economic rights. As at June 30, 2021, Investcorp Holdings holds 21.0% of the voting shares of IHL (through its ownership of IHL Series A Preference Shares) and it holds 100% of the non-voting shares of IHL (through its ownership of IHL Series B Preference Shares and IHL Series E Preference Shares). The IHL Series A Preference Shares, the IHL Series B Preference Shares and the IHL Series E Preference Shares owned by Investcorp Holdings entitle it to 100% of the economic interest in IHL and, therefore, 100% of the economic interest in the 99.5% of the book value of the Investcorp Group's consolidated assets owned directly and/or indirectly by ISA.

Under the Articles of Association of IHL, in the event of the occurrence of any event, or a series of events, of an adverse nature that are reasonably likely to materially impair Investcorp Holdings' ability to perform its obligations, cause a change of control of Investcorp Holdings or prevent it from continuing normal business activities, the Designated Representatives, who are certain of Investcorp Holdings' senior executive officers and certain of Investcorp Holdings' Directors, have the power to declare that an 'investment protection event' has occurred. Examples of circumstances that would constitute an 'investment protection event' include the hostile invasion of Bahrain by the forces of a foreign state, the nationalization of Investcorp Holdings or substantial interference in the conduct of business that is reasonably likely to result in a material adverse change in the business, operations, assets or financial condition of Investcorp Holdings. Should the Designated Representatives declare that an investment protection event has occurred, the IHL Series A Preference Shares, the IHL Series B Preference Shares and the IHL Series E Preference shares held by Investcorp Holdings will be automatically redeemed for nominal consideration. If the investment protection event is not temporary, IHL will issue shares and cause them to be delivered to the shareholders of Investcorp Holdings so that each shareholder will own shares directly in IHL that are economically equivalent in all respects to the shares that they own in Investcorp Holdings.

CORPORATE GOVERNANCE

Overview

Investcorp views corporate governance as the manner in which members of the Board of Directors, shareholders, investors, management and employees of Investcorp are organized and how they operate in practice. Good corporate governance involves keeping business practice above reproach and thus retaining the trust and confidence of all the stakeholders who enable Investcorp to operate, thrive and prosper.

Investcorp makes large investments in mostly illiquid asset classes such as corporate and real estate investments. Through its regulated subsidiaries in the various jurisdictions where it operates, it places a large proportion of these investments with clients and retains a portion for its own balance sheet. These investment activities operate with above-average risk levels and have led to the development of a comprehensive risk management infrastructure and strong corporate governance over the past 39 years. Investcorp's corporate governance practices have been structured around the following three principles:

i. alignment of interests among shareholders, clients and management combined with protection of lenders' interests;

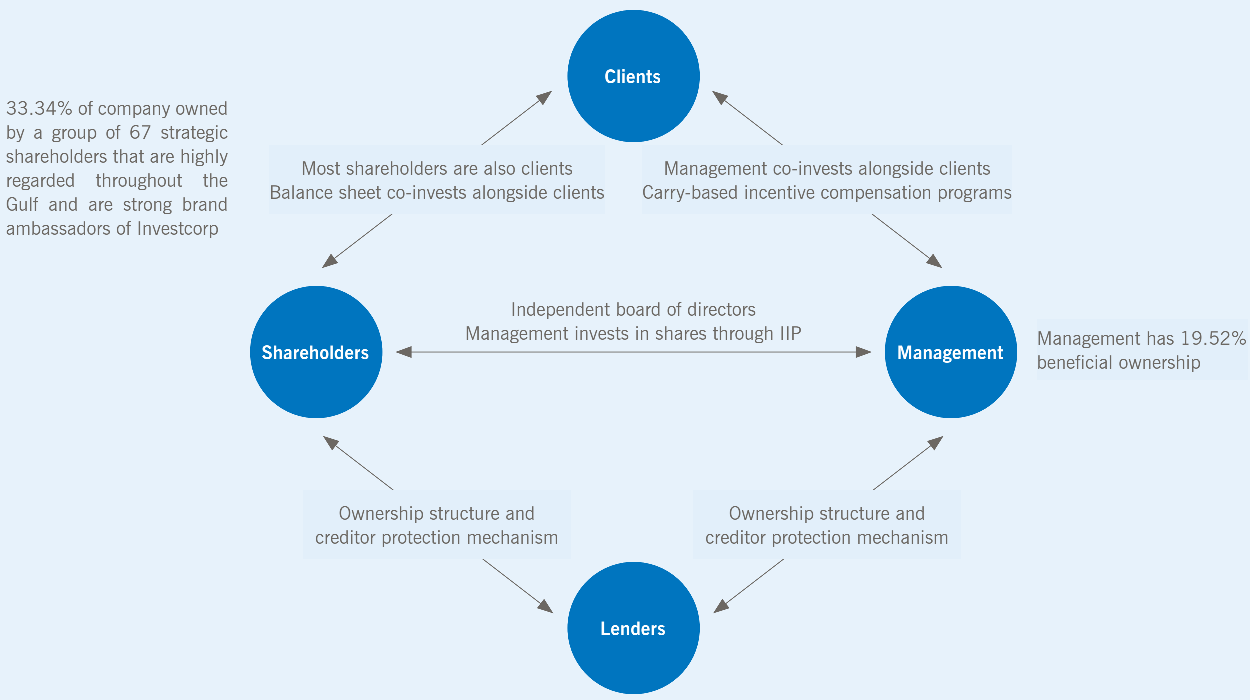
ii. transparency of reporting and actions plus proactive risk control; and

iii. collective decision-making.

At June 30, 2021, Investcorp Holdings' corporate governance was subject to the Central Bank of Bahrain's Rulebook volume 6 High Level Controls Module, ('Module HC') and the Bahrain Ministry of Industry, Commerce and Tourism's Corporate Governance Code ('Governance Code'). Please see the Fiscal Year 2021 Corporate Governance Report for disclosure regarding Investcorp's compliance with Module HC and the Governance Code.

i. Alignment of interests. A central tenet of Investcorp's philosophy is to ensure that interests among shareholders, clients and management are optimally aligned and that lender interests are well protected. The diagram below summarizes the key factors that drive this alignment.

Good alignment of interest between key stakeholders



The alignment of interest is ensured by the following mechanisms:

Co-investments: Clients of the Investcorp Group, shareholders and management all participate in each of Investcorp's investment products. Investcorp retains a stake in each private equity, real estate and strategic capital transaction or fund, placing the balance with clients through its regulated subsidiaries in the various jurisdictions where it operates. Investcorp also invests a portion of its assets in the products of the Investcorp Group's credit management business and in the absolute return investment products of Investcorp-Tages Limited. Hence, through ownership of Investcorp, shareholders indirectly participate in each of the investment products.

In addition, some of Investcorp's employees typically co-invest alongside the Investcorp Group clients and Investcorp in these investment products. As a result, all three groups are collectively exposed to the same risks and share the same outcomes. This emphasis on co-investment ensures that all stakeholders are motivated to grow Investcorp and enhance its value through the generation of superior risk-adjusted returns in each of the Investcorp Group products.

Performance-based incentive compensation: In addition, consistent with industry practice, Investcorp's investment professionals participate in performance-based investment carried interest programs whereby a certain variable portion of exit proceeds due to investors from the realization of their investments is shared with the investment professionals, provided that a certain pre-established minimum client investment performance objective is satisfied on the underlying investment.

In addition, the overall compensation paid to members of senior management and other Investcorp executives is highly correlated with Investcorp's net income. Investcorp's net income is driven by its ability to acquire, place, manage and realize investments and realize gains from investments on its balance sheet (franchise value). The franchise value, in turn, depends on management's ability to provide long-term value to the Investcorp Group clients and shareholders and protection for its creditors.

Furthermore, all of Investcorp's employees at the level of Principal and Managing Director who are above designated levels of remuneration are required to defer a percentage of their variable (incentive) remuneration and utilize a portion of that deferred remuneration to purchase indirect beneficial interests in Investcorp Holdings' Ordinary Shares through the ISOPs. These indirect beneficial interests are subject to vesting requirements.

Additionally, certain of Investcorp's management and employees have been invited to participate in the ownership of indirect beneficial interests in Investcorp Holdings' Ordinary Shares through the IIPs.

In this manner, Investcorp's executive compensation and share participation programs play a critical role in aligning management's interests with the interests of shareholders, clients and lenders.

The aggregate amount of compensation paid to senior management in respect of Fiscal Year 2021, including variable remuneration that is required to be deferred and utilized to purchase indirect beneficial interests in Ordinary Shares that are subject to vesting requirements, is disclosed in Note 24 of the consolidated financial statements of Investcorp Holdings.

The names of the members of senior management and information regarding their roles within Investcorp and their professional backgrounds is included in the Managing Directors, Principals and Professional Staff section of this Annual Report.

Further information regarding the Investcorp Group's remuneration policies and practices is provided in the Fiscal Year 2021 Corporate Governance Report.

ii. Transparency and risk control. Transparency at Investcorp involves the open and proactive discussion of issues and problems with all stakeholders. The role and nature of the Board of Directors and its Standing Committees and Investcorp's management structure are vital elements of an Investcorp Group-wide framework for mitigating risks, allocating resources and making decisions with full accountability based on all relevant information.

Board of Directors

Under the Articles of Association of Investcorp Holdings the Board of Directors consists of not less than five and not more than 15 Directors, and the number of Directors is determined by shareholder resolution.

On January 13, 2021, by way of a decision by circulation, the Board of Directors of Investcorp Holdings approved the appointment of Ms. Frances Townsend to fill the vacancy which arose following the retirement of Lord Gerry Grimstone from the Board of Directors in March 2020.

As at June 30, 2021 the total number of Directors appointed to Investcorp Holdings' Board of Directors was 15.

There is no cumulative voting in Director elections.

Each Director has signed a formal written appointment letter agreement which addresses a number of matters, including the Director's duties and responsibilities in serving on the Board of Directors, the fact that annual remuneration for service as a Director is subject to the approval of the shareholders of Investcorp Holdings and his or her entitlement to access independent professional advice when needed. There are no arrangements in effect relating to the termination of any Director.

The Board of Directors is ultimately accountable and responsible for overseeing the strategy and business performance of Investcorp and its subsidiaries. The specific responsibilities of the Board of Directors, as at June 30, 2021, were as follows:

- ensuring that financial statements are prepared which accurately disclose the Company's financial position;
- monitoring management performance;
- convening, and preparing the agenda for, shareholders meetings;
- setting up a mechanism to regulate transactions with related parties in order to minimize conflicts of interest and preventing abusive related party transactions;
- selecting, monitoring and, when necessary, replacing key executives and overseeing succession planning;
- aligning key executive and Directors' remuneration with the longer-term interests of the Company and the Shareholders;
- ensuring a formal Directors nomination and election process;
- ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
- assuring equitable treatment of shareholders, including minority shareholders;
- the ongoing obligations in respect of the listing requirements, including but not limited to issues relating to disclosure, dissemination of price sensitive information and other communication, and the prevention of market abuse and insider trading;
- compliance with the Company's founding documentation, including but not limited to its Memorandum and Articles of Association and other relevant by-laws and resolutions;
- ensuring that any loans provided by the Company are approved by the Directors in accordance with their authority for such items, including the respective limits and other relevant terms;
- adopting the commercial and financial policies associated with the Company's business performance and achievement of its objectives;

- drawing, overseeing and periodically reviewing the Company's plans, policies, strategies and key objectives;
- setting and generally supervising the regulations and systems of the Company's internal control systems;
- determining the Company's optimal capital structure, strategies and financial objectives and approving annual budgets;
- monitoring the Company's major capital expenditures, and possessing and disposing of assets;
- approving Investcorp's semi-annual and annual financial statements and presenting them to the annual OGM; and
- forming specialized committees of the Board of Directors as required by the nature of the Company's activity and as provided in the regulatory requirements.

The Directors' names, years of service on the Board of Directors, other directorships held by them, attendance of Board of Directors meetings held during Fiscal Year 2021 and details of the aggregate sitting fees paid and remuneration proposed to be paid to the Directors in respect of Fiscal Year 2021 are reported in the Fiscal Year 2021 Corporate Governance Report.

The approval of the Board of Directors is required for material matters, including the business plan and budget for each fiscal year, capital markets and other financing transactions, Investcorp Group-wide risk limits and employee remuneration plans.

During Fiscal Year 2021, all of the Directors of Investcorp Holdings other than H.E. Mohammed Bin Mahfoodh Bin Saad Alardhi, the Executive Chairman of Investcorp Holdings, were non-executive Directors. In line with the requirement of the Governance Code and Module HC, the Board of Directors provided its annual determination of the independence of the Directors, at its meeting in September 2020 and this is reported in the Corporate Governance Report.

The Board of Directors has established three Standing Committees as follows: the Audit and Risk Committee, the Corporate Governance Committee and the Nomination and Remuneration Committee. Each Standing Committee is described below:

The **Audit and Risk Committee** is responsible for the oversight of Investcorp Holdings' internal audit, external audit, risk management and compliance functions. Investcorp Holdings' external auditor and the Head of the Internal Audit department, the General Counsel, in his capacity as the person overseeing the global compliance function and the Head of the Risk Management department report to the Audit and Risk Committee.

The members of the Audit and Risk Committee are appointed by the Board of Directors, and at June 30, 2021, the Committee had four members. Consistent with Module HC, none of the members of the Audit and Risk Committee has any other Board responsibilities that could conflict with his obligations as a member of the Audit and Risk Committee. The Audit and Risk Committee is required to meet at least four times each fiscal year.

The responsibilities of the Audit and Risk Committee include:

External Audits and Financial Statements

- meeting with the external auditors twice a year, at least once in the absence of any Executive Directors of members of management;
- selecting, appointing, remunerating or, where appropriate, terminating the external auditor, subject to ratification by the Board and the Shareholders;
- reviewing the independence of the external auditor, on an annual basis;

- reviewing and discussing the audit scope and results with the external auditor, and clarifying any difficulties and obstacles that have prevented it from accessing required information or documents, as well as any disputes or disagreements with management;
- reviewing and discussing the Company's annual and interim financial statements;
- coordinating the activities of the external auditor and the internal auditor, if any such activities are required;
- reviewing the Executive Chairman's and the Chief Financial Officer's certifications of the financial statements on an annual and interim basis, ensuring that such annual and interim financial statements as prepared present a true and fair view, in all material respects of the Company's financial condition and results of operations in accordance with applicable accounting standards;
- recommending any additional or specific audit required in respect of the financial statements; and
- discussing any management letter provided by the external auditor.

Accounting and Internal Controls and Systems

- examining and reviewing the internal control system and submit a written report on its opinion and recommendations on an annual basis;
- reviewing the Company's accounting and financial practices, and the integrity of the financial control, internal control and financial statements; and
- reviewing and discussing possible improprieties in financial reporting or other matters, and ensure arrangements are in place for independent investigation and follow-up regarding such matters.

Internal Audits

- reviewing internal audit reports and following up on the implementation of the corrective measures related to the comments contained therein;
- using the audit findings as an independent check on the information received from management about the Company's operations and performance and the effectiveness of the internal controls;
- reviewing, discussing and making recommendations on the selection, appointment and termination of the Head of the Internal Audit Department, and the budget allocated to the Internal Audit Department, and monitoring the responsiveness of management to the recommendations of the Committee and its findings;
- reviewing and discussing the adequacy and efficiency of the Internal Audit staff, internal control procedures and any changes therein;
- reviewing and approving the internal audit policies;
- approving the risk-based internal audit plan and any deviation thereto; and
- reviewing annually with the Head of Internal Audit, and other members of management as appropriate, the independence of internal auditing and any unwarranted restrictions on internal audit scope, communications, access, and resources, including personnel and externally contracted resources.

Compliance

- reviewing the budget allocated to the Compliance Department;
- reviewing the Compliance control procedures and any changes therein; and
- monitoring the Company's compliance with legal and regulatory requirements.

Risk Management

- reviewing the risk management plan and following up on its implementation, ensuring that the plan addresses the:
  - main risks that the Company may face and the probability of these risks occurring;
  - mechanisms to identify, measure and follow up on these risks;
  - mechanisms to periodically detect and report risks, including new risks; and
  - ways to mitigate, and if possible to avoid, the effects of the risks.
- reviewing the Company's risk management policies periodically;
- developing an executive program for the Company's risk management; and
- periodically receiving analytical reports on the risk status of the Company.

Other Duties

- reviewing and approve changes to the relevant policies and procedures manuals that fall under the scope of the Audit and Risk Committee;
- conducting any special investigations it deems necessary to meet its responsibilities, including any investigation required to be conducted by the Whistleblowing Procedures; and
- reviewing and supervising the implementation of, enforcement of and adherence to The Investcorp Group Code of Conduct.

The **Corporate Governance Committee** is responsible for overseeing Investcorp Holdings' corporate governance. The members of the Corporate Governance Committee are appointed by the Board of Directors, and at June 30, 2021, the Committee had four members. The Corporate Governance Committee is required to meet at least twice each fiscal year.

The Corporate Governance Committee's responsibilities include:

- developing and recommending to the Board changes from time to time in Investcorp's written corporate governance guidelines, which shall constitute Investcorp's corporate governance policy framework and shall include or refer to the principles and numbered directives of the Governance Code;
- reviewing and evaluating the adequacy of its Terms of Reference annually and recommend to the Board any changes it deems appropriate;
- overseeing Investcorp's implementation of the Governance Code;
- overseeing the development of a formal and tailored induction program for newly appointed Directors, to which current Directors must be invited;
- overseeing Director's Corporate Governance educational activities;
- performing any other activities consistent with its Terms of Reference and Investcorp's By-laws, as it or the Board deems appropriate; and
- coordinating the annual evaluation of the Board, its Directors, Standing Committees and members.

In addition, as required by Investcorp's Conflicts of Interest Policies and Procedures for Members of the Board of Directors, Senior Management and Controlled Function Personnel (the 'Conflicts of Interest Policies and Procedures'), the Corporate Governance Committee is responsible for considering any report of an actual or potential conflict of interest involving any Director, any member of senior management or any less senior executive performing a Controlled Function (collectively, 'Covered Persons') and making a recommendation to the Board of Directors regarding such actual or potential conflict of interest.

The **Nomination and Remuneration Committee** functions as (i) a nominating committee and (ii) a remuneration committee. The members of the Nomination and Remuneration Committee are appointed by the Board of Directors, and at June 30, 2021, the Committee had five members. The Committee is required to meet at least two times a year.

When acting as a nominating committee, its responsibilities include:

- making recommendations to the Board from time to time as to changes the Committee believes to be desirable to the size and composition of the Board or any committee of the Board;
- identifying persons qualified to become Executive Chairman, Chief or Co-Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other officers of Investcorp considered appropriate by the Board, with the exception of the nomination of the Head of Internal Audit, which will be the responsibility of the Audit and Risk Committee;
- whenever a vacancy arises (including a vacancy resulting from an increase in the size of the Board), identifying persons qualified to become members of the Board and recommend to the Board a person to fill the vacancy either through appointment by the Board or through shareholder election;
- considering any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Board members, and other factors;
- making recommendations to the Board regarding candidates for Board memberships to be included by the Board on the agenda for the next annual shareholders meeting;
- considering all candidates for Board membership recommended by the shareholders and any candidates proposed by management;
- identifying Board members qualified to fill vacancies on any committee of the Board and recommend to the Board that such person be appointed to such committee;
- overseeing succession planning and design a plan for orderly succession and replacement of officers including replacement in the event of an emergency or other unforeseeable vacancy, ensuring appropriate resources are available;
- making recommendations to the Board from time to time as to changes the Committee believes to be desirable in the structure and job descriptions of Investcorp's officers including the Executive Chairman and Co-Chief Executive Officers, and prepare terms of reference for each vacancy stating the job responsibilities, qualifications needed and other relevant matters, including integrity, technical and managerial competence, and experience; and
- recommending persons to fill specific officer vacancies including Executive Chairman and Co-Chief Executive Officers, considering criteria such as those referred to above.

When acting as a remuneration committee, its responsibilities include:

- considering and making specific recommendations to the Board regarding Investcorp's remuneration policies (which policies should be approved by the shareholders) and individual remuneration packages for each director and specified executive officers or other senior officers;
- considering, and making recommendations to the Board regarding, remuneration to be paid to Directors based on their attendance of Board meetings and performance, subject to compliance with Article 188 of the Bahrain Commercial Companies Law;
- considering and approving remuneration packages for certain specified executive officers or other senior officers, as well as the total variable remuneration to be distributed, taking into account all forms of remuneration, including salaries, fees, expenses, bonuses, deferred remuneration and other employee benefits, ensuring that such compensation is consistent with Investcorp's corporate values and reflects an evaluation of performance in implementing agreed corporate goals, objectives, strategy; provided, however, that the Committee may consider Investcorp's performance and shareholder return relative to comparable companies, and, in considering and approving remuneration to the Co-Chief Executive Officers and Executive Chairman, the Committee may consider awards to the Executive Chairman and Co-Chief Executive Officers in past years and the value of remuneration awards to chief executive officers at comparable companies;
- approving individual remuneration packages for other Managing Directors and Principals, taking into account all forms of remuneration referred to above, ensuring that such compensation is consistent with Investcorp's corporate values and reflects an evaluation of performance in implementing agreed corporate goals, objectives, strategy and business plans;
- approving, monitoring and reviewing the remuneration system to ensure the system operates as intended; and
- retaining and overseeing outside consultants or firms for the purpose of determining director or officer remuneration, administering remuneration plans or related matters.

The names of the members of each of the Standing Committees, their attendance at their relevant Standing Committee meetings during Fiscal Year 2021 and the remuneration proposed to be paid to Directors for their Standing Committee service during Fiscal Year 2021 is reported in the Fiscal Year 2021 Corporate Governance Report.

During Fiscal Year 2021, the Board of Directors evaluated the performance of the Board of Directors as a whole, each Standing Committee and each Director and the Board will continue such evaluations each year going forward. Information regarding the evaluation conducted during Fiscal Year 2021 is presented in the Fiscal Year 2021 Corporate Governance Report.

A report regarding the evaluations conducted each year is also provided at each OGM.

For information regarding related party transactions, please see Note 25 to the consolidated financial statements of Investcorp Holdings.

The Board of Directors has adopted the Conflicts of Interest Policies and Procedures that apply to all Covered Persons. A conflict of interest exists when any activity, interest or relationship of a Covered Person interferes with or could reasonably be expected to interfere with the Covered Person's ability to act in the best interests of Investcorp, including if a Covered Person has a personal interest in a transaction to which Investcorp is or may become a party. The policy provides that a Covered Person's investment in Investcorp securities, Investcorp transactions and/or Investcorp products on the same terms as are extended to other similarly situated persons, which includes non-Covered Persons, will not be considered to give rise to a conflict of interest.

The Conflicts of Interest Policies and Procedures prohibit Covered Persons from engaging in certain activities, including participating in any discussion or decision-making or vote that involves a subject in which a conflict of interest exists, and requires the disclosure of any existing or potential conflict of interest with respect to any Director to the Executive Chairman's Office who will in turn report it to the Corporate Governance Committee. The Corporate Governance Committee is required to consider the matter and report to the Board of Directors, which ultimately must determine how to proceed and whether to approve any transaction in which a conflict of interest exists. If a conflict of interest involves a Director, that Director should not participate in any Board of Directors discussion regarding, or vote on, that transaction.

Additionally, each member of senior management and each other Controlled Function Personnel should report any actual or potential conflict of interest to the Chief Administrative Officer who will in turn report it to the Corporate Governance Committee. The Corporate Governance Committee is required to consider the matter and report to the Board of Directors regarding such actual or potential conflict of interest. Such member of senior management or other Controlled Function Personnel should not be present at any meeting of the Corporate Governance Committee at which the actual or potential conflict of interest is discussed.

To ensure that any existing or potential conflict of interest is identified, Covered Persons are required to periodically complete a questionnaire. The questionnaire requires disclosure of the companies in which directorships are held and interests held in other entities (whether as a shareholder of 5% or more of the voting shares, a manager or some other form of significant participation).

The Board of Directors has adopted the Investcorp Group Code of Conduct, which applies to the Directors of Investcorp Holdings and all Investcorp employees. On an annual basis, all Investcorp employees are required to certify in writing their compliance with the Code of Conduct. A copy of the Code of Conduct as at June 30, 2021, is printed as an Annex to the Fiscal Year 2021 Corporate Governance Report.

