INVESTCORP

Built for Growth

INVESTCORP ANNUAL REPORT 2022

Innovation and resilience have always been central to Investcorp's 40-year journey. In 2015 we set out our growth strategy – outlining how we are built for global growth and committed to creating value for our stakeholders across different economic cycles. Today, we continue to see that strategy through. From 3 offices in 1982 to where we are now, with 480 employees from 50 nationalities, working from 12 offices across 3 continents – Investcorp has never been so dynamic, and so diversified in its people and asset classes.

Today, we are also committed more than ever to conducting responsible business. Our global investment teams remain focused on identifying compelling opportunities, and as a business, we continue to position our firm as a global alternative asset manager of choice for both institutional investors and UHNW individuals.

MESSAGE TO SHAREHOLDERS

The Board of Directors of Investcorp is pleased to submit the consolidated audited financial statements for Investcorp's fiscal year ended June 30, 2022.

Dear Shareholders,

This year marks Investcorp's 40th anniversary or, in other words, four decades of enriching the lives of future generations and fostering close client and investor relationships. In the past twelve months, more than ever, the challenges we faced as a firm and as an industry have required relentless adaptation and resilience. We have continued to make significant progress on a range of strategic initiatives to realize our medium- and longer-term objectives of reaching US$50 billion and US$100 billion in AUM, respectively.

We would like to thank you all for your ongoing support, partnership, and trust in Investcorp as we continue to navigate complex times. This past year has seen immense difficulties for people across the globe as geopolitical developments jeopardized food and energy security for millions, if not billions, of people. These developments, in addition to the continuing global impact of the COVID-19 pandemic have resulted in market disruptions, as well as extremely difficult operating conditions for business owners and investors.

We are incredibly proud of our steadfast resilience in difficult circumstances. During our 40-year history, we have experienced and succeeded through many crises by staying resilient, prudently managing risks, and capturing opportunities. Naturally, this experience and pride is rooted in our people and our business partners who have made this all possible.

Financial performance

We are pleased to report yet another strong year of growth for Investcorp. Our sights are firmly set on the continued pursuit of long-term growth, as we respond to the evolving needs of our expanding and diversifying client base.

Over the last year, we have continued to carefully diversify the business to offer a greater range of options for our clients than ever before – across both our suite of products and our global geographies. Despite rising inflation and ongoing economic headwinds, during the past year the business delivered 14% growth in AUM and reached a record high of US$42.7 billion.

The results were driven by robust levels of activity across our core businesses of private equity, real estate, credit management and absolute return investments. This resulted in delivering a net profit attributable to the equity holders of Investcorp's parent company of US$135 million compared to US$124 million in FY21 and diluted earnings per share of US$1.31 compared to US$1.34 per share in FY21.

This growth reflects the increasing demand for our products across our business lines and the trust that our clients and business partners place in us. We continue to carefully identify robust business models in the businesses that we invest in, which when coupled with their strong leadership and management teams enable us to be confident supporting them through times of growth or diversification. To maintain our forward-looking approach, we have continued to introduce innovations such as our blockchain fund. We also continued to further develop our ESG policies and commitments and look to drive value for the communities in which we invest, our employees, as well as for our shareholders.

Total shareholders' equity (excluding non-controlling interests) increased 3% to US$1,314 million, compared to the past financial year's US$1,270 million and total assets were US$2,295 million – a decrease from US$2,391 million. The FY22 recommendation for distribution of preferred and ordinary dividends is US$ 57 million in aggregate with the proposed ordinary dividend being US$ 0.30 per share. In terms of fundraising, we have reached a record high of US$7.4 billion raised across private and institutional clients for new deal-by-deal offerings, fund products and also by the SPAC company IPOs that we sponsored, as well as the pricing/issuance and resets of several CLOs.