Transparency for other stakeholders

It is the policy of Investcorp Holdings to provide to its shareholders, clients, creditors and other stakeholders public disclosure that is fair, transparent, comprehensive and timely, and Investcorp has established internal review procedures to ensure that the standards are satisfied. All information relating to Investcorp that is publicly disclosed is made available on Investcorp's website promptly after such disclosure is made and Investcorp Holdings' financial statements for at least the last five years are maintained on the Investcorp website at all times.

In addition to publishing its annual audited financial statements, Investcorp Holdings publishes its unaudited financial statements for the first six months of its financial year (July-December) and shareholder updates for the first three (July-September) and nine months of its financial year (July-March). An annual shareholders meeting, in addition to the OGM, provides further information and an opportunity for an exchange of opinions and ideas. The Investors Relationship Management ('IRM') team members of the various Investcorp regulated subsidiaries and several senior members of the management team also periodically meet with shareholders in one-to-one meetings. Clients have direct, ongoing access to the relevant members of the IRM team of the various Investcorp regulated subsidiaries and investment professionals. Clients are provided with a detailed written review of each investment in their portfolio every six months, and they regularly meet with IRM team members of the various Investcorp regulated subsidiaries to discuss their current portfolio and new investment opportunities. Periodically, clients typically have the opportunity to meet the management teams of their portfolio companies. Lenders receive semi-annual updates on the health of the business and have direct, ongoing access to the members of the finance team, usually through one-to-one communications.

iii. Investcorp's management structure and collective decision-making. Investcorp's senior management team adopts a collective decision-making style, which is reflected by the committees described below.

The Executive Chairman and the two Co-Chief Executive Officers of Investcorp Holdings comprise an Executive Committee which meets frequently to discuss Investcorp's business and performance on a high-level basis.

The members of the Executive Committee, together with the Chief Administrative Officer, the Chief Financial Officer, the Head of Strategy, the senior executives in charge of Investcorp's investing lines of business (the 'Investing LOBs'), the Global Head of Distribution, the Head of Risk Management and the General Counsel comprise the Operating Committee. The Operating Committee meets monthly to discuss Investcorp's business and performance on a more granular level.

Each Investing LOB has an Investment Committee, consisting of certain members of the Operating Committee and senior executives of the investing line of business. Each Investment Committee meets to evaluate each proposed investment and disposition based on its risk return profile as well as its overall suitability to Investcorp's franchise and will determine whether to recommend to the Investment Council that it approve the investment or the disposition.

Potential investments that are proposed to be placed with clients of the Investcorp regulated subsidiaries are reviewed at an early stage by the Distribution Planning Committee, which is comprised of senior IRM executives. The role of the Distribution Planning Committee is to assess the attractiveness of a potential investment to clients, which is relevant to Investcorp's underwriting risk.

All investments and dispositions, where appropriate, are subject to the final approval of the Investment Council, which is comprised of Bahrain-based senior executives including the Executive Chairman, the Co-Chief Executive Officers, the Chief Financial Officer, the Chief Administrative Officer, and the Head of Financial Management.

The Financial and Risk Management Committee guides and assists with the overall management of Investcorp's risk profile on an enterprise-wide basis subject to the approval of the Audit and Risk Committee and the Board of Directors. The Committee is comprised of senior management drawn from key areas of Investcorp and includes the Executive Committee.

REGULATION

At an Extraordinary General Meeting on June 2, 2021, the Shareholders of Investcorp Holdings approved (i) the delisting of Investcorp Holdings' Ordinary Shares from the Bahrain Bourse and (ii) the conversion of Investcorp Holdings' legal form from a public Bahrain Shareholding Company (B.S.C.) into a closed Bahrain Shareholding Company (B.S.C.(c)).

The delisting process was completed on July 12, 2021 and, as a result, Investcorp Holdings is no longer subject to the regulations of the Bahrain Bourse. The conversion process is expected to be completed in the near future.

As at June 30, 2021 the Investcorp Group has 20 principal regulated entities as follows:

Investcorp Financial Services B.S.C. (c) is licensed and regulated by the Central Bank of Bahrain as a category 1 investment business firm to (i) arrange deals in financial instruments, (ii) manage financial instruments, (iii) advise on financial instruments and (iv) operate collective investment undertakings in Bahrain.

Investcorp Securities Limited ("ISL") acts as an arranger of corporate finance and real estate transactions and manages collective investment undertakings as a small authorized UK Alternative Investment Fund Manager. ISL is registered with and regulated by the UK Financial Conduct Authority (the 'FCA') as an IFPRU 50K limited license firm. In the U.S., ISL is also registered with the US Securities and Exchange Commission (the 'SEC') as an Investment Adviser.

Investcorp Credit Management EU Limited ("ICMEU") provides portfolio management services to Collateralized Loan Obligation issuer vehicles and other funds which invest in senior secured loans. ICMEU is also registered with and regulated by the FCA as an IFPRU 50K limited license firm in the UK. In the US, ICMEU has also been deemed an Exempt Reporting Adviser with the SEC.

N.A. Investcorp LLC is registered with and regulated by the SEC and the US Financial Industry Regulatory Authority ('FINRA') as a broker-dealer.

Investcorp Credit Management US LLC is registered with and regulated by the SEC as an investment adviser.

Investcorp Investment Advisers LLC is registered with and regulated by the SEC as an investment adviser.

Investcorp Investment Advisers Limited is registered with and regulated by the SEC as an investment adviser, and is registered and regulated by the Cayman Islands Monetary Authority ('CIMA').

Investcorp Investment Solutions LLC is registered with and regulated by the SEC as an investment adviser.

Investcorp Management Services Limited is registered with and regulated by CIMA in connection with the performance of investment-related services.

Investcorp Management Holdings, L.P. provides fund management and advisory services to a number of Investcorp products and accordingly holds a registration with CIMA as a registered person under the Securities Investment Business Law.

Investcorp Nominee Holder Limited provides nominee services to a specific client segment that invests in the absolute return products of Investcorp-Tages Limited and holds a registration with CIMA as a registered person under the Securities Investment Business Law.

Investcorp Saudi Arabia Financial Investments Co. is licensed by the Capital Market Authority ('CMA') to carry on arranging, advising, managing and providing custody services and to market the Investcorp Group's investment products in Saudi Arabia.

Investcorp Investments LLC is licensed by the Qatar Financial Centre Regulatory Authority to market the Investcorp Group's investment products in and from the Qatar Financial Centre.

Investcorp Asia Financial Services Private Limited ('IAFSPL') as at June 30, 2021, IAFSPL was a registered fund management company regulated by the Monetary Authority of Singapore ('MAS') to market the Investcorp Group's investment products and provide asset management services in Singapore. Effective July 29, 2021, IAFSPL was approved to conduct expanded activities as a Licensed Fund Management Company ('LFMC') and holder of a Capital Markets Services ('CMS') License under MAS oversight.

Investcorp India Asset Managers Private Limited is approved by the Securities and Exchange Board of India ('SEBI') to act as the investment manager to certain investment funds that are registered with SEBI as Alternative Investment Funds ('AIFs').

CM Investment Partners LLC is registered with and regulated by the SEC as an investment advisor.

Mercury Capital Advisors, LLC is registered with and regulated by the SEC and the FINRA as a broker-dealer.

Mercury Capital Advisors, LLP is registered with and regulated by the FCA as an authorized investment manager.

Mercury Capital Access, LLC is registered with and regulated by the SEC as investment adviser.

Mercury Capital Advisors Asia, LLC is registered with the Japan Financial Services Agency Kanto Local Finance Bureau as a Financial Instruments Business Operator Engaging in a Type II Financial Instruments Business.

BALANCE SHEET

Investcorp's overall philosophy is to maintain a conservative balance sheet, based on an adequate level of liquidity and access to medium-term funding, modest leverage and capital adequacy sufficient to cover extreme economic shocks. Investcorp's Finance group has oversight and responsibility for management of the balance sheet structure and implements strategy and policies within a framework set by the Financial and Risk Management Committee (FRMC), under the oversight of the Board of Directors' Audit and Risk Committee and the Board of Directors.

This conservative approach to balance sheet management is a deliberate strategy to mitigate the impact of refinancing and liquidity risk on Investcorp's core business model of originating and syndicating alternative asset investments, and its ongoing commitment to stakeholder alignment by way of co-investing its balance sheet alongside investors in all its products. It also seeks to mitigate the impact on the business from market liquidity stresses or forced refinancing of debt facilities during sustained periods of economic difficulty. It therefore targets to finance its entire portfolio of illiquid co-investments with permanent capital (equity), long dated debt and also debt secured by such co-investments.

Ratings

Investcorp recognizes the value of an investment-grade rating and is aiming for that objective over the medium term. Rating agencies and lenders profile Investcorp as non-Gulf based credit risk, given that almost all of the Group's assets are held under Investcorp S.A., a non-Gulf entity. As a matter of course, certain debt covenants require that Investcorp S.A. owns at least 95% of Investcorp's consolidated group assets.

Some of the key themes referred to by the rating agencies in their reports are:

- strong client franchise with a high degree of brand name recognition and respect in the Gulf region;
- diversification benefits inherent to the business model from an increasingly globalized distribution platform and the establishment and growth of new business lines;
- the strength and longevity of tenure of the management team; and
- the conservative balance sheet management approach for liquidity, funding and capital.

Following the global financial crisis in FY09, rating agencies have repeatedly pointed to Investcorp's balance sheet risk arising from co-investment activities as a significant source of potential earnings and leverage stress in extreme scenarios. Rating agencies have also highlighted the negative impact from the global spread of the coronavirus on investment valuations. Investcorp recognized these challenges by deleveraging and strengthening its balance sheet through risk reduction and capital raising measures in order to support an eventual return to an investment grade credit rating in the future.

Liquidity management

Investcorp targets an adequate level of accessible liquidity to meet peak levels of underwriting activity, operational cash to cover near term operating expenses and interest payments; and contractual debt repayments. This is achieved by a combination of on-balance sheet liquidity, held in the form of invested short tenor liquid assets and off-balance sheet liquidity in the form of committed medium-term revolving credit facilities provided by close relationship banks. Such facilities are mainly used in the normal course of business for acquisition underwriting of new corporate investment or real estate investment deals prior to placement with clients, which takes place after the deal is closed. Bank revolvers, therefore, supplement core liquidity, and together they provide a pool of accessible liquidity to underwrite multiple acquisitions, without having to redeem or dispose of co-investments in order to meet short-term working capital requirements.

The credit environment, lender preferences and the reliability of interbank markets will dictate the actual mix between off-balance sheet and on-balance sheet liquidity that Investcorp chooses to hold at any particular time.

Investcorp stress tests its liquidity on a regular basis to ensure that it has sufficient cash in the near-term to meet unforeseen obligations. This worst-case stress scenario assumes: (i) the disappearance of almost all short-term funding sources; (ii) accelerated repayment of client balances; and (iii) a need to provide additional capital support to portfolio companies.

Funding structure

The conservative approach to balance sheet structure is also applied to Investcorp's funding activity. Investcorp's strategy is to maintain strong lender relationships, provide lenders with regular dialogue on business developments and financial results, and to be responsive on issues and questions that arise. A prudent approach to financial management has led to a deliberate strategy to secure long- and medium-term funding from a geographically diverse lender base. Investcorp has a positive structural funding gap where the average maturity of liabilities has consistently been longer than the average maturity of its assets. This has been achieved from the traditional global medium-term club and syndicated bank loan markets, together with capital markets transactions such as public bonds and private placements with institutional investors.

Refinancing requirements are managed to avoid maturity concentration in any given period, and the Company continually reviews opportunities to access new financing markets or sources with new funding products.

Investcorp's medium-term funding therefore comprises committed bank facilities (drawn and revolving), capital markets notes and bonds and a portion of committed client balances that are not at call. When the financing environment permits, this pool is targeted to have staggered maturities to reduce repayment or refinancing concentration and to match the medium-term nature of Investcorp's working capital cycle. Investcorp's long-term funding comprises private placements with international insurers with residual maturities of approximately 10 years.

A combination of high liquidity and committed term funding with actively managed maturities aims to provide adequate coverage, in a worst-case scenario, for all near- and medium-term debt repayments.

Leverage

Consistent with its overall conservative approach to balance sheet management, Investcorp aims to maintain a moderate leverage ratio, using debt where appropriate and ensuring a sufficient amount of accessible liquidity for peak underwriting of new acquisitions. The de-leveraging initiatives of the last few years have reduced leverage to 0.7x equity with FY20 been impacted by the Covid-19 crisis.

Investcorp's debt covenants contain a 'leverage' and a 'net leverage' calculation.

> Leverage is calculated as total liabilities (excluding temporary liabilities that are generally transient in nature with expected maturities of less than three months) divided by the equity capital base. Two event-specific activities temporarily inflate total liabilities. The first is the drawdown of revolving credit facilities to fund the underwriting of corporate investments and real estate investments before they are placed with clients. These are self-liquidating on receipt of client funds. The second is the receipt of transitory client funds relating to proceeds from deal exits, prior to distribution to clients. These are also self-liquidating. Investcorp does not count these two temporary liabilities in its leverage calculations unless they remain on the balance sheet for more than three months.
>
> The leverage calculation above reflects a very basic measure of financial risk. It does not give any benefit to the fact that a proportion of borrowed money may be retained in the form of cash. Net leverage however calculates leverage as total liabilities less the sum of balance sheet cash, other liquid assets and funded underwriting.

Investcorp is comfortable with its leverage levels, given that a continuous and thorough analysis of risks on the balance sheet is used to determine and ensure capital adequacy under severely stressed scenarios.

While Investcorp does manage its balance sheet with the leverage ratio in mind, it also focuses on risk capital, which is, in Investcorp's opinion, a more holistic measure of the risks on the balance sheet and is described in the following section on Risk Management. Investcorp aims to size its capital base so it can withstand a prolonged stressed environment as well as event risks, while maintaining cash flow and liquidity, sufficient to cover interest and debt repayment obligations.

RISK MANAGEMENT

Investcorp takes an enterprise-wide approach to risk management, and the proactive identification and mitigation of all embedded risks is an integral part of the corporate decision-making process.

The Asset and Liability Council ('ALCO') which is chaired by the Chief Financial Officer and includes the head of Risk Management, head of Treasury and other senior members of the Finance group, assesses and reviews various balance sheet risks arising from treasury activities on an on-going basis and decides on mitigation strategies for these risks. The ALCO is overseen by the Financial and Risk Management Committee, which is the risk management oversight committee that evaluates all tactical actions proposed and undertaken to manage the balance sheet and attendant risks from the standpoint of Investcorp's business model, funding profile, liquidity position, capital base and on-going operations in line with the Audit and Risk Committee and Board approved risk policies manual. In addition, separate risk review forums are used for each line of business to determine specific risks surrounding each new investment, and actions to be taken in an effort to mitigate these risks.

TYPES OF RISK[1]

Investcorp groups its predominant risks under the following categories:

- counterparty credit risk Note 22(i)*;
- credit risk measurement Note 22(ii)*;
- funding liquidity risk Note 22(iii)*;
- concentration risk Note 22(iv)*;
- foreign currency risk Note 22(v)(a)*;
- interest rate risk Note 22(v)(b)*;
- equity price risk Note 22(v)(c)*; and
- operational risk Note 22(vi)*.

Investcorp has developed tools in conjunction with leading risk management consultants to perform detailed risk analysis, specifically addressing the investment and concentration risks of each individual line of business.

Interest rate/currency risk management

Assets and liabilities give rise to interest rate risk if changes to the level of interest rates impact the value of future cash flows generated from assets or the value of future cash flows paid in respect of liabilities. The exposure of Investcorp's balance sheet to interest rate risk is frequently measured and monitored using risk management tools that provide in-depth analysis across investment and funding sources. The amount of interest rate sensitivity of the balance sheet at June 30, 2021 is shown in Note 22(v)(b)* of the financial statements of Investcorp Holdings B.S.C.

Investcorp's management team maintains a strategic position, unchanged from prior years, that shareholders' equity is best protected from interest rate risk in the long run by maintaining a floating rate funding strategy. Overlaying this strategy, Investcorp uses a combination of interest rate derivatives in order to protect against large movements in interest rates, while at the same time preserving the benefit of potential lower rates.

Investcorp does not take any material foreign exchange positions on its assets and liabilities denominated in currencies other than US dollars. Investcorp systematically hedges significant non-dollar asset and liability exposures in the forward foreign exchange market or by using currency derivatives. The small amount of residual net foreign currency exposure is shown in Note 22(v)(a)* of the consolidated financial statements of Investcorp Holdings B.S.C.

1 * References are to footnotes in the fiscal 2021 Investcorp Holdings B.S.C. consolidated financial statements.

Line of business investment risks

Private equity investment. Private equity investment risk is a significant component of the balance sheet and is, therefore, a key focus of analysis for the risk management team. The investment risk that is particular to the mid-cap private equity investment – North America, Europe, Asia & India business is mitigated by a set of tools that are used at all stages of the investment process. At pre-acquisition, the risk management team works alongside the deal team to implement risk analyses based on the target company's business plan. This enables identification of how the target company might perform under various scenarios, focusing, where appropriate, on specific characteristics of the deal. Sensitivity analysis and risk contribution of identified drivers to the main outcomes (EBITDA, IRR) are essential elements of the risk assessment. The analysis is performed in addition to the extensive due diligence undertaken by the private equity investment team and enables the measurement of the target company's risk compared to previous deals undertaken by Investcorp, as well as the fit of the target company from a client portfolio and balance sheet retention perspective.

All investment proposals are scrutinized rigorously by the Investment Committee prior to final approval by the Investment Council.

Once a company is acquired, Investcorp takes a portfolio approach to evaluate the risk impact of the investment on the balance sheet. The risk management team regularly performs such risk analyses to ascertain how the risks of the portfolio change over time and how it relates to internal limits and guidelines. Individual underwriting and sector exposure limits are imposed in order to manage any concentration risks. Finally, when exiting a portfolio company, hedging strategies may be used to mitigate risks associated with the exit process and to protect the expected realization proceeds from downside risks.

As in Investcorp's private equity investment – North America, Europe, Asia & India business, the investment objective in each of the technology and MENA funds is to achieve returns that justify the risk being taken. The higher risks of technology and MENA investing are alleviated through board level representation with appropriate minority protections.

Throughout the investment cycle, there is a strong emphasis on due diligence and proactive post-investment management.

Absolute Return Investments. ARI multi-manager solutions' portfolio risk is managed both from a market strategy and manager selection perspective. The most prevalent market risks emanate from an unfavorable market environment or from strategy-specific risks such as illiquidity. Manager risks include style drift, underperformance, excessive risk taking, fraud/valuation errors and legal/documentation errors. These risks are mitigated through manager due diligence and selection, diversification, use of separate accounts, monitoring, stress testing, transparency and control of leverage. The availability of portfolio detail, including through pre-negotiated transparency with hedge funds managers, enables a more complete risk analysis, as well as meaningful strategy-specific exposure and profit attribution analyses.

The risk management function monitors and analyses ARI portfolios independent of the investment team. Among the risks monitored are basis risk, concentration risk, scenario risk and tail risk. The function also conducts analysis on strategy and asset class, stress tests and historical scenarios, exposure by strategy, security type, sectors, regions and counterparty exposure and liquidity.

While investment in ARI is designed to have a low level of correlation to various markets, liquidity can temporarily decrease during periods of extreme stress, and correlations between previously uncorrelated strategies may increase, as occurred during March 2020, last quarter of calendar year 2008 and occurred to a lesser extent during 2011. The ARI team is mindful of these risks and has incorporated specific actions in its asset allocation, monitoring guidelines and separate accounts in order to cushion or mitigate these risks during periods of extreme market volatility and stress.

Real estate investment. Risk management strategies used for private equity investment are also employed to mitigate risks associated with the acquisition and retention of real estate investments. The real estate investment team further mitigates specific risk in three ways:

- concentration on high quality, income producing properties with high occupancy rates;
- establishment of partnerships with regional professionals, providing access to local knowledge and reputation; and
- use of capital structures aimed at protecting properties against the negative impact of interest rate and/or occupancy fluctuations.

To this end, the team monitors interest rate and occupancy sensitivities on each property, both prior to acquisition and during the ownership phase. This process serves to identify and assess conditions and levels that may cause the property to incur cash flow difficulties.

The team is proactive in managing properties that show signs of potential difficulties. Risk management tools are used at all stages of the real estate investment process from pre-acquisition through to realization. During pre-acquisition, the risk management team works alongside the real estate investment team to implement a detailed risk analysis based on the target investment's financial projections. This allows identification of how the property might perform under various scenarios, focusing, where appropriate, on specific characteristics of the investment. In addition to this analysis, the extensive due diligence undertaken by the real estate team allows Investcorp to gauge the target property's risk compared to previous deals undertaken, as well as to gauge the fit of the target property from both client portfolio and balance sheet retention perspectives.

Once an investment is made, Investcorp takes a portfolio approach to evaluate the risk impact of the investment on the balance sheet. The risk management team regularly performs such risk analyses to ascertain how the risks of the portfolio change over time and how they relate to internal investment exposure limits and guidelines.

Credit management investment. The credit management line of business investment risk represents risks primarily associated with collateralized loan obligations (CLOs), and the underlying credit investment, managed by the investment team.

The investment team follows investment policy guidelines to screen new investment opportunities and identify any actual or potentially material risk during the pre-investment due diligence phase. The investment team also checks for compliance with applicable local and international laws and regulations and, where appropriate, relevant international standards. The investment team monitors performance of underlying investments against agreed action plans, targets and timetables.

Risk management systematically assesses and reports on fund exposures including rating actions, price movements, sector exposures and performance, as well as portfolio management actions.

During the warehouse and risk retention phase, Investcorp takes a portfolio approach to evaluate the impact of the investment on the balance sheet to continually assess the exposures relative to the internal investment exposure limits and guidelines. Risk management runs multiple scenarios based on varying assumptions for prepayments, defaults and recoveries to assess how the portfolio would behave under different market cycles. The impact on cash flows from ratings downgrade and default of specific loans is also assessed to measure the downside risk in the portfolio.

Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events (such as natural disasters, changes in regulation or outsourcing of operations). Investcorp includes in this definition legal risk but excludes reputational and strategic risks.

While operational risks cannot be entirely eliminated, they are managed and mitigated by ensuring that appropriate infrastructure, controls, systems, procedures and trained and competent people are in place throughout Investcorp. Internal audit makes regular, independent appraisals of the control environment in all identified risk areas. Contingency arrangements, which are tested from time to time, are also in place to support operations in the event of a range of possible disaster scenarios. In addition, Investcorp carries 'Errors and Omissions' insurance against the legal risks arising from its business.

Investcorp applies the Basic Indicator Approach ('BIA') to measure operational risk and also is implementing a Board of Directors approved operational risk management framework. Under the BIA approach, Investcorp's average gross income over the preceding three financial years is multiplied by a fixed alpha coefficient which has been set at 15%. The operational risk management framework consists of the following: 1) 'Risk Control and Self-Assessment': Self-assess operational risks by going through key business processes end-to-end, 2) Evaluate the adequacy of existing process controls, 3) Implement control modifications to reduce operational risks and determine residual risks and 4) Monitor and report operational risk events to senior management.

ADEQUACY OF CAPITAL

Investcorp uses an enterprise VaR-like approach to determine capital adequacy for the combination of all balance sheet risks, while maintaining sufficient flexibility to facilitate future growth plans and protect against periods of prolonged and extreme stress in the company's operating environment, execution or performance.

Investcorp uses a risk-based capital allocation approach as the main tool to manage capital adequacy. Over the years, Investcorp has been continuously assessing its capital adequacy methodology to take into account any increased risk premium, volatility and correlation for all asset classes. In designing the risk capital methodology, Investcorp strives to maintain a risk capital allocation that is independent of any specific market recovery expectations, accounting rule changes and correlation assumptions. Investcorp continues to use the conservative assumption of 100% correlation between asset classes to provide an embedded cushion for protection against model risk inherent in model choice, model parameters estimation and model errors. Most importantly, the correlation constraint allows for an embedded cushion that will be counter-cyclical, since it is set for crisis like situations when asset correlation goes to one. Investcorp also applies the requirement to establish an explicit equity capital surplus (equal to total book equity capital including deferred fees minus total capital charges) that is set and monitored by ALCO. The capital surplus covers new business initiatives, residual non-legal operational risk and market tail-risk stress events and provides for a buffer against potential exposures, as opposed to already capitalized existing exposures, under normal and stressed market conditions. Reviews of these risks and the adequacy of the capital allocation model and equity capital surplus are conducted on a regular basis. The risk management team applies back-testing and stress-testing methodologies to continually assess the adequacy of the capital allocation model for each business line and applies the Long Range Plan (LRP), which is based on a 5-year Monte Carlo simulation, to insure the robustness of the capital base under stress conditions.

This conservative approach to capital adequacy takes into account the illiquid nature of the underlying portfolios of private equity, credit and real estate co-investments and, where possible, models other non-investment assets using a collateral based VaR like model. The capital allocation is the linear sum of independently assessed risk capital charges for each investment asset, non-investment assets (receivables, advances, etc.) and the positive impact of any tail risk hedging strategies executed for the Investcorp balance sheet.

INVESTCORP HOLDINGS B.S.C.

Consolidated Financial Statements: June 30, 2021

CONTENTS

Notes to the consolidated financial statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVESTCORP HOLDINGS B.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Investcorp Holdings B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 30 June 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Valuation of unquoted investments, related fair value changes and performance fees

Key audit matter

The Group's investment portfolio comprises of a number of unquoted private equity (disclosed as private equity, strategic capital and strategic investments in the consolidated statement of financial position), credit management, real estate investments and investments in associates and joint ventures and structured investments (included within strategic investments in the consolidated statement of financial position). The Group has used a combination of approaches including discounted cash flow, PE multiples and use of bids or indicative prices where available, obtained from potential buyers engaged in the sale process to determine the fair value of these investments.

Owing to the illiquid nature of these unquoted investments, the assessment of fair valuation is subjective and requires a number of significant and complex judgments to be made by management. The exit value is dependent on a number of factors and will be determined at the time of realisation and therefore despite the valuation policy adopted and judgments made by management, the final sales value may differ materially from the valuation at the year end.

This was a key area of focus of our audit given the significance of the judgments and estimates made by management to support the valuations.

The risk around these judgements and estimates made by management has increased due to continuously evolving impacts of COVID-19 pandemic on valuations.

There are multiple performance fee arrangements in place and the process of determining these fees rely on manual calculations. Due to the complexities inherent in the arrangements and the manual nature of the recognition process, there is a risk that the performance fees are incorrectly calculated or recognised in the wrong period.

Refer to the critical accounting estimates and judgments and disclosures of investments in notes 10 (A), 10 (B), 10 (C), 10 (E), 10 (F), 11 (B), 11 (C), 23 and 26 to the consolidated financial statements.

How the key audit matter was addressed in the audit

We obtained an understanding of management's processes and controls for determining the fair value of unquoted investments. This included discussing with management about the valuation governance structure and protocols around their oversight of the valuation process.

We attended calls with the investees' management for a sample of investments, accompanied by our valuation specialists to corroborate our understanding of, and gain specific insights into, the underlying investments.

For a sample of unquoted investments, we

- obtained and reviewed the relevant documents supporting the valuations and the assumptions used;
- corroborated key inputs in the valuation models such as earnings and net debt to the source data; and
- checked the mathematical accuracy of the valuation models.

With the assistance of our valuations specialists, we formed an independent range for the key assumptions used in the valuation of a sample of unquoted investments, with reference to the relevant industry and market valuation considerations. We derived a range of fair values using such assumptions and other qualitative risk factors. We compared these ranges with management's valuation, and discussed our results with management.

We have considered the impact of COVID-19 pandemic throughout the procedures performed on the valuations of the selected sample of unquoted investments, by challenging whether the valuation methodologies and assumptions used are appropriate.

On a sample basis, we re-performed the performance fee calculations and compared the basis of computation with the terms of the performance fee agreements.

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we have obtained the following sections of the Group's 2021 Annual Report, and the remaining sections are expected to be made available to us after that date.

- Message to shareholders
- Business Highlights
- Discussion of Results

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVESTCORP HOLDINGS B.S.C.

Other information included in the Group's 2020 Annual Report (continued)

- Assets Under Management; and
- Portfolio Review

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that:

a) as required by the Bahrain Commercial Companies Law,

   i. the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;

   ii. the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and

   iii. satisfactory explanations and information have been provided to us by management in response to all our requests.

b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 30 June 2021 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.

c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:

   i. has appointed a Corporate Governance Officer; and

   ii. has a board approved written guidance and procedures for corporate governance.

The partner in charge of the audit resulting in this independent auditor's report is Ashwani Siotia.

Ernst & Young

Partner's registration no. 117
3 August 2021
Manama, Kingdom of Bahrain

INVESTCORP HOLDINGS B.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

$millions	2021	2020	Notes	Page
FEE INCOME				
AUM fees	**217**	188		
Deal fees	**139**	100		
Fee income (a)	**356**	288		
Asset based income (loss) (b)	**107**	(110)		
Gross operating income (a) + (b)	**463**	178		
Provisions for impairment	**(4)**	(26)	13	
Interest expense	**(31)**	(40)		
Operating expenses	**(290)**	(275)	5	
PROFIT (LOSS) BEFORE TAX	**138**	(163)		
Income tax expense	**(13)**	(2)	6	
PROFIT (LOSS) FOR THE YEAR	**125**	(165)		
Profit (loss) for the year attributable to:				
Equity holders of the parent	**124**	(165)		
Non-controlling interest	**1**	0		
	125	(165)		
EARNINGS PER SHARE				
Basic earnings per ordinary share ($)	**1.42**	(2.57)	19	
Fully diluted earnings per ordinary share ($)	**1.34**	(2.57)	19	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2021

$millions	2021	2020	Notes	Page
PROFIT (LOSS) FOR THE YEAR	**125**	(165)		
Other comprehensive income (loss) that will be recycled to statement of profit or loss				
Fair value movements – cash flow hedges	**2**	(2)		
Movements – Fair value through other comprehensive income investments	**17**	(14)		
Other comprehensive loss that will not be recycled to statement of profit or loss				
Movements – Fair value through other comprehensive income investments	**(11)**	(29)		
Other comprehensive income (loss)	**8**	(45)		
TOTAL COMPREHENSIVE INCOME (LOSS)	**133**	(210)		
Total comprehensive income (loss) attributable to:				
Equity holders of the parent	**132**	(210)		
Non-controlling interest	**1**	0		
	133	(210)		

DR. YOUSEF HAMAD AL-EBRAHEEM
Chairman

MOHAMMED MAHFOODH
AL ARDHI
Executive Chairman

The attached Notes 1 to 27 are an integral part of these consolidated financial statements.

INVESTCORP HOLDINGS B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

$millions	June 30, 2021	June 30, 2020	Notes	Page
ASSETS				
Cash, placements and other liquid assets	**289**	309		
Positive fair value of derivatives	**46**	45	20	
Receivables and prepayments	**399**	285	7	
Advances	**304**	158	8	
Underwritten and warehoused investments	**445**	192	9	
Co-investments	**705**	884	10	
Investments in joint ventures, associates and intangible assets	**76**	115	11	
Premises, equipment and other assets	**127**	135	12	
TOTAL ASSETS	**2,391**	2,123		
LIABILITIES AND EQUITY				
LIABILITIES				
Payables and accrued expenses	**305**	186	14	
Negative fair value of derivatives	**30**	26	20	
Financing	**732**	981	15	
Deferred fees	**52**	62	16	
TOTAL LIABILITIES	**1,119**	1,255		
EQUITY				
Preference share capital	**375**	123	17	
Ordinary shares at par value	**200**	200	17	
Reserves	**296**	296		
Treasury shares	**(32)**	(104)		
Retained earnings	**390**	335		
Ordinary shareholders' equity excluding proposed appropriations and other reserves	**854**	727		
Proposed appropriations	**44**	22		
Other reserves	**(3)**	(5)	18	
Non-controlling interests	**2**	1		
TOTAL EQUITY	**1,272**	868		
TOTAL LIABILITIES AND EQUITY	**2,391**	2,123		

DR. YOUSEF HAMAD AL-EBRAHEEM
Chairman

MOHAMMED MAHFOODH
AL ARDHI
Executive Chairman

The attached Notes 1 to 27 are an integral part of these consolidated financial statements.

INVESTCORP HOLDINGS B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

		Ordinary shareholders' equity excluding proposed appropriations and other reserves			
$millions	Preference share capital	Ordinary share capital	Share premium	Treasury shares	Retained earnings
Balance at July 1, 2019	123	200	237	(74)	540
Restatement arising from adoption of IFRS 16	–	–	–	–	(2)
Balance at July 1, 2019	123	200	237	(74)	538
Total comprehensive loss	–	–	–	–	(165)
Transferred to retained earnings upon derecognition	–	–	–	–	(16)
Depreciation on revaluation reserve transferred to retained earnings	–	–	–	–	0
Treasury shares purchased during the year - net of sales and vesting	–	–	–	(28)	–
Gain on vesting of treasury shares	–	–	2	(2)	–
Acquisition of subsidiaries	–	–	–	–	–
Approved appropriations for fiscal 2019 paid	–	–	–	–	–
Proposed appropriations for fiscal 2020	–	–	–	–	(22)
Balance at June 30, 2020	123	200	239	(104)	335
Balance at July 1, 2020	123	200	239	(104)	335
Total comprehensive income	–	–	–	–	124
Transferred to retained earnings upon derecognition	–	–	–	–	(25)
Depreciation on revaluation reserve transferred to retained earnings	–	–	–	–	0
Treasury shares sold and vested during the year - net of purchases	–	–	–	60	–
Loss on vesting and purchase of shares	–	–	(28)	12	–
Preference shares issued during the year	252	–	(3)	–	–
Approved appropriations for fiscal 2020 paid	–	–	–	–	–
Proposed appropriations for fiscal 2021	–	–	–	–	(44)
Balance at June 30, 2021	375	200	208	(32)	390

The attached Notes 1 to 27 are an integral part of these consolidated financial statements.

Statutory reserve	Fair value reserve	Total	Proposed appropriations	Other Reserves	Non-controlling interests	Total equity
100	(16)	987	38	(3)	–	1,145
–	–	(2)	–	–	–	(2)
100	(16)	985	38	(3)	–	1,143
–	(43)	(208)	–	(2)	–	(210)
–	16	–	–	–	–	–
–	–	0	–	(0)	–	–
–	–	(28)	–	–	–	(28)
–	–	–	–	–	–	–
–	–	–	–	–	1	1
–	–	–	(38)	–	–	(38)
–	–	(22)	22	–	–	–
100	(43)	727	22	(5)	1	868
100	(43)	727	22	(5)	1	868
–	6	130	–	2	1	133
–	25	–	–	–	–	–
–	–	0	–	(0)	–	–
–	–	60	–	–	–	60
–	–	(16)	–	–	–	(16)
–	–	(3)	–	–	–	249
–	–	–	(22)	–	–	(22)
–	–	(44)	44	–	–	–
100	(12)	854	44	(3)	2	1,272

INVESTCORP HOLDINGS B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

$millions	2021	2020	Notes	Page
OPERATING ACTIVITIES				
Profit (loss) before tax	**138**	(163)		
Adjustments for non-cash items in profit before tax :				
Depreciation and amortization	**21**	24		
Provisions for impairment	**4**	26	13	
Employee deferred awards	**26**	33		
Operating profit (loss) adjusted for non-cash items	**189**	(80)		
Changes in:				
Operating capital				
Placements (non-cash equivalent)	**(12)**	(44)		
Receivables, prepayments and advances	**(231)**	(24)	7, 8	
Underwritten and warehoused investments	**(253)**	142	9	
Payables and accrued expenses	**103**	(56)	14	
Deferred fees	**(10)**	(1)	16	
Co-investments	**185**	90	10	
Investments in joint ventures and associates	**(5)**	–	11	
Fair value of derivatives	**(14)**	5		
Income taxes paid	**(9)**	(12)		
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(57)**	20		
FINANCING ACTIVITIES				
Financing - net of transaction costs and new issuances	**(234)**	(25)	15	
Preference shares issued - net of expenses	**249**	–		
Shares purchased - net of sales	**38**	(45)		
Dividends paid	**(22)**	(38)		
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**31**	(108)		
INVESTING ACTIVITIES				
Acquisition of subsidiaries	–	(21)		
Investment in associates and joint ventures	–	(6)	11	
Investment in premises and equipment	**(6)**	(10)		
NET CASH USED IN INVESTING ACTIVITIES	**(6)**	(37)		
Net decrease in cash and cash equivalents	**(32)**	(125)		
Cash and cash equivalents at beginning of the year	**265**	390		
Cash and cash equivalents at end of the year	**233**	265		
Cash and cash equivalents comprise of:				
Cash and short-term funds	**161**	130		
Placements with financial institutions and other liquid assets	**72**	135		
	233	265		

Additional cash flow information $millions	2021	2020
Interest paid	**(31)**	(39)
Interest received	**57**	40

Additional liquidity information $millions	2021	2020	
Cash and cash equivalents at end of the year	**233**	265	
Placements (non-cash equivalent)	**56**	44	
Total cash, placements and other liquid assets	**289**	309	
Available / undrawn balances	**1,251**	917	15
Total available liquidity at end of the year	**1,540**	1,226	

The attached Notes 1 to 27 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

1. ORGANIZATION

(i) Incorporation

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 Company in an Extraordinary General Meeting held on June 2, 2021, resolved to delist from the Bahrain Bourse and convert the Company to a closed Shareholding Company. The delisting has been completed on July 12, 2021 (Note 27).

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 and joint ventures.

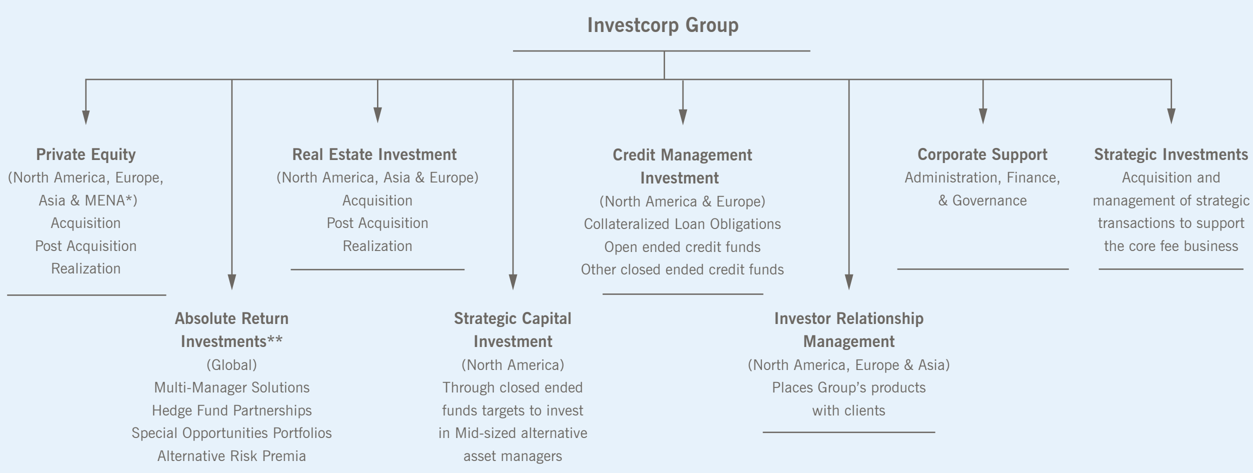
The registered office of the Company is at Investcorp House, Building 499, Road 1706, Diplomatic Area 317, Manama, Kingdom of Bahrain. The Company is registered under commercial registration number 12411-1 issued by the Ministry of Industry, Commerce and Tourism, Kingdom of Bahrain.

The consolidated financial statements for the year ended June 30, 2021 were authorized for issue in accordance with a resolution of the Board of Directors effective on August 3, 2021.

(ii) Activities

The Group performs two principal roles (a) to act as an intermediary by bringing global investment opportunities to its clients, and (b) to act as a principal investor by co-investing with its clients in each of its investment products.

In performing its principal roles, the Group provides products in five investment asset classes. The investment asset classes in which the Group specializes are private equity investments, credit management investments, absolute return investments, real estate investments and strategic capital investments. Each of the asset classes is comprised of its own dedicated team of investment professionals and is supported by a common investment relationship management (previously called “placement and relationship management”) team and corporate support units.



* Includes Turkey

** In May 2020, Investcorp entered into a joint venture with Tages Group to which the ARI business was transitioned.

(iii) Ownership

As at June 30, 2021, Ownership Holdings Limited ('OHL'), a Cayman Islands company, has control of 51.4% (June 30, 2020: 51.4%) of the Company's Ordinary Shares directly and through C.P. Holdings Limited ('CPHL'), a Cayman Islands company. CPHL is controlled by OHL which, in turn, has SIPCO Limited ("SIPCO") as its largest shareholder. Strategic shareholders own the balance of CPHL and OHL. SIPCO, a subsidiary of SHL, is the entity through which employees own beneficial interests in the Company's ordinary shares.

As a result of the Company's ownership structure, the directors of SIPCO, comprised of certain of the Company's directors and senior executive officers who are also the directors of OHL's sole director, which is a Cayman Islands corporation, have the ability to control the voting of 52.9% (June 30, 2020: 52.9%) of the Company's ordinary shares.

SHL, SIPCO, OHL and CPHL are companies incorporated in the Cayman Islands.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

(iv) Subsidiary companies

The Company has a 100% (June 30, 2020: 100%) economic interest in Investcorp Holdings Limited ("IHL"), incorporated in the Cayman Islands, through its ownership of Series A and Series B preference shares issued by IHL. These preference shares have the right to 100% of all dividends declared by IHL and 100% of IHL's net assets in the event of liquidation subject to the payment of a nominal amount in respect of IHL's ordinary shares. CPHL, OHL and SIPCO Limited own ordinary shares of IHL to facilitate the investment protection mechanism described in the Annual Report. Please see Ownership Structure, Corporate Governance and Regulation section of the Annual Report. The ordinary shares and Series A preference shares of IHL carry voting rights.

IHL in turn has a 100% (June 30, 2020: 100%) voting interest in Investcorp S.A. ("SA"), a Cayman Islands holding company, is the principal asset-holding operating entity within the Group and, consistent with covenants contained in the Group's medium and long-term debt agreements, the Group holds at least 95% of its assets through SA or subsidiaries that are owned directly or indirectly by SA.

The non-controlling interests in the consolidated financial statements represents the 24% (June 30, 2020: 24%) of equity position in CM Investment Partners LLC and 20% (June 30, 2020: 20%) of equity position in IVC Titan Acquisition LLC.

The Group structure along with its significant subsidiaries is illustrated below:

Parent	Wholly owned significant subsidiaries	Description of principal activities
Investcorp Holdings B.S.C. (Bahrain)		Bahrain-based parent company of the Group.
	Investcorp Holdings Limited (Cayman Islands)	Holding company that provides *force majeure* investment protection to shareholders and lenders.
	Investcorp S.A. (Cayman Islands)	Holding company that is the principal operating and asset owning arm of the Group.
	Investcorp Capital Limited (Cayman Islands)	Company that issues the Group's long-term notes and other capital market financings.
	Investcorp Investment Holdings Limited (Cayman Islands)	Company through which the Group retains its equity investments across its product classes.
	Investcorp Management Services Limited (Cayman Islands)	Company that provides administrative services to non-United States client investment holding companies for corporate and real estate investments.
	Investcorp Investment Advisers Limited (Cayman Islands)	Company that provides investment management and advisory services to investment funds and is an SEC registered investment advisor.
	Investcorp Funding Limited (Cayman Islands)	Company that provides short-term funding to investee and client investment holding companies.
	Investcorp Trading Limited (Cayman Islands)	Company that executes the Group's money market, foreign exchange and derivative financial contracts, invests in hedge funds partners and manages the Group's excess liquidity.
	CIP AMP Limited (Cayman Islands)	Company through which the Group co-invests in ARI products.
	Investcorp International Limited (UK)	The Group's principal operating subsidiary in the UK which employs the group's UK-based employees.
	Investcorp Securities Ltd. (UK)	Company that provides M & A consulting services for deal execution in Europe and acts as a Small AIFM and RIA, regulated by the UK FCA and the SEC.
	Investcorp International Holdings Inc. (USA)	The Group's holding company in the United States of America.
	Investcorp International Inc. (USA)	Employs the group's United States-based employees.
	N A Investcorp LLC (USA)	Company is an SEC registered broker dealer that provides marketing services in the United States for the ARI and real estate funds and investment banking services for M&A transactions.
	Investcorp Investment Advisers LLC (USA)	Company that provides investment management and advisory services in the United States for investment funds, and is an SEC registered investment advisor.
	Investcorp Credit Management US LLC (USA)	Company that provides investment management and advisory services to various debt funds in the US and is an SEC registered investment adviser.
	CM Investment Partners LLC. (USA)	Company that provides investment advisory services in the United States for investments in floating rate first lien, second lien, unitranche loans, mezzanine loans/structured equity and in the equity of middle-market companies.
	Investcorp Financial Services BSC (c) (Bahrain)	Company that provides investment management and advisory services in MENA region and acts as principal agent in Bahrain for placements of the products offered by the Group.
	Investcorp Europe Holdings Limited (UK)	Company that acts as a holding company for Banque Paris Bertrand Sturdza and risk retention vehicle.
	Investcorp Credit Management EU Limited (UK)	Company that provides investment management and advisory services to various debt funds in the UK and is regulated by the UK FCA.
	Investcorp Asia Services Pte. Ltd. (Singapore)	The Group's holding company in Singapore.
	Investcorp India Asset Managers Private Limited (India)	Company that acts as the Fund Manager and Investment adviser for investments in India.
	Investcorp Asia Financial Services Pte Ltd (Singapore)	Company that provides investment management and advisory services in Asia region and acts as principal agent in Asia for placements of the products offered by the Group.
	Investcorp Investments LLC (Qatar)	Company that acts as principal agent of the Group in Qatar for placements of the products offered by the Group.
	Investcorp Saudi Arabia Financial Investments Co. (Saudi Arabia)	Company that acts as principal agent of the Group in Saudi Arabia for placements of the products offered by the Group.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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 year end are as follows:

	June 30, 2021				June 30, 2020			
$millions	Clients	Investcorp	Affiliates and co-investors	Total	Clients	Investcorp	Affiliates and co-investors	Total
Private equity investment								
Closed-end committed funds****	**1,424**	**131**	**176**	**1,731**	1,170	93	144	1,407
Closed-end invested funds	**1,460**	**53**	**159**	**1,672**	1,488	58	16	1,562
Deal-by-deal	**2,581**	**195***	**141**	**2,917**	2,251	269*	143	2,663
Deal-by-deal underwriting	–	**274**	–	**274**	–	59	16	75
Total private equity investment	**5,465**	**653**	**476**	**6,594**	4,909	479	319	5,707
Credit management investment								
Closed-end invested funds	**13,321**	**288**	**43**	**13,652**	12,001	294	–	12,295
Closed-end committed funds	**483**	**8**	–	**491**	491	34	–	525
Open-end invested funds	**371**	**10**	–	**381**	314	10	–	324
Warehousing	–	**37**	**100**	**137**	–	0	0	0
Total Credit management investment	**14,175**	**343**	**143**	**14,661**	12,806	338	0	13,144
Absolute return investments**								
Multi-manager solutions	**3,158**	**11**	**5**	**3,174**	2,939	28	3	2,970
Hedge funds partnerships	**3,703**	**11**	–	**3,174**	2,479	24	–	2,503
Special opportunities portfolios	**593**	**18**	**3**	**614**	564	29	2	595
Alternative risk premia	**49**	-	–	**49**	40	-	–	40
Total absolute return investments	**7,503**	**40**	**8**	**7,551**	6,022	81	5	6,108
Real estate investment								
Closed-end committed funds	–	–	–	–	65	15	–	80
Closed-end invested funds	**117**	–	–	**117**	119	–	–	119
Deal-by-deal***	**6,068**	**325**	**915**	**7,308**	5,134	565	316	6,015
Deal-by-deal underwriting***	–	**122**	–	**122**	–	125	66	191
Total real estate investment	**6,185**	**447**	**915**	**7,547**	5,318	705	382	6,405
Strategic Capital investment								
Closed-end invested funds	**332**	**40**	**6**	**378**	87	40	6	133
Deal-by-deal	**28**	–	**9**	**37**	28	–	–	28
Total strategic capital investment	**360**	**40**	**15**	**415**	115	40	6	161
Infrastructure****								
Closed-end committed funds	**90**	**25**	**25**	**140**	–	–	–	–
Total Infrastructure investment	**90**	**25**	**25**	**140**	–	–	–	–
Strategic and other investments								
Strategic investments	–	**58**	–	**58**	–	74	–	74
Total strategic investment	–	**58**	–	**58**	–	74	–	74
Client balances with trusts	**662**	–	–	**662**	567	–	–	567
Total	**34,440**	**1,606**	**1,582**	**37,628**	29,737	1,717	712	32,166
Summary by products:								
Closed-end committed funds	**1,846**	**196**	**207**	**2,249**	1,235	108	144	1,487
Closed-end invested funds	**1,577**	**53**	**159**	**1,789**	1,694	98	22	1,814
Credit management funds	**14,175**	**306**	**43**	**14,524**	12,806	338	-	13,144
Absolute return investments	**7,503**	**40**	**8**	**7,551**	6,022	81	5	6,108
Deal-by-deal	**8,677**	**520**	**1,065**	**10,262**	7,413	834	459	8,706
Underwriting and warehousing	–	**433**	**100**	**533**	–	184	82	266
Client monies held in trust	**662**	–	–	**662**	567	-	-	567
Strategic and other investments	–	**58**	–	**58**	–	74	-	74
Total	**34,440**	**1,606**	**1,582**	**37,628**	29,737	1,717	712	32,166
Summary by asset classes:								
Private equity investment	**5,465**	**653**	**476**	**6,594**	4,909	479	319	5,707
Credit management investment	**14,175**	**343**	**143**	**14,661**	12,806	338	–	13,144
Absolute return investments	**7,503**	**40**	**8**	**7,551**	6,022	81	5	6,108
Real estate investment***	**6,185**	**447**	**915**	**7,547**	5,318	705	382	6,405
Strategic capital investment	**360**	**40**	**15**	**415**	115	40	6	161
Client monies held in trust	**662**	–	–	**662**	567	–	–	567
Infrastructure	**90**	**25**	**25**	**140**	–	–	–	–
Strategic and other investments	–	**58**	–	**58**	–	74	–	74
Total	**34,440**	**1,606**	**1,582**	**37,628**	29,737	1,717	712	32,166

* Includes Group's commitment of 4 million (June 30, 2020: $4million) to a private equity deal.