While market challenges undoubtedly remain, with the ebbs and flows of the market creating volatility for investors and businesses alike, we are making strong progress against our Long-Term Range Plan goal of US$100 billion in AUM and continue to drive forward with a continuing focus on delivering sustainable growth across the business.

Strategic expansion continued amidst challenging market conditions

We have continued to expand our geographical footprint across the globe. Successes in the United States includes the opening of our Los Angeles office and the launch of a private infrastructure investment business. Investcorp has also delivered growth in the Asian markets, with our first India domestic fundraising, NDR Warehousing Private Limited. Additionally, in the Middle East, we launched the Investcorp Saudi Pre-IPO Growth Fund.

We have also diversified our offering to better navigate an unstable market. In the last twelve months, we successfully sponsored two NASDAQ listed IPOs. Both SPAC IPOs were oversubscribed and generated gross proceeds of over US$600 million in aggregate. We have been monitoring the environment to create new products in line with market trends. We have launched the first dedicated institutional blockchain and Shariah-compliant fund based in the GCC – to maximize our reach and ensure that we are providing tailored products to match our investors' needs. Furthermore, we held the final close of the Investcorp Strategic Capital Partners Fund with capital commitments of US$620 million.

Moreover, we have pursued several initiatives across business sectors, including the 'Investcorp Insurance Solutions' platform, our newly formed business line that will focus on providing investment management services to meet the unique investment needs of insurers. Another example of diversification efforts includes our recent joint venture with United Talent Agency which is focused on making growth investments at the intersection of Web 3.0 and the "creator economy".

Responsible Business

Over the last financial year, Investcorp has made significant progress in our Environmental, Social and Governance (ESG) and Diversity, Equity and Inclusion (DE&I) efforts, where we have sought to build a firmwide program that, at its heart, seeks to deliver better results for all our stakeholders.

Our resolute commitment to environmental and social responsibility forms a core component of our strategy, values and culture. This is in part reflected by the significant additional time and resources that we have devoted to these efforts, adding two full time employees into the ESG team, reporting into the firm's Head of ESG, to enhance our global ESG capabilities and ultimately nurture behaviors that facilitate responsible investment decisions, sustainable business operations, and better employment practices.

As an investment manager, we believe that our greatest lever to create impact is through the investments we make. Our revised Responsible Investment policy, which was launched in 2021 as part of an overarching ESG policy framework, guides our entire investment process from deal screening through portfolio stewardship and exit. Core to our approach is ongoing engagement with the management teams of our underlying portfolio companies, to firstly help them gain a good understanding of the material ESG risks and opportunities that are relevant to them, and to subsequently work with them to monitor and improve performance on the most material issues – we believe that this approach will sustainably unlock additional value over the course of our investment.

We are also looking inward at our own business and are actively taking steps to improve the ESG performance of Investcorp as a company. For instance, this past year we conducted the firm's first ever carbon footprint assessment to measure, monitor and mitigate our environmental impact, and will drive further improvements over the coming year.

Equally important is responsible employment practices, which is another core business imperative for Investcorp. We have long believed that a diverse workforce is an essential ingredient to delivering strong performance and positive economic development. Through our DE&I initiatives, we have continued to promote a more inclusive recruitment process and work environment, and we're particularly proud of our 2021 Recruitment Policy, for instance, where we have pledged that 50% of our shortlisted candidates must come from diverse backgrounds.

We are encouraged by the steps we have taken in the past year – building on the initiatives outlined in our inaugural 2021 Responsible Business report – to create sustainable economic value for our investors and other stakeholders. As we go into the new fiscal year, we will look to scale projects that are already under way and launch new value enhancing initiatives.

Investcorp is an institution built to last, operated by a diverse and multiskilled talent pool. We are confident in our ability to remain diligent in our approach towards responsible investing and to further challenge ourselves to continually improve. Naturally, this will always be a work in progress as a rigorous approach requires constant evaluation and measurement, in pursuit of our corporate purpose to sustainably enrich the lives of future generations.