** Stated at gross value of the underlying exposure. Also, includes $4.9 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 Investcorp 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 was transferred. As at June 30, 2021, the total AUM held through joint ventures amounted to $7.6 billion (June 30 2020: $6.1 billion).

*** Real estate investment stated at gross asset value. Also, includes $0.3 billion (June 30, 2020: Nil) of assets under management relating to property management business.

**** As of June 30, 2021, Investcorp managed AUM amounting to $0.2 billion through its joint ventures for PE investment business

***** As of June 30, 2020, Investcorp's associate managed AUM amounting to $6 million which is currently nil due to the sale of the associate (Note 11 C).

In the table, all absolute return investments, strategic investments, real estate investment exposures (clients and affiliates and co-investors) 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.

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 consolidated statement of financial position.

3. SEGMENT REPORTING

A. REPORTING SEGMENTS

The business segments reported are based on the two primary reporting segments into which the Group classifies its activities.

(i) Fee Business

The Group acts as an intermediary by acquiring, managing and realizing investments for institutional and high net worth clients. The Group operates through centers in the Arabian Gulf, the US, Europe, India and Singapore. The Group's clients primarily include institutional and high net worth clients in Arabian Gulf states and institutional investors in the United States, Europe and Asia. Fee income is earned throughout the life cycle of investments by providing intermediary services to clients.

(ii) Co-investment Business

The Group co-invests along with its clients in the investment products it offers to clients. Income from these co-investments in private equity investments, absolute return investments, real estate investments, strategic capital investment and credit management investments are earned during the life cycle of the investments either in form of fair value changes or cash flows in form of dividends, interest and rental yields.

B. ASSET CLASSES AND PRODUCTS

The Group classifies its two primary reporting segments further on the basis of asset classes and products:

Asset Classes	Products
(1) Private equity investment	– Deal by deal offerings – Closed-end fund(s)
(2) Credit management investment	– Open-end fund(s) – Closed-end fund(s)
(3) Absolute return investments	– Multi-manager solutions – Hedge fund partnerships – Alternative risk premia – Special opportunities portfolios
(4) Real estate investment	– Deal by deal offerings – Closed-end fund(s)
5) Strategic capital investments	– Closed-end fund(s)
6) Other investments	– Deal by deal offerings – Closed-end fund(s)

The asset classes, together with their related product offerings, are described in further detail below:

(i) Private Equity Investment (PE)

The PE teams are based in London, New York, the Kingdom of Bahrain, Singapore and India. The PE teams based in London and New York arrange private equity investments in mid-size companies, in North America and Western Europe, with a strong track record and potential for growth. The PE team based in the Kingdom of Bahrain and India primarily looks at growth capital investments in the wider MENA region (including Turkey) and India respectively. The PE team in Singapore looks into opportunities in Asian markets. These PE investments are placed primarily on a deal-by-deal basis and are also offered through conventional fund structures to investors. The Group retains a small portion as a co-investment.

(ii) Credit Management Investment (CM)

The CM teams are based in London and New York. The teams primarily manage Investcorp's CM business which includes proprietary co-investments as well as client assets under management. The CM teams' business activity comprises of launching and managing of CLO funds in North America and Europe with an approximate size of each fund of US$500 million / €400 million and development and management of other debt funds that invest in debt of companies in North America and Europe. The business aims to achieve consistent outperformance against market returns for debt investors through active and diversified portfolio management.

(iii) Real Estate Investment (RE)

The RE teams are based in New York, London and India. The RE teams in North America and Europe arrange investments in properties with strong cash flows and/or potential for attractive capital gains over a three to five year holding period. Several properties are assembled into diversified portfolios that are then placed with the Group's investor base in the Arabian Gulf states and United States, with the Group retaining a small portion as a co-investment. Further, the Group also provides its investor base with mezzanine investment opportunities through fund structures, with the Group retaining a small portion as a co-investment. The Group also manages investments certain properties throughout the Southeast, Northeast, Midwest and Texas. The RE India business currently has two active funds. The funds provide structured senior credit within the residential real estate sector.

(iv) Strategic Capital Investment (SC)

The Group is executing an investment strategy, through a fund structure, focused on acquiring minority interests in alternative asset managers, particularly GPs who manage longer-duration private capital strategies (e.g. private equity, private credit, real estate). Through the New York-based team, the Group focuses on GPs with strong track records, exceptional teams, and attractive growth prospects.

(v) Absolute Return Investments (ARI)

During FY20, Investcorp entered into a 50/50 joint venture agreement with Tages Group, a leading European alternative asset management firm. The new joint venture is named Investcorp-Tages Limited (the "JV") and has been structured as a standalone entity which will manage the absolute return investments of the combined entities. Prior to transitioning into a JV structure during FY20, the ARI team, primarily operating from New York, managed Investcorp's ARI business which included proprietary co-investments as well as client assets under management. The JV now primarily operates out of New York and London. The ARI business continues to comprise of managing investments in multi-manager solutions, special opportunities portfolios and hedge fund partnership products. The business aims to achieve attractive returns on a risk-adjusted basis over a medium-term period with low correlation to traditional and other asset classes, through a diversified portfolio of investments.

C. REVENUE GENERATION

(i) Fee income

There are several components of fees that are earned from providing intermediary services to clients and investee companies.

AUM fees

AUM fees consist of

- management, administrative and recurring consulting fees earned on PE, RE and SC investments from client's investment holding companies, investee companies and closed-end funds;
- placement fees earned on PE and RE investments from program clients;
- management, performance and other fees earned on CM assets under management;
- management, performance and other fees earned on ARI assets under management before the transition of the ARI business to the JV; and
- fee paid by the ARI JV for services provided by Investcorp Group.

Deal fees

Deal fees are comprised of activity fees and performance fees on PE, RE and SC investments.

Activity fees comprise fees earned by the Group from investee companies in connection with new PE or RE acquisitions. This also includes part of the placement fees earned by the Group from clients excluding program clients at the time of placing a new investment with them (usually as a percentage of the total subscription from a client), and ancillary fees that are earned from investee companies for providing consulting services.

Performance fees on PE and RE deals are calculated as a portion of the gain earned by the Group on the clients' investments that exceed a specified hurdle performance/rate.

(ii) Asset based income

This includes realized as well as unrealized gains and losses on investments which are measured at Fair Value Through Profit or Loss ("FVTPL"), interest on all debt instruments, rental income distributions from RE co-investments and impairment on all debt instruments classified as Fair Value Through other comprehensive income ("FVOCI") or held at amortized cost.

All other income that is common to the Group (such as income arising from the deployment of the Group's excess liquidity and interest earned on other advances) is classified as treasury and other income.

D. SEGREGATION OF ASSETS

Assets directly attributable to the Co-investment Business are primarily in the form of co-investments by the Group in each asset class, and any associated working capital items. All other assets, including cash and receivables, are recorded under the Fee Business.

E. ALLOCATION OF EQUITY, LIABILITIES AND INTEREST EXPENSE

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

Having determined the assets directly attributable to each reporting segment, and the economic capital requirements, the Group allocates liabilities (debt funding) to each reporting segment based on the relative maturity profile of the segment's assets. Long term debt including loans secured by co-investments in CM are allocated to the Co-investment Business to the extent possible with the residual being allocated to Fee Business. Short term financing, medium term debt, other associated working capital and the fair value of derivatives are allocated to the Fee Business. The allocation of liabilities determined above, in turn, drives the allocation of interest expense for each reporting segment.

F. ALLOCATION OF OPERATING EXPENSES

A portion of the operating expenses for the Co-investment Business are allocated using a fixed rate charge on the aggregate co-investments, excluding underwriting, at the beginning and middle of the year. There is an additional potential expense for the co-investment business in the form of incentive payments if the net asset based income from the Co-investment Business exceeds a certain hurdle. All residual operating expenses are allocated to the Fee Business.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

G. PROFIT OR LOSS AND FINANCIAL POSITION BY REPORTING SEGMENTS

The consolidated statements of profit or loss by reporting segments are as follows:

$millions	2021	2020
FEE BUSINESS		
AUM fees		
Private equity investment	**91**	88
Credit management investment	**59**	55
Absolute return investments	**25**	14
Real estate investment	**35**	28
Strategic capital investment	**7**	3
Total AUM fees	**217**	188
Deal fees		
Private equity investment	**77**	45
Credit management investment	**1**	0
Real estate investment	**61**	55
Total deal fees	**139**	100
Asset based income		
Other strategic investments	**(11)**	(27)
Investment in joint ventures and associates	**4**	-
Treasury and other income	**0**	9
Total asset based loss	**(7)**	(18)
Gross income attributable to fee business (a)	**349**	270
Provisions for impairment	**(4)**	(26)
Interest expense (b)	**(15)**	(12)
Operating expenses attributable to fee business (c)*	**(255)**	(270)
FEE BUSINESS PROFIT (LOSS) (d)	**75**	(38)
CO-INVESTMENT BUSINESS		
Asset-based income		
Private equity investment	**42**	(96)
Credit management investment	**49**	(22)
Absolute return investments	**1**	(5)
Real estate investment	**16**	31
Treasury and other asset based income	**6**	-
Gross income (loss) attributable to co-investment business (e)	**114**	(92)
Interest expense (f)	**(16)**	(28)
Operating expenses attributable to co-investment business (g)*	**(48)**	(7)
CO-INVESTMENT BUSINESS PROFIT (LOSS) (h)	**50**	(127)
PROFIT (LOSS) FOR THE YEAR (d) + (h)	**125**	(165)
Gross operating income (a) + (e)	**463**	178
Gross operating expenses (c) + (g)	**(303)**	(277)
Interest expense (b) + (f)	**(31)**	(40)

* Including income tax expense.

Revenue reported above represents revenue generated from external customers. There were no inter-segment revenues during the year (2020: nil).

$113.2 million (2020: $101 million) of deal fees relates to activity fees and $26.2 million of performance fee was recognized during the year (2020: $0.8 million of reversal).

Treasury and other income includes $11.5 million (2020: $10.6 million) of interest income. CM asset based income includes $22.6 million (2020: $18.0 million) of interest income.

None of the Group's customers have generated ten percent or more of the Group's total revenues reported above.

All significant activities of the Group are performed on an integrated, worldwide basis. The Group's clients and trading partners also operate in the international market place, and neither their domicile nor the geographical location of a transaction is necessarily related to the country in which the asset or liability underlying the transaction is located. Consequently, any geographical segmentation of revenues would be potentially misleading. As such, segmentation of revenues and cashflows by region has not been presented. Notes 10 and 22 (iv) present the geographical split of assets and off-balance sheet items.

The cashflows generated from the business segments and asset classes have been presented under the operating activities in the cashflow statement, as these arose in the normal course of the business.

The consolidated statements of financial position by reporting segments are as follows:

	June 30, 2021		
$millions	Co-investment Business	Fee Business	Total
Assets			
Cash, placements and other liquid assets	–	289	289
Positive fair value of derivatives	–	46	46
Receivables and prepayments	38	361	399
Advances	–	304	304
Underwritten and warehoused investments	–	445	445
Co-investments	687	18	705
Investments in joint ventures, associates and intangible assets	–	76	76
Premises, equipment and other assets	–	127	127
Total assets	725	1,666	2,391
Liabilities and Equity			
Liabilities			
Payables and accrued expenses	11	294	305
Negative fair value of derivatives	–	30	30
Financing	166	566	732
Deferred fees	–	52	52
Total liabilities	177	942	1,119
Total equity	548	724	1,272
Total liabilities and equity	725	1,666	2,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

	June 30, 2020		
$millions	Co-investment Business	Fee Business	Total
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	857	27	884
Investments in joint ventures, associates and intangible assets	–	115	115
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. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows categories of the Group's financial assets and financial liabilities:

$millions	June 30, 2021 FVTPL	FVOCI	Items at amortized cost	Total
Financial assets				
Cash, placements and other liquid assets	82	–	207	289
Positive fair value of derivatives	45	1	–	46
Receivables	–	–	369	369
Advances	–	–	304	304
Underwritten and warehoused investments	445	–	–	445
Co-investments				
Private equity investment	205	32	–	237
Credit management investment	–	110	145	255
Absolute return investments	35	5	–	40
Real estate investment	34	13	–	47
Strategic capital investments	–	6	–	6
Other investments	85	35	–	120
Investment in joint ventures and associates	8	–	–	8
Total financial assets	939	202	1,025	2,166
Non-financial assets				
Prepayments				30
Premises, equipment and other assets				127
Intangible assets				68
Total assets				2,391
Financial liabilities				
Payables and accrued expenses	–	–	305	305
Negative fair value of derivatives	26	4	–	30
Financing*	–	–	732	732
Total financial liabilities	26	4	1,037	1,067
Non-financial liabilities				
Deferred fees				52
Total liabilities				1,119

* Adjusted for related fair value hedges.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

	June 30, 2020			
$millions	FVTPL	FVOCI	Items at amortized cost	Total
Financial assets				
Cash, placements and other liquid assets	132	–	177	390
Positive fair value of derivatives	43	2	–	45
Receivables	–	–	242	242
Advances	–	–	158	158
Underwritten and warehoused investments	192	–	–	192
Co-investments				
Private equity investment	303	36	–	339
Credit management investment	1	179	137	317
Absolute return investments	75	6	–	81
Real estate investment	41	30	–	71
Strategic capital investments	-	2	–	2
Other investments	28	46	–	74
Investment in joint ventures and associates	44	–	–	44
Total financial assets	859	301	714	1,874
Non-financial assets				
Prepayments				43
Premises, equipment and other assets				135
Intangible assets				71
Total assets				2,123
Financial liabilities				
Payables and accrued expenses	–	–	186	186
Negative fair value of derivatives	20	6	–	26
Financing*	–	–	981	981
Total financial liabilities	20	6	1,167	1,193
Non-financial liabilities				
Deferred fees				62
Total liabilities				1,255

* Adjusted for related fair value hedges.

5. OPERATING EXPENSES

$millions	**2021**	2020
Staff compensation and benefits	**199**	164
Other personnel and compensation charges	**14**	18
Professional fees	**33**	35
Travel and business development	**2**	9
Administration and research	**16**	18
Technology and communication	**9**	9
Premises and depreciation expense	**17**	22
Total	**290**	275

6. INCOME TAX

The Group's current tax expense and deferred tax expense amounts to $10.3 million (2020: $1.9 million) and $3.1 million (2020: $0.1 million) respectively. The current tax liability amounts to $4.5 million (2020: current tax liability $2 million). The deferred tax asset amounts to $8.9 million (2020: $10.5 million) as shown in Note 7. The deferred tax asset relates to an excess of depreciation over capital allowances amounting to $1.2 million (2020: $1.4 million), losses available for offset against future taxable income and other intangibles amounting to $2.8 million (2020: $2 million) and deferred compensation amounting to $4.9 million (2020: $7.1 million).

The Group's tax expense includes all direct taxes that are accrued on taxable profits of entities in their respective countries of incorporation, in accordance with the tax laws prevailing in those jurisdictions. Consequently, it is not practical to provide a reconciliation between the accounting and taxable profits.

The effective tax rates for the Group's significant subsidiaries operating in the following tax based jurisdictions are as follows:

	2021	2020
United States	**21%**	21%
United Kingdom	**19%**	19%
Kingdom of Saudi Arabia	**20%**	20%
India	**25%**	36%
Qatar	**10%**	10%
Singapore	**17%**	17%

7. RECEIVABLES AND PREPAYMENTS

$millions	2021	2020
Subscriptions receivable	**180**	111
Receivables from investee and holding companies	**94**	88
Investment disposal proceeds receivable	**71**	29
Accrued interest receivable	**6**	6
Prepaid expenses	**21**	32
Deferred tax asset (see Note 6)	**9**	11
Other receivables	**21**	11
	402	288
Provisions for impairment (see Note 13)	**(3)**	(3)
Total	**399**	285

Receivables arise largely from subscriptions by clients to the Group's investment products, fees earned in respect of the Group's investment management, investment performance and other transactional services, interest accruals on advances and proceeds due from investment disposals.

Subscriptions receivable represent amounts due from clients for participation in the Group's deal by deal investment products. These arise in the normal course of the Group's placement activities and are recorded when clients sign a binding agreement confirming their participation in an investment offering. These are typically collected over the short-term, and, in the interim period prior to receipt of cash, are collateralized by clients' other investment assets with Investcorp.

Receivables from investee and holding companies include fees and other receivables, which are due from investee companies and performance fee receivables from holding companies accrued on client assets under management.

Investment disposal proceeds receivable includes proceeds due from contracted disposals of private equity investments, real estate investments and investments in associates (Note 11). They also include redemption proceeds receivable from underlying investment managers relating to the Group's ARI co-investments.

Accrued interest receivable represents interest receivable on placements with financial institutions.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

8. ADVANCES

$millions	2021	2020
Advances to investment holding companies	**163**	97
Advances to employee investment programs	**89**	3
Advances to PE closed-end funds	**63**	65
	315	165
Provisions for impairment (see Note 13)	**(11)**	(7)
Total	**304**	158

Advances to investment holding companies arise largely as a result of the Group extending working capital advances to companies established for client participation in the Group's investment products.

Advances to employee investment programs represent the amounts advanced by the Group to the employees in connection with their investments along with the Group and of other stakeholders. The employees have made these investments to align their interest with Investcorp and various stakeholders. These advances are collateralized by the underlying investments, leaving indemnities etc, resulting in a reduced risk to the Group. Out of the total $89 million, $75.6 million are full recourse loans given to employees against a direct collateralization of the employees' beneficial interest in shares of Investcorp valuing $108.2 million and other program balances. The loan carries an interest of 2%.

Advances to the PE closed-end funds represent amounts invested on behalf of the Group's clients in the acquisitions and expenses of the funds in the interim period prior to receipt of the associated capital call from clients.

All the above advances carry interest at pre-determined rates. The advances, in management's opinion, represent a low risk to the Group.

9. UNDERWRITTEN AND WAREHOUSED INVESTMENTS

	2021				2020			
$millions	North America	Europe	Asia	Total	North America	Europe	Asia	Total
Underwritten investments								
Private equity investment:								
Industrial/ Business Services	**22**	**162**	–	**184**	–	–	–	–
Consumer products	–	–	**12**	**12**	–	–	–	–
Industrial Products	–	–	–	–	0	–	–	0
Distribution	–	–	–	–	43	–	–	43
Security	–	–	–	–	–	0	–	0
Consumer services	–	–	–	–	–	–	16	16
Total private equity investment	**22**	**162**	**12**	**196**	43	0	16	59
Real estate investment:								
Core/Core Plus	**93**	**29**	–	**122**	92	32	–	124
Total real estate investment	**93**	**29**	–	**122**	92	32	–	124
Strategic capital investment:								
Business Services	–	–	–	–	9	–	–	9
Total strategic capital investment	–	–	–	–	9	–	–	9
Other Investments								
Structured products (Note 10F)*	**90**	–	–	**90**	–	–	–	–
Total other investments	**90**	–	–	**90**	–	–	–	–
Warehoused investments								
Credit management Investments								
CLO Investments	**30**	**7**	–	**37**	–	–	–	–
Total credit management investment	**30**	**7**	–	**37**	–	–	–	–
Total	**235**	**198**	**12**	**445**	144	32	16	192

* This represents the domicile of the fund.

At the time the Group acquires an investment it earmarks a significant portion of each investment for placement with investors and classifies this as an underwritten and warehoused investment. These investments are placed with the investors over the underwriting period which typically can take up to six months.

The Group's underwritten investment balances are classified as FVTPL.

10. CO-INVESTMENTS

$millions	2021	2020
Private Equity Co-investments (Note 10 A)	**237**	339
Credit Management Co-investments (Note 10 B)	**255**	317
Real Estate Co-investments (Note 10 C)	**47**	71
Absolute Return Investments Co-investments (Note 10 D)	**40**	81
Strategic Capital Co-investments (Note 10 E)	**6**	2
Other investments (Note 10 F)	**120**	74
Total	**705**	884

10 (A) PRIVATE EQUITY CO-INVESTMENTS

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

	June 30, 2021					June 30, 2020				
$millions	North America	Europe	MENA*	Asia**	Total	North America	Europe	MENA*	Asia	Total
Consumer Products	**6**	**0**	**20**	**5**	**31**	6	23	28	–	57
Consumer Services	–	–	**12**	**5**	**17**	-	-	4	1	5
Distribution	**0**	–	–	–	**0**	3	-	-	–	3
Healthcare	**0**	**2**	**102**	**1**	**105**	18	10	73	1	102
Industrial Products	–	**1**	–	–	**1**	-	3	-	–	3
Industrial/ Business Services	**21**	**14**	**41**	**0**	**76**	71	17	51	–	139
Technology										
Big Data	**1**	**0**	–	**4**	**5**	1	14	–	4	19
Internet/Mobility	–	**0**	**1**	–	**1**	–	2	1	–	3
Security	–	**0**	–	–	**0**	–	8	–	–	8
Infrastructure & Others	–	–	–	**1**	**1**	–	–	–	–	–
Total	**28**	**17**	**176**	**16**	**237**	99	77	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 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.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

Of the above, co-investments amounting to $32.2 million (June 30, 2020: $36.0 million) are classified as FVOCI investments. For FVOCI investments, during the year, a loss of $5 million (2020: $23.2 million) was recognized in other comprehensive income and $27.6 million (2020: nil) of losses were recycled to retained earnings on derecognition.

10 (B) CREDIT MANAGEMENT CO-INVESTMENTS

$millions	2021	2020
European CLO Investments	**238**	220
US CLO Investments	**–**	68
Risk Retention Fund	**14**	26
Other credit management investments	**3**	3
Total	**255**	317

The Group's co-investments in CM investments 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 set 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 is determined on the basis of inputs from independent third parties including internal management assessment of the projected cashflows.

Of the above, co-investments amounting to $110.1 million (June 30, 2020: $179 million) are classified as FVOCI investments. For FVOCI investments, during the year, a gain of $0.6 million (2020: nil) was recycled to consolidated statement of profit or loss and a gain of $18 million (2020: loss of $16.4 million) was recognized in other comprehensive income.

Certain of the Group's CLO co-investments amounting to $46 million (June 30, 2020: $84 million) are utilized to secure amounts drawn under repurchase agreements. At June 30, 2021, $46 million (June 30, 2020: $84 million) was the outstanding balance from financing under repurchase agreements (See Note 15).

10 (C) REAL ESTATE CO-INVESTMENTS

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

	2021				2020			
$millions Portfolio Type	North America	Europe	India	Total	North America	Europe	India	Total
Core/Core Plus	**41**	**6**	**–**	**47**	52	18	1	71
Total	**41**	**6**	**–**	**47**	52	18	1	71

These comprise of 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.

Investments which are classified as FVOCI investments amounted to $13.4 million (June 30, 2020: $30.1 million). For FVOCI investments, during the year, $0.2 million (2020: loss of $1.9 million) of gains were recognized in other comprehensive income and $2.7 million (2020: loss of $6.5 million) of gains were recycled to retained earnings on derecognition. All other investments are classified as FVTPL.

10 (D) ABSOLUTE RETURN INVESTMENTS CO-INVESTMENTS

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

$millions	2021	2020
Multi-manager solutions	11	28
Hedge funds partnerships	11	24
Special opportunities portfolios	18	29
Total	**40**	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.

The valuations of the Group's ARI co-investments which are classified under Level 3 of the fair value hierarchy (see Note 23) are closely monitored by the Group. Management holds regular discussions with the investment managers and uses pricing which is reflective of the investment's fair value.

Of the above, co-investments amounting to $5.3 million (June 30, 2020: $5.6 million) are classified as FVOCI investments. For FVOCI investments, during the year, a gain of $0.6 million (2020: loss of $1.3 million) was recognized in other comprehensive income and nil (2020: losses of $4.8 million) amount was recycled to retained earnings on derecognition. These investments 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 (E) STRATEGIC CAPITAL CO-INVESTMENTS

These co-investments are initially recorded at acquisition cost (being the initial fair value) and are re-measured to fair value at each reporting date, with resulting unrealized gains or losses being recorded as fair value changes in other comprehensive income.

Valuation techniques for measuring the fair value of the strategic capital co-investments are similar to techniques used for valuations of private equity co-investments of the Group. The Group's strategic capital co-investments are located in United States and are carried at FVOCI. During the year, a gain of $0.02 million (2020: $0.2 million) was recognized in other comprehensive income and nil (2020: nil) was recycled to retained earnings on derecognition.

10 (F) OTHER INVESTMENTS

$millions	2021	2020
Investment in associates	67	–
Other strategic investments	53	74
Total	**120**	74

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

(i) Investments in structured products

During the year, the Group established a fund of $379 million (including commitments) consisting of a portfolio of co-investments in PE, RE and ICM products. $157 million has been initially funded by Investcorp in the fund, with remaining funded by a third party as preferred investor. The fund is currently being marketed to other potential investors and $90 million of the funded portion is shown as underwriting (Note 9). The investment in the fund is carried at fair value through profit or loss.

(ii) 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.

During the year, $7.5 million (2020: $0.7 million) of losses were recognized in other comprehensive income. Furthermore, no (2020: loss of $4.8 million) amount was recycled to retained earnings on derecognition.

11. INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND INTANGIBLE ASSETS

$millions	2021	2020
Intangible assets	**68**	71
Investment in joint ventures	**8**	3
Investment in associates	–	41
Total	**76**	115

11 (A) INTANGIBLE ASSETS

$millions	2021	2020
Management contracts	**5**	8
Goodwill	**63**	63
Total	**68**	71

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

Management contracts represent the right to manage European and US CLOs and US Business Development Company. The contracts have a useful life of 5 years from the date of acquisition and are amortized accordingly.

The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on-balance sheet is impaired. No impairment was recognized in 2021 as the result of the goodwill impairment assessment. A weighted average discount rate of 15.2% (June 30, 2020: 14.5%) was applied to the cash flow projections used in the impairment analysis. An increase/decrease of 1% in the discount rate would not result in the impairment of the goodwill.

The movement in intangible assets is set out in the below table:

$millions	Goodwill	Management contracts	Total
Balance at July 1, 2019	50	5	55
Additions during the year	13	5	18
Amortization during the year	–	(2)	(2)
Balance at June 30, 2020	63	8	71
Amortization during the year	–	(3)	(3)
Balance at June 30, 2021	63	5	68

11 (B) INVESTMENT IN JOINT VENTURES

The Group has invested in joint ventures for their asset management business and PE investment business.

The Group has no further commitments towards the joint ventures and there are no restrictions on any fund flows from the joint ventures.

11 (C) INVESTMENT IN ASSOCIATES

The Group held 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.

During the year, Investcorp entered into an agreement to divest its indirect interest in Banque Pâris Bertrand. Subsequent to the year end, the Group received regulatory approvals and closed the transaction in July 2021. Therefore, the current year balance is currently presented within receivables (Note 7) and a significant portion of this was received subsequent to the year end.

12. PREMISES, EQUIPMENT AND OTHER ASSETS

$millions	**2021**	2020
Premises, equipment and other assets	**37**	36
Right-of-use assets	**90**	99
Total	**127**	135

The Group recognizes right-of-use of assets at the commencement date of the lease of office premises. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The recognized right-of-use assets are depreciated on a straight-line basis over the lease term. During the year, the Group has recognized an additional right-of-use of asset of $0.5 million (June 30, 2020: $106.3 million) and a depreciation expense of $9.1 million (2020: $ 8.7 million) on its right of use assets.

13. PROVISIONS FOR IMPAIRMENT

$millions **Categories**	**Balance At beginning**	**Charge**	**Write-off**	**At end***
12 months to June 30, 2021				
Receivables (Note 7)	**3**	–	–	**3**
Advances (Note 8)	**7**	4	–	**11**
Co-investments – debt	**1**	–	–	**1**
Cash, placements and other liquid assets	**0**	–	–	**0**
Total	**11**	**4**	–	**15**

* Of the total provision, $3.2 million relates to stage 1, $7 million relates to stage 2 and $4.8 million relates to stage 3 assets. Of the stage 1 and 2 provision, $7 million relates to advances. During the year, there was a movement in loss allowance of $1.6 million from stage 1 to stage 2 assets

$millions **Categories**	Balance At beginning	Charge	Write-off	At end*
12 months to June 30, 2020				
Receivables (Note 7)	13	5	(15)	3
Advances (Note 8)	18	21	(32)	7
Co-investments – debt	1	–	–	1
Cash, placements and other liquid assets	0	–	–	0
Total	32	26	(47)	11

* Of the total provision, $2.1 million relates to stage 1, $3 million relates to stage 2 and $5.7 million relates to stage 3 assets. Of the stage 1 and 2 provision, $3.3 million relates to advances. During the year, there was a movement in loss allowance of $1.4 million from stage 2 to stage 3 assets.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

14. PAYABLES AND ACCRUED EXPENSES

$millions	2021	2020
Unfunded deal acquisitions	92	38
Vendor and other payables	113	90
Accrued expenses - employee compensation	85	48
Tax liability	10	5
Accrued interest payable	5	5
Total	**305**	186

Unfunded deal acquisitions represent amounts contractually payable by the Group in respect of investment acquisitions the agreements for which are signed but have not been funded as of the year end.

Accrued expenses for employee compensation primarily consists of the incentive and retention component of the Group's overall employee related costs.

15. FINANCING

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

		June 30, 2021		June 30, 2020	
$millions	Final Maturity	Facility Size	Current outstanding	Facility Size	Current outstanding
SHORT-TERM FINANCING					
Multi currency term and revolving loan	Call		174		261
TOTAL SHORT-TERM FINANCING			174		261
MEDIUM-TERM DEBT					
REVOLVING CREDIT					
Multi currency syndicated revolving facility	June 2023	82	–	82	–
Multi currency syndicated revolving facility	June 2024	357	–	352	100
US Dollar syndicated revolving facility	March 2024	15	–	–	–
US Dollar syndicated revolving facility	March 2025	335	–	350	–
TOTAL MEDIUM-TERM DEBT			–		100
LONG-TERM DEBT					
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		2		21
Repurchase agreement	July 2031		2		21
TOTAL LONG-TERM DEBT			428		466
LEASE LIABILITY			102		109
Foreign exchange translation adjustments			2		8
Fair value adjustments relating to interest rate hedges			39		52
Transaction costs of borrowings			(13)		(15)
TOTAL FINANCING			732		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 June 30, 2021, the undrawn balance from Trusts amounted to $461.7 million (2020: $233 million).

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 are subject to certain customary covenants, including maintaining certain minimum levels of net worth and operating below maximum leverage ratios.

During the year, the Group has amended and extended one of the revolving credit facilities maturing in March 2024 to March 2025.

Medium term facilities are all floating rate instruments with average margin over LIBOR of 275 basis points (June 30, 2020: 275 basis points).

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. The private notes are fixed rate instruments, however through hedging the Group incurs a floating rate interest cost of 100 basis points to 265 basis points (June 30, 2020: 100 basis points to 265 basis points) over LIBOR.

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.

During the year, the Group repaid $12.2 million (June 30, 2020: $4.9 million) of lease liabilities, recognized an additional lease liabilities of $0.5 million (June 30, 2020: $108.1 million) and recognized an interest expense of $3.4 million (2020: $3.5 million). There has been no re-measurement of lease liabilities during the year (2020: Nil).

16. DEFERRED FEES

$millions	2021	2020
Deferred fees relating to placements	**48**	60
Deferred fees from investee companies	**2**	2
Deferred income in a joint venture	**2**	–
Total	**52**	62

Deferred fees relating to placements represent a portion of placement fees received from investors at the time of placement, the recognition of which is deferred to future periods concurrent with the services to be rendered.

During the current financial year, income recognized through amortization of deferred fees amounted to $30.7 million (2020: $29.4 million).

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

17. SHARE CAPITAL AND RESERVES

The Company's share capital at year end is as follows:

	2021			2020		
	No. of shares	**Par value $**	**$millions**	No. of shares	Par value $	$millions
Authorized share capital						
– Ordinary shares	**400,000,000**	**2.50**	**1,000**	400,000,000	2.50	1,000
– Preference and other shares						
- Series B	**1,000,000**	**1,000**	**1,000**	1,000,000	1,000	1,000
- Series E	**4,000**	**125,000**	**500**	–	–	–
			2,500			2,000
Issued share capital						
– Ordinary shares	**80,000,000**	**2.50**	**200**	80,000,000	2.50	200
– Preference and other shares						
- Series B	**123,239**	**1,000**	**123**	123,239	1,000	123
- Series E	**2,018**	**125,000**	**252**	–	–	–
			575			323

Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business (see note 22).

Statutory reserve

The Bahrain Commercial Companies Law requires the maintenance of a statutory reserve equal to 50% of the Company's issued and paid up ordinary share capital of $200 million, which amounts to $100 million. The reserve is not available for distribution but can be utilized as stipulated by the Bahrain Commercial Companies Law.

Fair value reserve

Certain of the Group's PE, RE, ARI, SC, CM and strategic investments in equity instruments, strategic investments and certain CM debt instruments have been classified as FVOCI. The gains and losses arising on fair valuation of such investments is recorded in the fair value reserve account. Any gain or loss on realization of such PE, RE, ARI, SC, other strategic investments and CM equity instruments is recycled directly to retained earnings and any gain or loss on realization of such CM debt instruments is recycled to retained earnings through profit or loss.

Treasury shares

673,305 (2020: 7,731,712) ordinary shares were held as treasury shares, which includes 22,823 shares (2020: 54,415 shares) that have been granted to employees as part of deferred remuneration but have not yet started vesting. 2,422,972 shares (2020: 839,522 shares) that have been granted to employees and have commenced vesting, but have not fully vested as at 2021, are not counted as treasury shares.

During the year, 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%. The book value of the shares approximated the fair value of the shares.

Preference share capital

The Series B preference shares are non-cumulative, non-convertible, non-voting, non-participating and perpetual in nature and carry a floating rate dividend, equal to the benchmark 12-month interbank rate + 9.75% per annum. The Series B preference shares are callable at any time, at the Company's option, in part or in whole at par plus dividends due up to the call date.

On January 28, 2021, Investcorp issued 8.25% fixed rate resettable non-cumulative Series E preference share capital amounting to $252.3 million. These preference shares do not have any fixed maturity date and are redeemable at Investcorp's option only after five and a half years from date of issuance.

The payment of dividends on preference shares is subject to recommendation by the Board of Directors, and approval by the ordinary shareholders. The preference shares take priority over the Company's ordinary shares for payment of dividends and distribution of assets in the event of a liquidation or dissolution.

Share premium

Share premium includes any gain or loss on purchase or sale of Company's shares including treasury shares. Movement in share premium during the year includes loss of $12 million (2020: gain of $2 million) on sale / purchase of treasury shares, $14.7 million (2020: nil) relating to acquisition of non-controlling interest at fair value from employees of Credit Management business on vesting of shares and $0.8 million (2020: nil) relating to share issue expenses.

18. OTHER RESERVES

Other reserves consist of cash flow hedges and the revaluation reserve on premises and equipment recognized directly in equity.

Movements relating to other reserves are set out below:

$millions	Cash flow hedges	Revaluation reserve on premises and equipment	Total
Balance at June 30, 2019	(7)	4	(3)
Net realized gain recycled to statement of profit or loss	2	–	2
Net unrealized loss for the year	(4)	–	(4)
Transfer of depreciation to retained earnings	–	(0)	(0)
Balance at June 30, 2020	(9)	4	(5)
Net realized gain recycled to statement of profit or loss	2	–	2
Net unrealized gain for the year	0	–	0
Transfer of depreciation to retained earnings	–	(0)	(0)
Balance at June 30, 2021	**(7)**	**4**	**(3)**

19. EARNINGS, BOOK VALUE AND DIVIDENDS PER SHARE

The Group's earnings per share for the year and proposed appropriations are as follows:

	2021	2020
Profit (loss) for the year ($millions) attirbutable to shareholders	**124**	(165)
Less : Preference shares dividend - proposed ($millions)	**(22)**	(15)
Profit (loss) attributable to ordinary shareholders ($millions)	**102**	(180)
Weighted average ordinary shares for basic earnings per ordinary share (millions)	**72**	70
Basic earnings per ordinary share - on weighted average shares ($)	**1.42**	(2.57)
Weighted average ordinary shares for fully diluted earnings per ordinary shares (millions)	**76**	70
Fully diluted earnings per ordinary share - on weighted average diluted shares ($)	**1.34**	(2.57)
Proposed appropriations:		
Ordinary shares dividend ($millions)	**22**	7
Preference shares dividend ($millions)	**22**	15
	44	22

The proposed ordinary share dividend is 30 cents (2020: 10 cents) per share payable only on issued shares (excluding treasury shares), that are held on the date of approval of dividend by the ordinary shareholders.

The proposed preference share dividend of $22 million (2020: $15 million) represents an annual dividend on issued preference shares.

The book value per ordinary share at the year-end date is calculated by dividing the ordinary shareholders' equity (excluding unrealized changes relating to cash flow hedges, the revaluation reserve and proposed appropriations) by the number of ordinary shares outstanding at year end (taking into account the beneficial interest of management in all acquired unvested shares issued at year end). The fully diluted book value per ordinary share is $10.81 per share (2020: $10.07 per share).

The potential dilution effect of future vesting of the unvested awards is reflected as a difference between the weighted average shares outstanding for diluted and basic earnings per share.

20. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's management classifies hedges into two categories: (a) fair value hedges that hedge exposure to changes in fair value of a recognized asset or liability; and (b) cash flow hedges that hedge exposure to variability in cash flows that is attributable to a particular risk associated with either a recognized asset or liability or a forecasted transaction highly probable to occur.

Other derivatives

The Group does not actively engage in proprietary trading activities in derivatives. However, on occasion, the Group may need to undertake certain derivative transactions to mitigate economic risks under its asset-liability management and risk management guidelines that may not qualify for hedge accounting under IAS 39 (e.g. hedging of foreign currency risk on fair valued investments). Consequently, gains or losses resulting from the re-measurement to fair value of these derivatives are taken to the consolidated statement of profit or loss.

Valuation of derivatives

The Group values the majority of its derivative financial instruments using internal models. The models use market observable inputs including interest rate curves and both forward and spot prices for currencies. Derivative assets and liabilities included in Level 2 (see Note 23) represent interest rate swaps, cross currency swaps, currency forwards and option contracts. For derivatives that are not valued using internal models, the Group's policy is to rely on third party valuations, whilst benchmarking them against observable market data.

The Group's outstanding derivative financial instruments comprise the following:

	2021			2020		
Description $millions	**Notional value**	**Positive fair value***	**Negative fair value**	Notional value	Positive fair value*	Negative fair value
A) DERIVATIVES WHERE HEDGE ACCOUNTING IS APPLIED						
Currency risk being hedged using forward foreign exchange contracts						
i) Fair value hedges						
On balance sheet exposures	**338**	**–**	**(7)**	332	8	–
ii) Cash flow hedges						
Forecasted transactions	**33**	**1**	**(0)**	53	1	–
Coupon on long-term debt	**42**	**–**	**(1)**	45	1	–
Total forward foreign exchange contracts	**413**	**1**	**(8)**	430	10	–
Interest rate risk being hedged using interest rate swaps						
i) Fair value hedges – fixed rate debt	**397**	**25**	**–**	431	12	–
ii) Cash flow hedges – floating rate debt	**25**	**–**	**(3)**	25	–	(6)
Total interest rate hedging contracts	**422**	**25**	**(3)**	456	12	(6)
Total hedging derivatives	**835**	**26**	**(11)**	886	22	(6)
B) DERIVATIVES WHERE HEDGE ACCOUNTING IS NOT APPLIED						
Interest rate swaps	**475**	**14**	**(12)**	200	16	(16)
Forward rate agreements	**4**	**0**	**(0)**	–	–	–
Forward foreign exchange contracts	**1,453**	**6**	**(4)**	1,093	4	(4)
Currency options	**43**	**–**	**(3)**	33	0	–
Futures	**16**	**–**	**(0)**	–	–	–
Options	**–**	**–**	**–**	57	3	(0)
Total other derivatives	**1,991**	**20**	**(19)**	1,383	23	(20)
TOTAL – DERIVATIVE FINANCIAL INSTRUMENTS	**2,826**	**46**	**(30)**	2,269	45	(26)

* Net collateral received by the Group amounting to $48.9 million has been taken against the fair values above (2020: $80.7 million).

The table below shows the notional amounts of derivative financial instruments, analyzed by the term to maturity:

	June 30, 2021				
	Notional amounts by term to maturity				
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	Over 5 years	Total
Derivatives held as fair value hedges:					
Forward foreign exchange contracts	338	–	–	–	338
Interest rate swaps	–	–	–	390	390
Derivatives held as cash flow hedges:					
Forward foreign exchange contracts	75	–	–	–	75
Interest rate swaps	–	–	7	25	32
Other Derivatives:					
Interest rate swaps	–	250	150	75	475
Forward foreign exchange contracts	1,453	–	–	–	1,453
Cross currency swaps	10	33	–	–	43
Options	–	–	–	–	–
Forward Rate Agreements	4	–	–	–	4
Futures	16	–	–	–	16
	1,896	283	157	490	2,826

	June 30, 2020				
	Notional amounts by term to maturity				
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	Over 5 years	Total
Derivatives held as fair value hedges:					
Forward foreign exchange contracts	332	–	–	–	332
Interest rate swaps	–	–	–	431	431
Derivatives held as cash flow hedges:					
Forward foreign exchange contracts	51	47	–	–	98
Interest rate swaps	–	–	–	25	25
Other Derivatives:					
Interest rate swaps	–	–	150	50	200
Forward foreign exchange contracts	1,053	40	–	–	1,093
Cross currency swaps	33	–	–	–	33
Options	33	5	19	–	57
	1,502	92	169	506	2,269

Fair value hedges

Losses arising from fair value hedges during the year ended June 30, 2021 were $26.5 million (2020: gains of $22.6 million) while the gains on the hedged items, attributable to interest rate and foreign currency risks, were $24.7 million (2020: losses of $25.1 million). These gains and losses are included in treasury and other income or interest expense, as appropriate, in the consolidated statement of profit or loss. Additionally, during the current financial year, there was a loss of $1.9 million (2020: $2.5 million) on derivative instruments classified as other derivatives.

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

Undiscounted cash flows for forecasted items hedged

The Group has hedged the following forecasted cash flows, which primarily relate to interest rate and foreign currency risks. The cash flows from the hedged item impact the consolidated statement of profit or loss in the following periods, assuming no adjustments are made to hedged amounts:

	June 30, 2021				
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	Over 5 years	Total
Currency risk*					
Coupon on long-term debt	**(6)**	**(6)**	**(47)**	**(47)**	**(106)**
Operating expenses	**(3)**	**(3)**	**–**	**–**	**(6)**
Fee income	**14**	**13**	**–**	**–**	**27**
Interest rate risk*					
Interest on liabilities	**(2)**	**(2)**	**(17)**	**(28)**	**(49)**
	3	**2**	**(64)**	**(75)**	**(134)**

	June 30, 2020				
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	Over 5 years	Total
Currency risk*					
Coupon on long-term debt	(6)	(6)	(48)	(60)	(120)
Operating expenses	–	(9)	–	–	(9)
Fee income	6	30	–	–	36
Interest rate risk*					
Interest on liabilities	(2)	(2)	(16)	(31)	(51)
	(2)	13	(64)	(91)	(144)

* These forecasted fixed coupon payments have been hedged using interest rate swap derivative contracts as disclosed earlier in this note

The ineffective portion of cash flow hedges recycled out of equity to the consolidated statement of profit or loss for the year ended June 30, 2021 was a loss of $0.6 million (2020: gain of $1.8 million).

21. COMMITMENTS AND CONTINGENT LIABILITIES

$millions	2021	2020
Investment commitments to funds and co-investments	**187**	155
Non-cancelable operating leases:	**–**	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, credit management investments and strategic capital investments.

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 Group does not expect any likely claim to arise in respect of this matter. Accordingly, no provision has been made in the consolidated financial statements.

22. RISK MANAGEMENT

Risk management is an integral part of the Group's corporate decision-making process. The Financial and Risk Management Committee (FRMC) oversees the Group's risk management activities, and sets the Group's risk profile on an enterprise wide basis. The FRMC is comprised of members of senior management drawn from all key areas of the Group.

The Group's primary risk management objective is to support its business objectives with sufficient economic capital. The Group employs risk models to determine the capital needed to cover unexpected losses from investment or other risks. This capital amount is known as economic capital. The economic capital requirement for each reporting segment is determined for a one year horizon and subsequently aggregated to determine the total economic capital. This total economic capital is then stress tested under a dynamic VaR approach. The dynamic VaR is calculated by using a five-year planning horizon, a 99% one-tailed confidence level and by recognizing diversification benefits across asset classes.

In addition to determining an adequate economic capital allocation for each reporting segment, the risk management team has developed tools in conjunction with risk management consultants to perform detailed risk analyses that specifically address the investment risks in each individual line of business.

The principal risks associated with the Group's business, and the related risk management processes are explained below:

(i) Counterparty credit risk

The Group is exposed to counterparty credit risk on its short term funds, placements, fair value of derivatives, receivables, advances, debt investments and guarantees. The Group manages counterparty credit risk by setting limits for all counterparties. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties. Counterparty credit risk in respect of derivative financial instruments is limited to those with positive fair values. With respect to the counterparty credit risk exposure arising from other financial assets, the Group has a maximum exposure equal to the carrying value of these instruments. The Group also actively attempts to mitigate counterparty credit risks, where possible, through documented netting and margin arrangements with counterparties, under ISDA and CSA agreements.

The risk management team maintains an overall external rating-based methodology for setting Board approved counterparty limits. For rated counterparties, credit ratings from at least two rating agencies are used for developing counterparty limits. All non-rated counterparties are screened through due diligence and credit analysis prior to the assumption of credit exposures to them by Investcorp. These non-rated counterparties are also categorized under the 'Standard' internal rating for financial reporting purposes.

The table below shows the relationship between the internal rating* and the category of the external rating grades:

Internal Rating	External Rating by S & P and Moody's
High	AAA to A
Standard	A– to B–

* The internal rating is used to determine provisions and impairments for financial reporting purposes.

Internal rating categories are summarized as follows:

High - there is a very high likelihood of the asset being recovered in full and collateral may be available.

Standard – whilst there is a high likelihood that the asset will be recovered and therefore, represents low risk to the Group, the asset may not be collateralized.

Counterparty credit risk exposure is considered as past due when payment is due according to the contractual terms but is not received. During the current and previous year, none of the advances (refer note 8) were restructured.

The table below analyses the Group's maximum counterparty credit risk exposures at year end without taking into account any credit mitigants.

June 30, 2021						
	Stage 1(a)		Stage 2(b)	Stage 3(c)	Provisions (d)	Maximum credit risk (a+b+c+d)
	Credit risk rating					
$millions	High	Standard				
Short-term funds, placements and other liquid assets	**231**	**58**	**–**	**–**	**(0)**	**289**
Positive fair value of derivatives	**25**	**21**	**–**	**–**	**–**	**46**
Receivables	**–**	**367**	**3**	**2**	**(3)**	**369**
Advances	**–**	**284**	**28**	**3**	**(11)**	**304**
Co-investments - debt	**–**	**256**	**–**	**–**	**(1)**	**255**
Total	**256**	**986**	**31**	**5**	**(15)**	**1,263**

June 30, 2020						
	Stage 1(a)		Stage 2(b)	Stage 3(c)	Provisions (d)	Maximum credit risk (a+b+c+d)
	Credit risk rating					
$millions	High	Standard				
Short-term funds, placements and other liquid assets	227	82	–	–	(0)	309
Positive fair value of derivatives	25	20	–	–	–	45
Receivables	–	238	5	2	(3)	242
Advances	–	146	13	6	(7)	158
Co-investments - debt	–	318	–	–	(1)	317
Guarantees	–	22	–	–	–	22
Total	252	826	18	8	(11)	1,093

The breakdown of provisions by geographical region and industry sector is as follows:

$millions	**June 30, 2021**	June 30, 2020
Geographical Region		
North America	**7**	2
Europe	**5**	5
Other	**3**	4
Total	**15**	11

$millions	**June 30, 2021**	June 30, 2020
Industry Sector		
Banking and Finance	**2**	3
Consumer products	**2**	1
Real estate	**3**	3
Technology and Telecom	**0**	1
Industrial Services	**8**	2
Healthcare	**0**	1
Total	**15**	11

Securitization

The Group provides fund management services to funds which invest in CLOs and funds which provide syndicated lending to a variety of institutions. The Group also acts as an originator and sponsor for certain CLO investments and co-invests through specific SPVs in the CLO investments. The CLO investments are held within a business model whose objective is to hold and sell assets in order to collect contractual cash flows on specified dates. The contractual terms give rise to variable distributions (solely payments of principal and interest) based on CLO's respective waterfall and priorities of payment. The Group manages its risk relevant to the securitization activity in line with its risk management policies and procedures.

The Group's securitization exposures through the CLOs are in the rated and unrated tranches of the notes and varies from fund to fund. The Group does not hold securitization positions with trading intent or to hedge positions with trading intent. The Group has not established and does not manage any synthetic securitization structures nor does it securitize revolving exposures.

(ii) Credit Risk Measurement

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, expert credit assessment and forward-looking information.

As a practical expedient, IFRS 9 provides a low credit risk ('LCR') operational simplification that if a financial instrument has low credit risk i.e. an investment grade credit rating, an entity is allowed to assume at the reporting date that no significant increase in credit risk has occurred.

The Group considers financial instruments with an external rating grade of 'investment grade' as LCR for the short-term liquid asset portfolio.

The receivables and advances of the Group are collateralized by the underlying investments. Hence, the Group considers fair-value movements of such investments and management judgement to assess whether there has been a significant increase in credit risk for its receivables and advances portfolio.

Measurement of ECL

The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). PD represents the likelihood of a borrower defaulting on its financial obligation. EAD is based on the amounts the Group expects to be owed at the time of default. LGD represents the group's expectation of the extent of loss on the exposure.

For the short-term liquid asset portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realized default rates over the period of 12 months, as published by the rating agencies, after adjusting for forward-looking macro-economic information.

For receivables and advances that arise in connection with the PE asset class, PDs are derived using an internal model and adjusted for forward-looking macro-economic information. PDs for receivables and advances of the RE asset class are derived based on internal categorization of the related investment and default rates published by a reputable rating agency adjusted for forward-looking macro-economic information.

For secured assets, LGDs are determined based on factors which impact the recoveries made post default. For unsecured assets, LGDs are based on regulatory guidelines.

The Group writes-off exposures if there is no reasonable expectation of recovery.

(iii) Funding liquidity risk

Funding liquidity risk is the risk that the Group will be unable to fund increases in assets and meet obligations when they fall due, without incurring unacceptable losses. To mitigate this risk, the Group implements a comprehensive liquidity risk management framework, which includes the use of risk limits, monitoring systems and scenario analyses that are incorporated into a contingency funding plan. The framework is subject to Board and senior management oversight. Liquidity management aims to arrange diversified funding sources and maintain comfortable and laddered debt maturities. The Group manages assets with liquidity in mind, and it monitors liquidity on a daily basis.

The table below summarizes the maturity profile of the Group's assets and liabilities based on expected realizations.

	June 30, 2021							
$millions	Up to 3 months	>3 months up to 1 year	Sub-Total up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Non-cash items	Total
Assets								
Financial assets								
Cash, placements and other liquid assets	233	–	233	–	–	56	–	289
Positive fair value of derivatives	3	–	3	–	32	11		46
Receivables	277	4	281	88	–	–	–	369
Advances	9	21	30	274	–	–	–	304
Underwritten and warehoused investments	445	–	445	–	–	–	–	445
Co-investments	15	37	52	581	72	–	–	705
Investment in joint ventures and associates	–	–	–	–	–	8	–	8
Total financial assets	982	62	1,044	943	104	75	–	2,166
Non-financial assets								
Prepayments	–	–	–	–	–	–	30	30
Premises, equipment and other assets	–	–	–	–	–	–	127	127
Intangibles	–	–	–	–	–	–	68	68
Total assets	982	62	1,044	943	104	75	225	2,391
Liabilities								
Financial liabilities								
Payables and accrued expenses	258	47	305	–	–	–	–	305
Negative fair value of derivatives	12	3	15	–	3	12	–	30
Financing	44	52	96	107	432	97	–	732
Total financial liabilities	314	102	416	107	435	109	–	1,067
Non-financial liability								
Deferred fees	–	–	–	–	–	–	52	52
Total liabilities	314	102	416	107	435	109	52	1,119
Net gap	668	(40)	628	836	(331)	(34)	173	1,272
Cumulative liquidity gap	668	628	628	1,464	1,133	1,099	1,272	

	June 30, 2020							
$millions	Up to 3 months	>3 months up to 1 year	Sub-Total up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Non-cash items	Total
Assets								
Financial assets								
Cash, placements and other liquid assets	265	–	265	–	–	44	–	309
Positive fair value of derivatives	5	0	5	0	28	12		45
Receivables	167	4	171	71	–	–	–	242
Advances	22	56	78	80	–	–	–	158
Underwritten and warehoused investments	192	–	192	–	–	–	–	192
Co-investments	30	77	107	538	165	115	–	925
Investment in joint ventures and associates	–	–	–	–	–	3	–	3
Total financial assets	681	137	818	689	193	174	–	1,874
Non-financial assets								
Prepayments	–	–	–	–	–	–	43	43
Premises, equipment and other assets	–	–	–	–	–	–	135	135
Intangibles	–	–	–	–	–	–	71	71
Total assets	681	137	818	689	193	174	249	2,123
Liabilities								
Financial liabilities								
Payables and accrued expenses	169	17	186	–	–	–	–	186
Negative fair value of derivatives	4	0	4	1	6	15	–	26
Financing	64	74	138	248	458	137	–	981
Total financial liabilities	237	91	328	249	464	152	–	1,193
Non-financial liability								
Deferred fees	–	–	–	–	–	–	62	62
Total liabilities	237	91	328	249	464	152	62	1,255
Net gap	444	46	490	440	(271)	22	187	868
Cumulative liquidity gap	444	490	490	930	659	681	868	

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group relating to its financial liabilities and derivatives upon their respective earliest contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows (i.e. nominal plus interest) determined by using the forward yield curve to calculate future floating rate cash flows for the relevant periods.

	June 30, 2021					
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Total
Financial liabilities						
Payables and accrued expenses	262	43	–	–	–	305
Financing	185	19	116	496	106	922
	447	62	116	496	106	1,227
Derivatives:						
Contracts settled on a gross basis:						
Contractual amounts payable	1,582	35	–	–	–	1,617
Contractual amounts receivable	(1,579)	(33)	–	–	–	(1,612)
Contracts settled on a net basis:						
Contractual amounts payable (receivable)	(5)	(4)	(35)	(31)	(1)	(76)
Commitments	94	8	46	27	12	187
Total undiscounted financial liabilities	539	68	127	492	117	1,343

	June 30, 2020					
$millions	Up to 3 months	>3 months up to 1 year	>1 year up to 5 years	>5 years up to 10 years	>10 years up to 20 years	Total
Financial liabilities						
Payables and accrued expenses	169	17	–	–	–	186
Financing	273	22	226	515	150	1,186
	442	39	226	515	150	1,372
Derivatives:						
Contracts settled on a gross basis:						
Contractual amounts payable	1,366	41	33	–	–	1,440
Contractual amounts receivable	(1,375)	(41)	(33)	–	–	(1,449)
Contracts settled on a net basis:						
Contractual amounts payable (receivable)	(4)	(5)	(37)	(42)	(3)	(91)
Commitments	78	7	38	22	10	155
Guarantees	–	–	22	–	–	22
Total undiscounted financial liabilities	507	41	249	495	157	1,449

(iv) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group's policies and procedures and the broad geographical and industry spread of its activities limit its exposure to any concentration risk. Additionally, management has established credit limits for geographic and counterparty exposures, which are regularly monitored.

The distribution of assets and off-balance sheet items by geographical region and industry sector is as follows:

	June 30, 2021			June 30, 2020		
$millions	Assets exposed to credit risk	Off-balance sheet items exposed to credit risk	Total credit risk exposure	Assets exposed to credit risk	Off-balance sheet items exposed to credit risk	Total credit risk exposure
Geographical Region						
North America	**634**	–	**634**	374	22	396
Europe	**539**	–	**539**	609	–	609
MENA*	**40**	–	**40**	75	–	75
Asia	**50**	–	**50**	13	–	13
Total	**1,263**	–	**1,263**	1,071	22	1,093

* Including Turkey.

	June 30, 2021			June 30, 2020		
$millions	Assets exposed to credit risk	Off-balance sheet exposed to credit risk	Total credit risk exposure	Assets exposed to credit risk	Off-balance sheet exposed to credit risk	Total credit risk exposure
Industry Sector						
Banking and Finance	**825**	–	**825**	716	–	716
Distribution	**4**	–	**4**	32	–	32
Consumer products	**69**	–	**69**	48	22	70
Consumer services	**2**	–	**2**	2	–	2
Healthcare	**42**	–	**42**	21	–	21
Industrial /business services	**26**	–	**26**	32	–	32
Industrial products	**10**	–	**10**	14	–	14
Real estate	**122**	–	**122**	60	–	60
Technology and Telecom	**72**	–	**72**	138	–	138
Others	**91**	–	**91**	8	–	8
Total	**1,263**	–	**1,263**	1,071	22	1,093

(v) Market price risk

The principal market related risks to which the Group is exposed are foreign currency risk, interest rate risk and equity price risk associated with its co-investments in absolute return investments, private equity investments, strategic capital investments, strategic investments, credit management investments and real estate investments, as well as on its debt financings. For the purpose of managing market price risks, the Group has established appropriate procedures and limits approved by the Board of Directors.

In addition, for internal risk assessments, the Group uses a variety of internal and external models to analyze the market price risks that may arise from adverse market movements.

Market price risk has been further detailed below under (a) foreign currency risk, (b) interest rate risk and (c) equity price risk.

(v) (a) Foreign currency risk

The Group's overall policy is generally to hedge all non-US dollar denominated assets, liabilities and commitments, and a proportion of its assets denominated in US-pegged currencies, into US dollars utilizing currency risk management products. In the normal course of its business, the Group utilizes forward foreign exchange contracts and other foreign exchange derivatives to manage its exposure to fluctuations in foreign exchange rates. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established exposure and Value at Risk ("VaR") risk limits.

The Group's significant net hedged and unhedged foreign currency positions are set out below.

$millions	June 30, 2021		June 30, 2020	
Long (Short)	Net hedged exposure	Net unhedged exposure	Net hedged exposure	Net unhedged exposure
Bahraini Dinar*	**13**	**(1)**	18	(2)
Saudi Riyal*	**82**	**(9)**	83	(12)
Euro	**62**	**–**	224	0
Pounds Sterling	**139**	**(1)**	13	0
Swiss Francs	**42**	**–**	41	0
Japanese Yen	**(271)**	**–**	(344)	0
Swedish Krona	**111**	**–**	98	(0)
Norweign Krona	**4**	**–**	4	0
Chinese Renminbi	**1**	**–**	–	–
Danish Krona	**75**	**–**	–	–
Singaporean Dollar	**0**	**(0)**	–	–
Kuwaiti Dinar	**42**	**(1)**	–	–
	300	**(12)**	137	(14)

* Currency exchange rate currently pegged against the US Dollar.

Incidental unhedged positions are subjected to market risk calculation based on their VaR. VaR estimates the potential loss due to market movement of foreign exchange rates or volatility of those rates. Potential market movements of foreign exchange rates are derived from a study of their historical volatility. The risk methodology is based on the assumption that changes in foreign exchange rates follow a normal probability distribution over time. The characteristics of normal distribution are then used to assess portfolio risk. However, the Group's risk management team conducts back testing by comparing the daily VaR with the daily profit and loss to ensure the robustness of the VaR model.

The following table summarizes the 99% confidence level over a 1-day holding period VaR for the Group's foreign currency exposures.

$millions	2021	2020
Average FX VaR	**21**	9
Year end FX VaR	**25**	13
Maximum FX VaR	**59**	46
Minimum FX VaR	**9**	4

The foreign exchange loss recognized in the consolidated statement of profit or loss as a result of incidental unhedged positions and costs of hedging against foreign exchange risk amounts to $1.9 million (2020: $2.4 million).

(v) (b) Interest rate risk

The Group closely monitors interest rate movements, and seeks to limit its exposure to such movements by managing the interest rate repricing structure of its assets and liabilities. The Group actively manages its interest rate repricing gap exposure, with a bias towards floating rates and with exposure limits that are approved by the Board of Directors. The Group does not take interest rate trading positions and all of its interest rate risk is typically in the Company's book where hedge accounting applies. The Group also utilizes interest rate related derivative financial instruments to manage its exposure to fluctuations in interest rates for specific transactions or groups of transactions.

A majority of the Group's interest earning assets and interest bearing liabilities carry floating rates of interest or if they carry fixed rates they have been hedged to floating rates of interest, except for the following:

- Credit management Investments amounting to $255 million (June 30, 2020: $317 million), which earn interest at an effective rate ranging between 2.7% to 14.7% (June 30, 2020: 2.7% to 18%) per annum.

The Group is currently assessing the impact of transition away from Libor on the consolidated financial statements.

The following table depicts the sensitivity of the Group's net income to a 200 basis points change in interest rates, with all other variables held constant. The sensitivity is based on the floating rate financial assets and financial liabilities (including items hedged back to floating rate) held at the year end.

$millions	**Sensitivity to profit/(loss) for +200 basis points**	**Sensitivity to profit/(loss) for –200 basis points**
Currency	**June 30, 2021**	
Euro	**(11)**	**1**
Pounds Sterling	**(2)**	**0**
Japanese Yen	**0**	**–**
US Dollar	**11**	**(0)**
Others	**(5)**	**0**
Total	**(7)**	**1**

a) Figures in parenthesis above represent loss.
b) The downside case of -200bps impact is calculated with the assumption that the yield curve will not go below 0%.

$millions	Sensitivity to profit/(loss) for +200 basis points	Sensitivity to profit/(loss) for -200 basis points
Currency	June 30, 2020	
Euro	(9)	1
Pounds Sterling	(0)	0
Japanese Yen	0	–
US Dollar	(2)	2
Others	(3)	0
Total	(14)	3

a) Figures in parenthesis above represent loss.

b) The downside case of -200bps impact is calculated with the assumption that the yield curve will not go below 0%

Potentially significant variances in interest rate sensitivity may exist at dates other than the year end.

(v) (c) Equity price risk

The Group's equity price risk arises primarily from its co-investments in private equity investment, real estate investment, strategic capital investment and absolute return investments.

The Group manages the equity price risk of its co-investments in private equity investment, strategic capital, absolute return investments and real estate investment on a portfolio basis as well as at the individual investment level.

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

June 30, 2021 $millions	Valuation methodology	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	Comparable Companies	Multiples	+/- 0.5x	130	133	125	3	(4)	0	(1)
	DCF	Discount Rate	+/- 1%	3	2	4	(1)	1	–	–
	Net Asset Value	Net Asset Value	+/- 5%	7	7	7	–	–	0	(0)
	Average of DCF & Comparable Companies***	Multiples	+/- 0.5x	1	1	1	–	–	0	(0)
		Discount Rate	+/- 1%		1	1	–	–	(0)	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
RE co-investments***	DCF	Discount Rate	-/+ 1%	24	29	19	3	(3)	2	(2)
		Capitalization rate	-/+ 1%		37	16	6	(4)	7	(4)
					For increase	For decrease	For increase	For decrease	For increase	For decrease
ARI co-investments	Net Asset Value	Net Asset Value	+/- 5%	40	42	38	2	(2)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Strategic capital co-investments	DCF	Discount rate	-/+ 1%	3	3	3	–	–	(0)	0
					For increase	For decrease	For increase	For decrease	For increase	For decrease
Other investments	Net Asset Value	Net Asset Value	+/- 10%	93	97	67	2	(24)	2	(2)
	Comparable Companies	Multiples	+/- 0.5x	10	23	6	–	–	13	(4)
	DCF	Discount Rate	+/- 1%	17	16	18	(1)	1	–	–

June 30, 2020 $millions	Valuation methodology	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	Comparable Companies	Multiples	+/- 0.5x	193	200	185	6	(7)	1	(1)
	DCF	Discount Rate	+/- 1%	61	50	77	(9)	14	(2)	2
	Net Asset Value	Net Asset Value	+/- 5%	4	4	4	–	–	0	(0)
	Average of DCF & Comparable Companies***	Multiples	+/- 0.5x	9	10	8	1	(1)	0	(0)
		Discount Rate	+/- 1%		8	9	(1)	1	(0)	0
					For decrease	For increase	For decrease	For increase	For decrease	For increase
RE co-investments***	DCF	Discount Rate	-/+ 1%	50	55	45	5	(5)	0	(0)
		Capitalization rate	-/+ 1%		66	40	14	(9)	2	(1)
					For increase	For decrease	For increase	For decrease	For increase	For decrease
ARI co-investments	Net Asset Value	Net Asset Value	+/- 5%	81	85	77	4	(4)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Strategic capital co-investments	DCF	Discount rate	-/+ 1%	2	2	2	–	–	(0)	0
					For increase	For decrease	For increase	For decrease	For increase	For decrease
Other investments	Net Asset Value	Net Asset Value	+/- 10%	15	17	14	–	–	2	(1)
	DCF	Discount Rate	+/- 1%	27	26	29	(1)	2	–	–

* Excludes exposures of $106m (2020: $121m) 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 $5.3 million (2020: $6.1million).

** The impact of change in discount rate and residual capitalization rate have been presented separately in the table above for the same investments.

*** Investments have been valued using the average of the multiples derived by the DCF and comparable companies methodology and accordingly, sensitivity has been shown to two factors - discount rate and multiples.

vi) Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events (such as natural disasters, changes in regulation or outsourcing of operations). Investcorp includes in this definition legal risk but excludes reputational and strategic risks.

While operational risks cannot be entirely eliminated, they are managed and mitigated by ensuring that appropriate infrastructure, controls, systems, procedures and trained and competent people are in place throughout Investcorp. The internal audit department makes regular, independent appraisals of the control environment in all identified risk areas. Contingency arrangements, which are tested from time to time, are also in place to support operations in the event of a range of possible disaster scenarios. In addition, Investcorp carries errors and omissions insurance against legal risks arising from its business activities.

Investcorp applies the Basic Indicator Approach ('BIA') to measure operational risk and also is implementing a Board of Directors approved operational risk management framework. Under the BIA approach, the operational risk charge is calculated by taking Investcorp's average gross income over the preceding two years and current financial year and multiplying it by a fixed alpha coefficient (15 per cent). The operational risk management framework consists of the following: 1) "Risk Control and Self-Assessment": Self-assess operational risks by going through key business processes end-to-end, 2) Evaluate the adequacy of existing process controls, 3) Implement control modifications to reduce operational risks and determine residual risks and 4) Monitor and report operational risk events to senior management and the Board.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, on the basis that market participants act in their economic best interest.

The Group has established guidelines for the valuation of its investments which are reviewed by the Board of Directors and abides by guidelines issued under IFRS on valuation of investments and guidelines recommended by the International Private Equity and Venture Capital Association. The Group performs valuations of its investments on a quarterly basis. The business support teams work along with deal teams to prepare valuation packages in accordance with the valuation guidelines of the Group. The valuation packages are then presented to the Valuation Committee which is comprised of senior members of the Finance team and investing lines of business. The Valuation Committee has the final responsibility of reviewing and approving the fair value of all investments.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value adjustments arise from re-measurement of liabilities which are hedged, investments and derivatives.

Nonetheless the actual amount that is realized in a future transaction may differ from the current estimate of fair value, given the inherent uncertainty surrounding valuations of unquoted investments.

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 $145.6 million (June 30, 2020: $136.8 million) as compared to the carrying value of $145.3 million (June 30, 2020: $137.4 million). The fair value of CLO co-investments is based on inputs from independent third parties and falls under Level 3 of the fair value hierarchy disclosure. The fair value of medium and long term debt amounts to $414.8 million (June 30, 2020: $425.4 million) as compared to the carrying value of $417.4 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.

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).

During the current financial year, there was a transfer between level 3 to level 1 under co-investments amounting to $6.9 million (June 30, 2020: Nil). This represents the listing on a stock exchange of previously unquoted investments. Under absolute return investments, an exposure of $5.3 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 $0.6 million (June 30, 2020: loss of $1.2 million) and the net redemptions amount to $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. For all other financial instruments, the Group determines fair values using other valuation techniques which are explained in Notes 10 and 20 to the consolidated financial statements.

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

	June 30, 2021			
$millions	Level 1	Level 2	Level 3	Total
Financial assets				
Placements and other liquid assets	82	–	–	82
Positive fair value of derivatives	–	46	–	46
Co-investments				
Private equity investment	16	–	221	237
Credit management investment	–	–	110	110
Absolute return investments	–	35	5	40
Real estate investment	–	–	47	47
Strategic capital investment	–	–	6	6
Other investments	–	–	120	120
Investment in an associates and joint ventures*	–	–	8	8
Underwritten and warehoused investments**	–	–	445	445
Total financial assets	98	81	962	1,141
Financial liabilities				
Negative fair value of derivatives	–	30	–	30
Total financial liabilities	–	30	–	30

* The effect on consolidated statement of profit or loss due to change in multiple by 0.5x on Investment in joint ventures and associates will be $0.03 million.

** Underwritten investments amounting to $1.1 billion were placed with the clients during the year. No fair value loss was recognized on underwritten investments during the year.

	June 30, 2020			
$millions	Level 1	Level 2	Level 3	Total
Financial assets				
Placements and other liquid assets	132	–	–	132
Positive fair value of derivatives	–	45	–	45
Co-investments				
Private equity investment	4	–	335	339
Credit management investment	–	–	180	180
Absolute return investments	–	75	6	81
Real estate investment	–	–	71	71
Strategic capital investment	–	–	2	2
Other investments	–	–	74	74
Investment in an associates and joint ventures*	–	–	44	44
Underwritten and warehoused investments**	–	–	192	192
Total financial assets	136	120	904	1,160
Financial liabilities				
Negative fair value of derivatives	–	26	–	26
Total financial liabilities	–	26	–	26

* The effect on consolidated statement of profit or loss due to change in multiple by 0.5x on Investment in joint ventures and associates will be US$ 1.4 million.

** Underwritten investments amounting to $1.1 billion were placed with the clients during the year. Fair value loss of $3.2 million was recognized on underwritten investments during the year.

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

INVESTCORP HOLDINGS B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

	June 30, 2021					
$millions	At beginning	Net new acquisitions*	Fair value movements**	Movements relating to realizations	Other movements***	At end
PE co-investments	335	71	41	(251)	25	221
ICM co-investments	180	13	22	(112)	7	110
RE co-investments	71	34	(7)	(50)	(1)	47
Strategic capital co-investments	2	4	0	–	–	6
Investment in associates and joint ventures	44	2	3	(41)	–	8
Other strategic investments	74	67	(21)	(1)	1	120
Total	**706**	**191**	**38**	**(455)**	**32**	**512**

* Includes investment in RE of $11.9 million that has been transferred from underwriting to co-investment.
** Includes $21.6 million fair value gain on FVOCI investments and unrealized fair value gain of $5.5 million on FVTPL investments.
*** Other movements include add-on funding, foreign currency translation adjustments, deferred remuneration awards to employees.

	June 30, 2020					
$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
ICM co-investments	149	64	(26)	(6)	(1)	180
RE co-investments	68	26	14	(38)	1	71
Strategic capital co-investments	–	2	–	–	–	2
Investment in associates and joint ventures	38	3	1	0	2	44
Other strategic investments	14	100	(28)	(9)	(3)	74
Total	755	257	(165)	(156)	15	706

* 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.

24. EMPLOYEE COMPENSATION

Investcorp has a clear and well-defined "pay for risk-adjusted long-term performance" philosophy that pervades its culture and motivates its employees to target delivery of consistent top-quartile performance. This philosophy is exhibited in Investcorp's remuneration programs and it is reflected in its annual remuneration decisions.

The remuneration that is paid to Investcorp's employees is divided into two fundamental components: (i) fixed remuneration, i.e., salary and benefits, and (ii) variable remuneration.

Variable remuneration, comprised of cash and awards under deferred remuneration programs, is remuneration that varies from year to year and the amount of which is dependent upon (i) the financial performance of Investcorp as a whole, (ii) the risk-adjusted performance of each employee's respective line of business and (iii) the performance of the individual employee.

Investcorp extensively utilizes deferred remuneration programs as part of employees' remuneration. These programs are comprised of investment carried interest and co-investment programs and share-linked programs as described briefly below.

Programs for Investment Profit Participation

The Group's investment professionals in its private equity investment, real estate investment and investment relationship management lines of business participate in investment carried interest programs, whereby a certain variable portion of exit proceeds due to investors from realization of their investments is shared with these professionals, provided certain pre-established minimum client return hurdles are satisfied. Netting mechanisms are used so that returns from investments that perform well are netted against other investments in which losses are sustained. Since this carry is awarded up front at the time of acquisition it has no significant value at the time of the award.

Programs for Investment Participation

Investment professionals and relationship managers also participate in a co-investment program pursuant to which they acquire an interest in the Investcorp Group's investments that they manage at the Investcorp Group's Consolidated Statement of Financial Position carrying value, thereby resulting in no gain or loss to Investcorp except for any potential impairment losses on the financing provided.

Under certain legacy co-investment programs, the Group provided financing at market rates to or on behalf of eligible employees, to invest in these programs on a levered basis. The permissible levels of leverage varied on a product to product and program to program basis. The aggregate remaining amount of such financing provided to or on behalf of employees as of June 30, 2021 is $2.3 million (June 30, 2020: $3.4 million).

A portion of the deferred remuneration awarded to eligible employees is also in the form of co-investment exposures. These awards have different vesting conditions and are not transferable. An expense charge of $10 million (2020: $14 million) was taken by the Group based on management's best estimate of the likely vesting of the awards.

Employee Share-Linked Plans

SHL sponsors various employee share-linked plans under which a portion of the deferred remuneration awarded to eligible employees is in the form of SIPCO shares or phantom SIPCO shares or performance-linked SIPCO share based awards that represent a beneficial interest in the ordinary shares of the Company. These SIPCO awards have different vesting periods and are not transferable.

SIPCO shares or phantom SIPCO shares or performance-linked SIPCO share based awards are granted to the employees at their fair value on the grant date. The fair value of SIPCO shares for purposes of the plans is estimated considering their non-transferability and the indirect nature of the underlying beneficial ownership. The value of SIPCO shares granted during the year is $30.2 million (2020: $21.6 million). The start and end date of the vesting period for each grant varies from plan to plan and is based on continued employment (unless employment is terminated due to death, disability or retirement) as well as satisfaction of certain performance conditions. The determination of the amount of expense to be recognized as compensation expense in any year is estimated based on a model that takes into account the probability weighted vesting of the shares at the fair value on the grant date using the historical pattern of employee tenure. These estimates are updated regularly based on actual information.

An expense charge of $16.2 million (2020: $17.2 million) was taken by the Group based on management's best estimate of the number of shares that are likely to vest. The grant date value of shares vested during the year amounted to $19 million (2020: $26.8 million). The details of shares granted, vested and forfeited during the year are as follows:

Number of shares	**2021**	2020
Granted during the year	**3,005,251**	1,638,163
Vested during the year	**1,740,240**	2,245,992
Forfeited during the year	**158,164**	191,621

The fair value of shares granted during the year amounted to $30.2 million (2020: $21.6 million). The fair value of shares forfeited during the year amounted to $1.7 million (2020: $2.5 million).

25. RELATED PARTY TRANSACTIONS AND BALANCES

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

It also includes major shareholders, directors and senior management of the Company, 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.

In addition to the compensation and benefits to employees disclosed in Note 24, the income earned and expenses incurred in connection with related party transactions included in these consolidated financial statements are as follows:

$millions		**2021**	2020
AUM fees	Investee and investment holding companies	**159**	135
Deal fees	Investee and investment holding companies	**104**	75
Asset based income	Investee companies	**26**	39
Interest income	Treasury and other income	**1**	–
Interest expense	Investment holding companies	**–**	0
Interest expense	Short term financing	**(3)**	(6)
Operating expenses	Directors' remuneration	**(2)**	(2)
Operating expenses	Professional fees	**–**	(1)

Of the staff compensation set out in Note 24, $87 million (2020: $65.1 million) is attributable to senior management. Of the above mentioned remuneration of senior management, $64.3 million (2020: $39.5 million) is in the form of salaries and other short term benefits.

In addition to the compensation and benefits to employees disclosed in Note 24, the balances with related parties included in these consolidated financial statements are as follows:

	June 30, 2021			June 30, 2020		
$millions	**Assets**	**Liabilities**	**Off-balance sheet**	Assets	Liabilities	Off-balance sheet
Outstanding balances						
Co-investments	**668**	**–**	**–**	837	–	–
Underwritten and warehoused investments	**445**	**–**	**–**	192	–	–
Investment in joint ventures and associates	**8**	**–**	**–**	44	–	–
Strategic shareholders*	**13**	**–**	**–**	10	–	–
Investee companies*	**60**	**2**	**–**	61	2	22
Investment holding companies*	**185**	**1**	**187**	185	0	155
Financing	**–**	**174**	**–**	–	261	–
Directors and senior management*	**85**	**8**	**–**	–	2	–
	1,464	**185**	**187**	1,329	265	177

* Included in receivables and prepayments, advances and payables and accrued expenses.

26. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS"), in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (applicable provisions of Volume 6 and CBB directives), the CBB Capital Markets regulations and the rules and procedures of the Bahrain Bourse.

The consolidated financial statements are prepared and presented in United States dollars, this being the functional currency of the Group, and rounded to the nearest millions ($millions) unless otherwise stated. Certain prior year balances have been reclassified to conform to the current year presentation. These reclassifications had no impact on the net loss or equity of the Group.

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

New standards, amendments and interpretations issued but not yet 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 January 1, 2021);
- Amendments to IFRS 3 - Reference to the Conceptual Framework (issued May 2020, effective for annual periods beginning on or after January 1, 2022);
- Amendments to IAS 16 - Proceeds before Intended Use (issued May 2020, effective for annual periods beginning on or after January 1, 2022);
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued May 2020, effective for annual periods beginning on or after January 1, 2022);
- Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 - effective for annual periods beginning on or after January 1, 2022;
- IFRS 17 Insurance Contracts (issued May 2017; effective for annual periods beginning on or after January 1, 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 January 1, 2023).

The Group's management is currently evaluating the impact of the above standard and amendments on the consolidated financial statements.

(i) Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for the re-measurement at fair value of financial instruments under IFRS 9 and revaluation of premises and equipment.

(ii) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

(iii) Basis of consolidation

The consolidated financial statements are comprised of the financial statements of the Company and its subsidiaries. A subsidiary is an entity which is controlled by the Group. Control is achieved when the Group is exposed to, or has rights to, variable returns through its involvement with the entity and has the ability to affect these returns through its power over the entity. The Group consolidates its subsidiaries excluding entities which meet the below criteria:

a) Where there are contractual or other restrictions imposed on the Group's ability to appoint the majority of the Board of Directors, or

b) Where a majority of the economic risk and reward accrues to third parties other than the Group, or

c) Where the exception to consolidate subsidiaries of an Investment entity is applied, as defined in IFRS 10.

The Group qualifies as an investment entity as defined under IFRS 10, and as such, measures its investments in accordance with the requirements set out in the standard.

The results of all subsidiaries are included in the consolidated statement of profit or loss from the effective date of formation or acquisition. The financial statements of the Company's subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances, income and expenses have been eliminated on consolidation.

(iv) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

(v) Trade date accounting

Purchases and sales of financial assets that require delivery of the assets within a timeframe generally established by regulation or convention in the market place are recognized using the “trade date” accounting basis (i.e. the date that the entity commits to purchase or sell the asset).

(vi) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and the Group intends to settle on a net basis.

(vii) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the date of the financial statements. The use of estimates is principally limited to:

a) The determination of the fair values of FVTPL co-investments in private equity co-investments, credit management co-investments, strategic capital co-investments and real estate co-investments and other strategic investments (see Note 10), the determination of performance fees on assets under management, impairment provisions for financial assets other than FVTPL investments and FVOCI equity investments (see Note 13) and allocation of placement fee to the performance obligations as described later.

b) The determination of performance fees on assets under management are dependent on the performance of the underlying investments and thus are highly susceptible to factors outside the Group's influence

c) The determination of cash flows which is the basis for performing the assessment of solely payments of principal and interest test on CLO co-investments which are being carried as debt instruments at amortized cost (see Note 10).

In the process of applying the Group's accounting policies, management has made judgments covered in the following section, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Further, from June 30, 2020, the valuation approach was substantially consistent with our normal process and valuation policy. A key focus of the portfolio fair value from June 30, 2020 was an assessment of the impact of the COVID-19 pandemic on each investment. The approach considered the performance of each investment exposure before the outbreak of COVID-19, the projected short-term impact on their ability to generate earnings and cash flow and also longer-term view of their ability to recover and perform against their investment cases. Given the diversity of the portfolio, the impact has been varied, based on type of underlying exposure, industry exposure, expected recovery from the current crisis and current market inputs.

(viii) Foreign currencies

A foreign currency transaction is recorded in the functional currency at the rate of exchange prevailing at the value date of the transaction. Monetary assets and liabilities in foreign currencies that are held at the reporting date are retranslated at market rates of exchange prevailing at that date. Gains and losses arising on retranslation are recognized in the consolidated statement of profit or loss under treasury and other income.

Non-monetary assets that are measured in terms of historical cost in foreign currencies are recorded at rates of exchange prevailing at the value dates of the transactions. Non-monetary assets in foreign currencies that are stated at fair value are retranslated at exchange rates prevailing on the dates the fair values were determined. Gains and losses on fair valuation of FVTPL investments are taken to the consolidated statement of profit or loss.

Foreign currency differences arising from the translation of investments in respect of which an election has been made to present subsequent changes in FVOCI are recognized in the consolidated statement of other comprehensive income.

(ix) Income

Interest income is recognized using the effective yield of the asset and is recorded as asset based income. Asset based income from all FVTPL investments is recognized on the basis of realized and unrealized changes in fair value as at the end of the reporting period.

Fee income is recognized when services are rendered. Performance fees are recognized when earned. Performance fees are only recognized once it is highly probable that there would be no significant reversal of any accumulated revenue in the future. Estimates are needed to assess the risk that achieved earnings may be reversed before realization due to the risk of lower future overall performance of the underlying investments. The reversal risk is managed through adjustments of the unrealized investment values by imposing discounts depending on specific investment risks and on the expected average remaining holding period of the investment.

Realized capital gains or losses on FVOCI equity investments are taken to retained earnings at the time of derecognition of the investment.

Revenue from contracts with customers

Placement fees are charged when an underwritten investment is placed with investors. The Group has identified the performance obligations arising from its contracts with investors with whom the investments are placed. The portion of the fee relating to such performance obligations is deferred and recognized over the investment period.

Investcorp has reviewed and analyzed the terms of the contracts that it has entered into with its investors arising from the placement of its investments. Based on this review, the Group has determined the following two types of performance obligations that Investcorp is expected to satisfy:

i. services provided by Investcorp during the year from purchase to the placement of the investment with investors, including deal identification, funding, underwriting, maintaining a placement infrastructure, preparing the marketing materials for each deal etc; and

ii. services provided over the period of the investment as agreed with the investor at the time of placement.

Investcorp has allocated the placement fee to each of the above performance obligations. The Group completes all of its performance obligations described in (i) above before placing an investment with its investors. Accordingly, the fee relating to this performance obligation is recognized upfront upon placement of the investment with investors. This portion of the placement fee is included as part of deal fees except for placement fee from program clients which is included as part of AUM fees.

A portion of the placement fee represents the amount received upfront for the performance obligation described in (ii) above. Accordingly, this component of the placement fee is deferred and recognized over time, as AUM fees, over the period of managing the investment.

(x) Interest expenses

Interest on borrowings represents funding cost and is calculated using the effective interest rate method, adjusted for gains or losses on related cash flow hedges.

(xi) Taxation of foreign operations

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on income from foreign subsidiaries is provided for in accordance with the fiscal regulations of the countries in which the respective Group entities operate.

Deferred taxation is provided for using the liability method on all temporary differences calculated at the rate at which it is expected to be payable. Deferred tax assets are only recognized if recovery is probable.

(xii) Cash and cash equivalents

Cash and cash equivalents comprise cash and short term funds, cash in transit, other liquid funds and placements with financial institutions that are readily convertible into cash and are subject to insignificant risk of changes in value.

(xiii) Receivables

Subscription receivables are recognized when the obligation is established, i.e., when a binding subscription agreement is signed. These are carried at cost less provision for impairment.

(xiv) Advances

Advances are stated at amortized cost, net of any impairment provisions.

(xv) Classification of financial assets

(a) Investments

The group classifies the financial assets into various categories as set out in Note 4.

On initial investment, a debt investment is measured at amortized cost if the financial asset is held to collect contractual cash flows over the life of the asset and if those cash flows comprise solely of principal repayments and interest on the principal amount outstanding.

The Group also classifies certain strategic investments, real estate co-investment, private equity co-investments, strategic capital co-investments, credit management investments and ARI investments as FVOCI investments.

All other investments including those over which the Group has significant influence are classified as FVTPL.

(b) Other liquid assets

Other liquid assets, which form part of “placements with financial institutions and other liquid assets”, are recorded at amortized cost less any impairment in value other than those assets which contain embedded derivatives requiring either separation of the embedded derivative or classification of the entire instrument as FVTPL assets. The management has designated such assets as FVTPL assets.

(xvi) Co-investments

(a) Co- investments in private equity investment and real estate investment

The Group's co-investments in private equity investment and real estate investment are classified as FVTPL and FVOCI investments. FVTPL investments are initially recorded at acquisition cost (being the initial fair value) and are re-measured to fair value at each reporting date, with resulting unrealized gains or losses being recorded as fair value changes in the consolidated statement of profit or loss. Consequently, there are no impairment provisions for such investments.

FVOCI investments are initially recorded at fair value. These investments are then re-measured to fair value at each reporting date and any resulting change in value of these investments is taken to the consolidated statement of other comprehensive income and recorded as a separate component of equity until they are derecognized at which time the cumulative gain or loss previously reported in equity is transferred to retained earnings.

(b) Co- investments in credit management investment

The Group's co-investments in credit management and any new exposure acquired during the year are classified as FVOCI debt investments. All other credit management co-investment exposures are carried at amortised cost less any impairment provision. Interest income on amortized cost instruments is recognized using the effective interest rate ("EIR").

FVOCI debt investments are initially recorded at fair value. Any subsequent fair value changes on such investments will be recognized directly in equity and any impairment in the carrying value will be recognized in the consolidated statement of profit or loss. At the time of derecognition, any cumulative gain or loss previously reported in equity is transferred to retained earnings through profit or loss. The fair value changes in FVTPL investments are recorded in the consolidated statement of profit or loss.

Any revision of estimated future cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount and a corresponding increase or decrease in consolidated statement of profit or loss.

(c) Co-investments in absolute return investments

The Group's co-investments in absolute return investments are classified as FVTPL and FVOCI investments and are stated at fair value at the reporting date. The fair value changes in FVTPL investments are recorded in the consolidated statement of profit or loss.

The fair value changes in the FVOCI investments are taken to the consolidated statement of other comprehensive income and recorded as a separate component of equity until they are derecognized at which time the cumulative gain or loss previously reported is transferred to retained earnings.

(d) Co- investments in strategic capital investment

The Group's co-investments in strategic capital investments are classified as FVOCI investments and are stated at fair value at the reporting date. The fair value changes in FVOCI investments are recorded in the consolidated statement of other comprehensive income and recorded as a separate component of equity until they are derecognized at which time the cumulative gain or loss previously reported in equity is transferred to retained earnings.

(e) Investment in structured products

The Group's investments in structured products are classified as FVTPL and are stated at fair value at the reporting date. The fair value changes in FVTPL investments are recorded in the consolidated statement of profit or loss.

(f) Investment in other strategic investments

The Group's investments in other strategic investments are classified as FVTPL and FVOCI investments and are stated at fair value at the reporting date. The fair value changes in FVTPL investments are recorded in the consolidated statement of profit or loss.

The fair value changes in the FVOCI investments are taken to the consolidated statement of other comprehensive income and recorded as a separate component of equity until they are derecognized at which time the cumulative gain or loss previously reported is transferred to retained earnings.

(xvii) Investment in associates and joint ventures

The Group's investment in associates and joint ventures is initially recorded at fair value and is re-measured at each reporting date, with resulting unrealized gains or losses being recorded in consolidated statement of profit or loss.

(xviii) Impairment and un-collectability of financial assets

The Group recognizes loss allowances in the consolidated statement of profit or loss for expected credit losses (ECL) on financial assets excluding investments classified as FVTPL and equity investments classified as FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

1. debt investment securities that are determined to have low credit risk at the reporting date; and

2. other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For the purposes of calculation of ECL, the Group categorizes such financial assets into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 – Performing: when such financial assets are first recognized, the Group recognizes an allowance based up to 12- month ECL.

Stage 2 – Significant increase in credit risk: when such financial assets shows a significant increase in credit risk, the Group records an allowance for the lifetime ECL.

Stage 3 – Impaired: the Group recognizes the lifetime ECL for such financial assets.

(xix) De-recognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, any cumulative gain/ loss recognized in the consolidated statement of other comprehensive income in respect of equity investments designated at FVOCI is transferred directly to retained earnings.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

(xx) Derivative financial instruments

Derivatives are stated at fair value determined by using prevailing market rates or internal pricing models.

Derivatives that qualify for hedge accounting are classified into fair value hedges or cash flow hedges. Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Accounting treatments for both types of hedges and in the case of discontinuance of hedges are disclosed in Note 20.

For derivatives that do not qualify for hedge accounting, any gain or loss arising from changes in their fair value is taken to the consolidated statement of profit or loss.

(xxi) Premises and equipment

Premises and equipment substantially comprise land, buildings and related leasehold improvements used by the Group as office premises.

The Company carries its building on freehold land and certain operating assets at revalued amounts, being the fair value of the assets at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying value. Any revaluation surplus is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized directly in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve. A transfer from the asset revaluation reserve to retained earnings is made for any difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of the asset.

All other items are recorded at cost less accumulated depreciation.

Premises and equipment are depreciated on a straight line basis over their estimated useful lives which are as follows:

Buildings on freehold land	25 years
Leasehold and building improvements	10 – 15 years
Operating assets	3 – 23 years

The above useful lives of the assets and methods of depreciation are reviewed and adjusted, if appropriate, at least at each financial year end.

(xxii) Right-of-use assets and lease liability

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The recognized right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees as applicable. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(xxiii) Intangible assets

Intangible assets comprise management contracts and goodwill recognized on acquisition. Management contracts have a useful life of 5 years from the date of the acquisition and are amortized accordingly.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The Group tests goodwill for impairment annually. For other intangible assets, the Group reviews the carrying amounts to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and if any, impairment loss is charged to the consolidated statement of profit or loss for the period.

(xxiv) Payables, accruals and provisions

Provision for employee benefit costs is made in accordance with contractual and statutory obligations and the terms of benefit plans approved by the Board of Directors (see Note 24).

Provisions are made when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(xxv) Unfunded deal acquisitions

Unfunded deal acquisitions represent amounts contractually payable by the Group in respect of investment acquisitions the agreements for which are signed, but have not been funded, as of the reporting date.

(xxvi) Borrowings

Borrowings, represented by short term financing on call, medium-term revolvers, medium-term debt and long-term debt, are initially recognized at the fair value of consideration received and subsequently adjusted for the impact of effective fair value hedges. Securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financings. The corresponding cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it as a liability within financing, reflecting the transaction's economic substance as a loan to the Group.

The securities delivered repurchase agreements are not derecognized from the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership.

Transaction costs relating to borrowings are initially capitalized and deducted from the borrowings and subsequently recognized as interest expense over the expected life of these borrowings.

(xxvii) Treasury shares

Treasury shares are stated at acquisition cost and are shown as a deduction to equity. Any surplus arising from the subsequent sale of treasury shares at a price greater than cost is treated as non-distributable and included in a share premium reserve under equity. Any deficit arising from the subsequent sale of treasury shares at a price lower than cost is charged first against any previously established reserve from past transactions in treasury shares, and where such reserve is insufficient, then any difference is charged to retained earnings.

(xxviii) Share awards

Share awards to employees are accounted and expense recognized over the vesting period. The determination of the amount to be recognized is estimated based on a model that takes into account the probability weighted vesting of the shares at the fair value on the grant date using the historical pattern of employee tenure. These estimates are updated regularly based on actual information.

(xxix) Dividends

Proposed dividends are disclosed as appropriations within equity until the time they are approved by the shareholders. On approval by shareholders, these are transferred to liabilities.

27. SUBSEQUENT EVENTS

(i) Delisting from Bahrain Bourse and conversion to closed Shareholding Company

On June 2, 2021, the Company held an Extraordinary General Meeting and resolved to delist from the Bahrain Bourse and convert the Company to a closed Shareholding Company. On July 12, 2021, the Company has received the final approval from the regulatory authorities on delisting and the Company is in the process of converting itself from B.S.C. to B.S.C. (closed) company. The regulatory formalities are likely to be completed in the first half of fiscal year 2022. Subsequent to the year end, as part of the delisting the Company bought back 3,355,971 (4.2%) shares from 86 public shareholders.

(ii) Sale of an associate

During the year, Investcorp entered into an agreement to divest its indirect interest in Banque Pâris Bertrand. Subsequent to the year end, the Group received regulatory approvals and closed the transaction on July 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

MANAGING DIRECTORS

Ramzi AbdelJaber

Chief Administrative Officer
Joined Investcorp: 2004
Prior experience: The Middle East North Africa Financial Network (4), McKinsey & Co. (2), Integrated Business Solutions (1), Andersen Consulting (1)

Ghassan Abdulaal

Investor Relationship Management – Gulf
Joined Investcorp: 2012
Prior experience: Bahrain Mumtalakat Holding Company (3), KPMG (2), Investcorp (5)

Mohammed Alardhi

Executive Chairman
Joined Investcorp: 2015
Prior experience: Investcorp Board Member (7), National Bank of Oman S.A.O.G. Board Member (4), National Bank of Oman Chairman S.A.O.G. (2), Rimal Investment Holding Company L.L.C. (10)

Tarek AlMahjoub

Investor Relationship Management - Gulf
Joined Investcorp: 2008
Prior experience: Standard Chartered Bank (5), Al Ahli Bank of Kuwait (1), National Bank of Fujairah (1.5), Mashreq Bank (5)

Mohammed AlSada

Investor Relationship Management - Gulf
Joined Investcorp: 2008
Prior experience: Gulf Finance House (4), Ahmed S.E. Al Sada Investments (6 months), E-Rooms Waltham (5 months)

Yusef Al Yusef

Investor Relationship Management - Gulf
Joined Investcorp: 2005
Prior experience: Arcapita Bank (4), Ahli United Bank (0.5), National Bank of Bahrain (4), Unilever (2)

Jan Erik Back

Chief Financial Officer
Joined Investcorp: 2018
Prior experience: SEB (10), Vattenfall (1.8), Skandia Group (8), Handelsbanken (11.5)

Yasser Bajsair

Investor Relationship Management - Gulf
Joined Investcorp: 2010
Prior experience: Global Investment House (1), Al Kabeer Merchant Finance Corporation (1), Arab National Bank (3)

Hazem Ben-Gacem

Co-Chief Executive Officer
Joined Investcorp: 1994
Prior experience: Credit Suisse First Boston (2)

Andrea Davis

Private Equity – Europe
Joined Investcorp: 2014
Prior experience: TDX Group (2), Fellowes Inc. (9), Willet (6)

F. Jonathan Dracos

Real Estate - US
Joined Investcorp: 1995
Prior experience: George Soros Realty Fund (1), Jones Lang Wootton Realty Advisors (5), Chemical Bank (3)

Ebrahim H. Ebrahim

Corporate and Investment Accounting
Joined Investcorp: 1985
Prior experience: Banque Paribas (3)

Firas El-Amine

Corporate Communications
Joined Investcorp: 2007
Prior experience: Dubai Holding (3), Alsalam Holding (2), Impact & Echo (2)

Dominic Elias

Compensation
Joined Investcorp: 2010
Prior experience: The Blackstone Group (0.5), Towers Perrin (1.5), Morgan Stanley (11)

Michael Emmet

Private Equity – North America
Joined Investcorp: 2010
Prior experience: GE Capital (3), Bank of NY (2), The Will-Burt Company (1), The Federal Reserve System (4)

Numbers in brackets indicate years of experience.
List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

MANAGING DIRECTORS (continued)

Nicola Ferraris
Private Equity – Europe
Joined Investcorp: 2010
Prior experience: Credit Suisse (3)

John Franklin
Investor Relationship Management – US
Joined Investcorp: 1997
Prior experience: Citicorp (4)

Amit Gaind
Private Equity – North America
Joined Investcorp: 2010
Prior experience: Lazard Frères & Co (3), JPMorgan (1)

Jeremy Ghose
Credit Management
Joined Investcorp: 1988
Prior experience: 3i (6), Mizuho (23)

Luis Gonzalez
Private Equity – Europe
Joined Investcorp: 2008
Prior experience: JPMorgan (2.5)

Peter Goody
Credit Management
Joined Investcorp: 2008
Prior experience: 3i (6), Mizuho (2.5),
Royal Bank of Scotland (22)

Neil Hasson
Real Estate - Europe
Joined Investcorp: 2015
Prior Experience: Macquarie (2), Citi (7),
Donaldson, Lufkin & Jenrette (4)

Mark Horncastle
Legal and Compliance
Joined Investcorp: 2017
Prior experience: General Electric/ GE Capital (17),
Nomura International (1), Freshfields (8)

Christopher Jansen
CM Investment Partners
Joined Investcorp: 2019
Prior experience: CM Investment Partners (7), Stanfield Capital (12), Manufacturers Hanover Trust (7)

Gilbert Kamieniecky
Private Equity – Technology
Joined Investcorp: 2005
Prior experience: Morgan Stanley (2)

Rishi Kapoor
Co-Chief Executive Officer
Joined Investcorp: 1992
Prior experience: Citicorp (4)

Warren Knapp
Private Equity – North America
Joined Investcorp: 2011
Prior experience: LLM Capital (1))

Georg Knoflach
Private Equity – Technology
Joined Investcorp: 2016
Prior experience: Silver Lake (4), Merrill Lynch (4)

Sanjay Kohli
Investor Relationship Management – Europe
Joined Investcorp: 2010
Prior experience: 3i (6),Mizuho (11), Credit Lyonnais (2),
Mitsubishi Financial Group (4)

Richard Kramer
Risk Management
Joined Investcorp: 2011
Prior experience: Credit Suisse (14),
Robert Fleming (2)

Daniel Lopez-Cruz
Private Equity – Europe
Joined Investcorp: 2005
Prior experience: Morgan Stanley (7), UBS (3),
The Prudential Insurance Company of America (3),
Arthur Andersen (1)

Walid Majdalani
Private Equity – MENA
Joined Investcorp: 2007
Prior experience: ABN AMRO Bank (10),
Oracle Corporation (5)

Anthony Maniscalco
Strategic Capital
Joined Investcorp: 2018
Prior experience: Credit Suisse Anteil Capital Partners (2),
The Blackstone Group (3), Barclays / Lehman (12),
Bank of America (8)

Timothy Mattar
Investor Relationship Management - Gulf
Joined Investcorp: 1995
Prior experience: Banque Indosuez (5),
Arthur Andersen (2), Grant Thornton (5)

Numbers in brackets indicate years of experience.
List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

MANAGING DIRECTORS (continued)

Nicholas McGrane

Private Equity – North America
Joined Investcorp: 2020
Prior experience: Evolent Health (6), SBARRO (2), MidOcean Partners (3), Imax Corporation (2), Bain & Company (2), Kidder, Peabody & Co. (3)

Michael Mauer

CM Investment Partners
Joined Investcorp: 2019
Prior experience: CM Investment Partners (7), Icahn Capital (1), Citicorp (8), JP Morgan (13)

Steve Miller

Private Equity – North America
Joined Investcorp: 2007
Prior experience: Credit Suisse (2)

David Moffitt

Credit Management
Joined Investcorp: 2020
Prior experience: LIBREMAX Capital (3), JC Flowers & Co. (3), Mead Park Management (3), Morgan Stanley (2), MatlinPatterson (1), Merrill Lynch (2), RBS (2), Credit Suisse (6), Brown Rudnick (2)

Herbert Myers

Real Estate - US
Joined Investcorp: 2000
Prior experience: JPMorgan Asset Management (4), Peter R Freidman (4)

Girish Nadkarni

Private Equity – India
Joined Investcorp: 2019
Prior experience: IDFC Alternatives (7), Rallis India (2), Tata Chemicals (2), Tata Industries (6), Tata Power (9)

Sami Neffati

Infrastructure
Joined Investcorp: 2019
Prior experience: Sumitomo Mitsui Banking Corporation (10), WestLB (2), ABC (4)

Michael O'Brien

Real Estate - US
Joined Investcorp: 2007
Prior experience: ING Clarion Partners (12), Reichmann International/Quantum Realty Fund (1), Equitable Real Estate (2)

Jose Pfeifer

Private Equity – Europe
Joined Investcorp: 2006
Prior experience: Citigroup (2)

Anand Radhakrishnan

Investor Relationship Management – US
Joined Investcorp: 2002
Prior experience: The Carlyle Group (2), Robertson Stephens (2),

Elena Ranguelova

Investor Relationship Management – US
Joined Investcorp: 2013
Prior experience: Pioneer Investments (4), Goldman Sachs (3), Lehman Brothers (4)

Abbas Rizvi

Financial Management
Joined Investcorp: 2005
Prior experience: Ernest & Young Bahrain (6)

Gaurav Sharma

Private Equity – India
Joined Investcorp: 2019
Prior experience: IDFC Alternatives (4), Prime Gourmet Private Limited (2.5), Providence Equity Partners (5), Deutsche Bank (5.5), Trinayana Auto (5)

Harsh Shethia

Private Equity - India
Joined Investcorp: 2002
Prior experience: Goldman Sachs (2), Deloitte Consulting (4), Tata Consulting Services (2)

Babak Sultani

Private Equity – MENA
Joined Investcorp: 2008
Prior experience: Addax Bank (2), Bahrain Financial Harbour (2), ReeMoon BDC (1), TAIB Bank (3), United Advertising Publications (1.5)

Numbers in brackets indicate years of experience.
List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

MANAGING DIRECTORS (continued)

David Tayeh

Private Equity – North America
Joined Investcorp: 2015
Prior Experience: CVC Capital Partners (4), Investcorp International Inc. (11), Donaldson Lufkin & Jenrette. (4)

Ritesh Vohra

Real Estate - India
Joined Investcorp: 2019
Prior experience: IDFC Alternatives (7), Saffron Advisors (7), Entrepreneur (5), Jones Lang LaSalle (1), Chesterton Meghraj (1)

Philip Yeates

Credit Management
Joined Investcorp: 2018
Prior experience: N M Rothschild & Sons (24), NatWest Markets (4), Hill Samuel Merchant Bank (3), National Westminster Bank (6)

Duncan Zheng

Private Equity – China
Joined Investcorp: 2020
Prior experience: Nepoch/Pagoda (7), China Investment Corporation (1), Triton (5), Hicks Muse Tate & Furst (3), Salomon Smith Barney (2)

SENIOR AND PROFESSIONAL STAFF

Mohamed Aamer

Investor Relationship Management - Gulf

Nada Abdulghani

Corporate Communications

Ahmed Abdulrahim

Investor Relationship Management - Gulf

Habib Abdur-Rahman

Administration & Corporate Development

Edmond AbiSaleh

Private Equity – MENA

Shrooq Abualif

Investor Relationship Management - Gulf

Nabil AbuAyshe

Technology

Anugrah Aggarwal

Private Equity – India

Lorenzo Agostinelli

Financial Management – Treasury

Affan Ahmed

Real Estate - US

Abdulla Ahmed

Investor Relationship Management - Gulf

Naweed Akram

Technology

Khalifa Al Jalahma

Private Equity – MENA

Manal AlAlaiwat

Corporate General Services – Bahrain

Ahmed AlAlawi

Corporate and Investment Accounting

Khaled Alalawi

Legal & Compliance

Maryam AlAlwan

Corporate and Investment Accounting

Loai Alarayedh

Investor Relationship Management - Gulf

Ayman Al-Arrayed

Corporate and Investment Accounting

Ashraf Alaydi

Legal & Compliance

Abdulla AlBastaki

Human Resources

Daniel Albornoz

Credit Management

Ruqaya AlHalwachi

Financial Management – Treasury

Yousef Alhozaimy

Investor Relationship Management - Gulf

Nadia Aljaber

Legal & Compliance

Mai AlJishi

Corporate Communications

Yasser Alkhaja

Investor Relationship Management - Gulf

List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Jassim Alkhawaja
Investment Administration
Sara AlKhayat
Compensation
Abdulla AlMannaei
Investor Relationship Management - Gulf
Feras AlMeri
Corporate and Investment Accounting
Tareq Almubarak
Business Analysis and Planning
Zachary Alpern
CM Investment Partners
Ahmed AlQaidoom
Corporate and Investment Accounting
Kawthar AlQassab
Corporate and Investment Accounting
Ali AlRahma
Investor Relationship Management - Gulf
Eyad Alsaleh
Legal & Compliance
Naser Alshakhoori
Corporate and Investment Accounting
Sara AlSharaf
Investment Administration
Najlaa AlSheikh
Legal & Compliance
Hasan AlShuwaikh
Private Equity – MENA
Ahmed AlShuwaikh
Corporate and Investment Accounting
Mohamed AlTaweel
Corporate and Investment Accounting
Zahra Alvani
Compensation
Ahmed AlZayani
Investor Relationship Management - Gulf

Ameer Ameeri
Investor Relationship Management - Gulf
Mohammed Aminuddin
Technology
Russell Arco
Real Estate - US
Ali Ardati
Investor Relationship Management - Gulf
Gaurav Babbar
Credit Management
Ali Bahman
Corporate and Investment Accounting
Ryan Bassett
Real Estate - US
Julian Bennet
Private Equity – Technology
Alexander Bennett
Real Estate - US
Guillaume Bertin
Credit Management
Thomas Best
Business Analysis and Planning
Kajetan Betz
Private Equity – Technology
Robert Bostock
Private Equity – Europe
Nacer Bouhitem
Infrastructure
Vitali Bourchtein
Private Equity – North America
Hugh Boyle
Investor Relationship Management – US
James Brailey
Credit Management
Elizna Brockway
Credit Management

List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Rebecca Bronk
Credit Management

Chris Browne
Real Estate – Europe

Jesse Brundige
Real Estate - US

Alexandra Bujalski
Real Estate – US

Camilla Campion-Awwad
Private Equity – Europe

Kieran Carmody
Credit Management

Enrique Casafont
Private Equity – North America

Helen Chan
Private Equity – South East Asia

Pankaj Chandhok
Technology

Dhanraj Chandiramani
Strategic Capital

Francis Chang
Credit Management

Jia Chen
Business Support – NYLON

Fortune Chigwende
Internal Audit and Controls

Mayumi Chiu
Human Resources

Shah Choudhury
Technology

Melanie Claydon
Human Resources

Dean Clinton
Corporate Finance

Edgar Coatman
Investor Relationship Management – US

Anthony Colon
Credit Management

Philip Comerford
Private Equity – North America

Brian Cook
Business Support - NYLON

Dominic Courtman
Credit Management

Khaled Daair
Business Analysis and Planning

Sebastien De Bock
Private Equity – Europe

Pierre De La Rochefoucauld
Real Estate - Europe

Rocco DelGuercio
CM Investment Partners

Naima Deuter
Privte Equity – Europe

Valentina Di Venuta
Private Equity – Europe

John Dibble Jr
CM Investment Partners

Dale Didulo
Technology

Alptekin Diler
Private Equity – MENA

Kevin Doherty
Credit Management

Darryl D'Souza
Business Support – NYLON

Vikas Dugar
Private Equity – India

Merime Durakovic
Legal & Compliance

Kumail Ebrahim
Corporate & Investment Accounting

List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Khulood Ebrahim
Investor Relationship Management - Gulf

David Endler
Credit Management

Sean Ferris
Credit Management

David Fewtrell
Credit Management

Puralyn Fiel
Office of Executive Chairman

Melanie Figgener
Private Equity – Europe

Michael Flanagan
Corporate General Services – New York

Kirk Fleischer
Private Equity – North America

Alberto Fornasiero Moschini
Internal Audit and Controls

Christopher Fraser
Real Estate - US

Hing Fu
Credit Management

Sunil Gaglani
Risk Management

Maxime Geraudie
Private Equity – Europe

Hasan Ghaith
Compensation

Yasmeen Ghali
Legal & Compliance

Benjamin Gilman
Real Estate - US

Johannes Glas
Investor Relationship Management - Gulf

Anshuman Goenka
Private Equity – India

Jannine Goolam
Technology

Gustav Granryd
Private Equity – Europe

Vineet Gupta
Investor Relationship Management - Gulf

Fredrik Guster
Strategic Capital

Rira Ha
CM Investment Partners

Sadeq Habib
Compensation

Wassim Hammoude
Private Equity – MENA

Ian Hansford
Human Resources

Mansoor Hasan
Technology

Husain Hashim
Corporate and Investment Accounting

Juergen Heilmann
Private Equity – Europe

Awab Helal
Corporate and Investment Accounting

Tobias Hemmerich
Real Estate - Europe

Shaun Hill
Internal Audit and Controls

Celia Ho
Business Support - Real Estate

William Hoffmann
Credit Management

Nahar Houthan
Investor Relationship Management - Gulf

Ahmed Husain
Financial Management

Celine Infeld
Private Equity – Europe

Sebastian Inger
Private Equity – Europe

List reflects staff employed at June 30, 2021.

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Ahmed Isa
Corporate and Investment Accounting

Ayman Jaafar
Investment Administration

Ravi Jain
Private Equity – India

Shilvin Jain
Investment Administration

Jay Jena
Technology

Raewyn Johnston
Legal & Compliance

Rosanne Johnston
Legal & Compliance

Sammy Jondi
Private Equity - MENA

Praveen Joynathsing
Investor Relationship Management – Europe

Joelle Kahen
Real Estate – US

Michelle Kaler
Real Estate - US

Narendra Karki
Technology

James Keary
Real Estate - US

Richard Keast
Credit Management

Dennis Kehrberg
Real Estate – Europe

Timothy Kelly
Real Estate - US

Brett Kenney
Business Support – NYLON

Pierre Khaitrine
Private Equity – Europe

Jerry Kirby-Houlihan
Credit Management

Vrushali Kithany
Investment Administration

Nathalie Klein
Investor Relationship Management – US

Sergey Klevsky
Technology

Alexander Koeppen
Private Equity – Europe

Mihir Kothari
Investor Relationship Management - Gulf

Ajay Kumar
Real Estate – India

Nilesh Ladha
Internal Audit and Controls

Daniel Lakhman
Investor Relationship Management – US

Pakchau Lam
Financial Management

Barry Lane
Credit Management

Varun Laul
Credit Management

Jonathan Lay
Legal & Compliance

David Lee
Strategic Capital

Geordy Lefevre
Credit Management

Sarunas Leimontas
Credit Management

Max Leo
Real Estate – US

Sweeny Lewis
Private Equity – MENA

Owen Li
Private Equity – Europe

Hrishi Lonkar
Business Analysis and Planning

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Joshua Lyons
Private Equity – North America

Fatema Mahmood
Corporate and Investment Accounting

Sehar Mahmood
Credit Management

Gabriel Mairzadeh
Legal & Compliance

Amin Majed
Corporate and Investment Accounting

Patrick Maloney
Credit Management

Chinmoy Mandal
Technology

Robin Mansour
Private Equity – MENA

Andrew Margulis
Real Estate - US

Benjamin Marino
Private Equity – Europe

Brian Marshall
Credit Management

Thomas Martin
Real Estate - Europe

Christopher Mason
Investor Relationship Management – US

Emily Mason
CM Investment Partners

Abrar Matooq
Investor Relationship Management – Gulf

Sara Matooq
Corporate Communications

Jakob Mattsson
Investor Relationship Management – Europe

Matthew McCann
Investor Relationship Management – US

Rajat Mehrotra
Business Support – NYLON

Ishaque Memon
Financial Management

Thomas Merrifield
Legal & Compliance

Masooma Mohammed
Investor Relationship Management - Gulf

Michael Moriarty
Real Estate - US

Benjamin Morris
Business Analysis & Planning

Vijender Mucha
Technology

Andrew Muns
CM Investment Partners

Brian Murphy
Legal & Compliance

Heather Mutterperl
Real Estate - US

David Nadeau
Credit Management

Rupesh Naik
Risk Management

Rohit Nanda
Investment Administration

Naela Nassief
Investor Relationship Management - Gulf

Sabeeta Nathan
Business Analysis & Planning

Mark Newman
Credit Management

Timothy Ng
Private Equity – North America

Tanya Noor
Corporate & Investment Accounting

Khalid Nourooz
Risk Management

William O'Connell
Credit Management

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Donal O'Hara
Technology

Natsumi Okamoto
Credit Management

Yongky Oktavianto
Investor Relationship Management – Asia

Hugh O'Neill
Corporate General Services – London

Vikesh Patel
Credit Management

Dillon Patel
Compensation

Riya Patel
Investor Relationship Management – Europe

Rajesh Patel
Technology

Maria Patrao
Private Equity – Technology

Kunal Patwa
Real Estate – India

Steven Peller
Business Support – NYLON

Brooke Porath
Private Equity – North America

Sami Qasimi
Legal & Compliance

Nicolo Raffaele
Private Equity – Technology

Najib Rahal
Technology

Amna Raza
Financial Management

Dexter Rechnitz
Technology

Mohamed Redha
Corporate & Investment Accounting

Michael Rees
Private Equity – North America

Dwight Richardson
Real Estate - US

Neil Rickard
Credit Management

Charles Rogers Coutman
Investor Relationship Management – Europe

Peter Rommeney
Human Resources

Abdulrahim Saad
Investor Relationship Management – Europe

Mannar Saeed
Internal Audit and Controls

Poorv Sagar
Private Equity – India

Vyushita Sahay
Private Equity – India

Aadarsh Sajeevan
Financial Management

V Saju
Technology

Alan Sawyer
Credit Management

Joseph Segal
Business Support - NYLON

Jordana Semaan
Human Resources

Vali Ahmed Shaik
Technology

Fazl Shaikh
CM Investment Partners

Aoun Sharaf
Legal & Compliance

Gaurav Sharma
Private Equity – North America

Asad Sheikh
Technology

Rajiv Sheth
Private Equity – North America

MANAGING DIRECTORS, SENIOR AND PROFESSIONAL STAFF

SENIOR AND PROFESSIONAL STAFF (continued)

Andrew Shih
Strategic Capital

Mina Sigourou
Legal & Compliance

Craig Sinfield-Hain
Business Analysis and Planning

Venkata Singam
Technology

Anjana Sinha
Legal & Compliance

Niraj Sirsalewal
Real Estate – India

Blake Snyder
CM Investment Partners

Khalid Soufi
Investor Relationship Management - Gulf

Pradeep Srinivas
Private Equity – India

David Stanbrook
Credit Management

Claire Strickland
Private Equity – North America

Andrew Strong
Credit Management

Agnel Sugumar
Credit Management

James Sweeting
Internal Audit and Controls

YC Tang
Investor Relationship Management – Asia

Aditya Taparia
Private Equity – India

Urvi Thakkar
Real Estate – India

Devindra Thakur
Risk Management

Nenad Tomic
Private Equity – North America

Dina Treanor
Private Equity – North America

Caleb Tuke
Real Estate – US

Roberta Vezzoli
Private Equity – Europe

Sagar Vira
Credit Management

Eric Vorchheimer
Private Equity – North America

Brian Walker
Credit Management

Jing Wang
Private Equity – China

Faylynn Wang
Private Equity – Technology

Julie Welinsky
Private Equity – North America

Edmund Wong
Technology

Danielle Wright
Business Support - Real Estate

Andrew Wright
Credit Management

Jiachang Xiang
Private Equity – North America

Venkatesh Yadav
Technology

Shannon Yuen
Credit Management

Ali Zainal
Investor Relationship Management - Gulf

Megan Zheng
Private Equity – China

Yan Zheng
Technology

Haokun Zhu
Technology

OFFICES

New York
280 Park Avenue
New York, NY 10017
United States of America
T +1 212 599 4700
F +1 212 983 7073

London
Investcorp House
48 Grosvenor Street
London W1K 3HW
United Kingdom
T +44 (0)20 7629 6600
F +44 (0)20 7499 0371

Switzerland
Investcorp Suisse AG
Zugerstrasse 76b
6340 Baar
Switzerland
T +41 41 501 43 14
F +41 86 041 501 43 14

Bahrain
Investcorp House
P.O. Box 5340
Manama
Kingdom of Bahrain
T +973 17 532 000
F +973 17 530 816

Abu Dhabi
Al Sila Tower, 8th Floor
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 36961, Abu Dhabi
United Arab Emirates
T +971 2 501 8900
F +971 2 644 1566

Riyadh
Financial Investments Co.
Al Faisaliah Tower, 29th Floor
P.O. Box 61992, Riyadh 11575
Kingdom of Saudi Arabia
T +966 11 484 7600
F +966 11 273 0771

Doha
Qatar Financial Centre
Tower 1, Suite 701
West Bay Area
P.O. Box 24995
Doha, State of Qatar
T +974 4476 0381
F +974 4435 2750

Mumbai
Unit No. 02 – 6th Floor
Godrej BKC, Plot C-68, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400051, India
T +91 22 5010 2000
F +91 22 6645 9273

Beijing
China Central Place, Tower 2
#1302, 79 Jianguo Road
Chaoyang District
Beijing 100025
P.R. China

Singapore
80 Robinson Road
#20-00
Singapore 068898
T +65 6911 5300

www.investcorp.com
@investcorp

INVESTCORP

New York | London | Switzerland | Bahrain | Abu Dhabi | Riyadh | Doha | Mumbai | Beijing | Singapore

www.investcorp.com