Outlook

The past few years have been tumultuous. We have seen volatility across economies, geopolitics, public health and societies across the world. It is undeniable that in these fluid conditions it is imperative for us to remain nimble and adaptive to overcome adversity. We recognize the ongoing challenges such as rising inflation, supply chain disruptions and the energy and commodity crises that are impacting countries around the world. We see some businesses and societies struggling – but we also see significant resilience and strength.

Whilst the short-term macro-economic and geopolitical outlook remains uncertain, we are confident that our exceptional people and resilient business model will enable us to navigate challenges efficiently to reach our US$50 billion in AUM medium-term objective and our US$100 billion in AUM longer-term objective. As a business, we have weathered difficult market conditions in the past and we remain focused and ambitious in our growth strategy. As a responsible investment manager, we will continue to seek opportunities to drive yield and returns for our investors. As an investor and strategic partner, we will continue to advise and support our portfolio companies.

As we enter the next financial year, we will continue to rely on our expertise and learnings, and carefully monitor the environment to identify challenges and opportunities - as well as continuously adapt our approach to business while staying true to our values. We have embedded dynamism and entrepreneurial thinking across the firm and together, with your support, we are confident in our ability to navigate the challenges to come and continue to thrive in the long-term.

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

Mohammed Mahfoodh Alardhi
Executive Chairman

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Figures throughout may not add up due to rounding.

BUSINESS REVIEW

We are delighted to report another strong year of growth for Investcorp, as we pursue our long-term growth strategy and respond to the evolving needs of our growing and diversifying client base.

Over the last year, we continued to diversify our business to offer a greater range of options for our clients than ever before – across both our suite of products and our global geographies. Despite rising inflation and ongoing economic headwinds, the business delivered 14% growth in AUM to a record high of US$ 42.7 billion with a net profit attributable to the equity holders of the parent of US$ 135 million – a reflection of the growing demand for our services across all of our business lines. At the same time, we continued to introduce product innovations such as the first dedicated global institutional blockchain fund based in the GCC, as well as further developing our ESG policies and commitments, and looking to drive value for the communities in which we invest, our employees, as well as shareholders.

While we expect to face continued market challenges in the near term, we are making strong progress against our long-term growth strategy and driving forward with a continuing focus on delivering sustainable growth across the business.

Mohammed Alardhi
Executive Chairman

BUSINESS HIGHLIGHTS

GROWTH INITIATIVES

A number of strategic initiatives have been completed in FY2022, and several are well underway, including:

Strategic Initiatives

The firm successfully sponsored the initial public offerings (IPOs) of two special purpose acquisition companies (SPACs), one focused on European investments and one focused on Indian investments. Both SPACs are listed on NASDAQ. The gross proceeds from both offerings were in excess of $600 million and were heavily oversubscribed. The successful IPOs reflect the confidence of market participants in Investcorp as an institutional sponsor and is a testament to Investcorp's history and track record in acquiring good businesses and helping them deliver sustainable long-term value to shareholders.

Investcorp entered into a joint venture with United Talent Agency which is focused on making growth investments at the intersection of Web 3.0 and the "creator economy".

Investcorp launched the 'Investcorp Insurance Solutions' platform, the firm's newly-formed business line that will focus on providing investment management services to meet the unique investment needs of insurers. Following this launch, Cordillera Holdings LLP, a newly-created insurance-focused investment platform, with funding provided by Investcorp, announced the acquisition of Sunset Life Insurance Company of America (now named Ibexis Life & Annuity Insurance Company) a life insurance and annuity shell company which is licensed to operate and issue policies in 40+ states in the United States.

The 2021 Responsible Business Report was released during the Abu Dhabi Sustainability Week Summit. The report includes Investcorp's Environmental, Social, and Governance (ESG) highlights for 2021 and specific initiatives the firm implemented to meet its goals, as well as some case studies illustrating areas where the firm has demonstrated its commitment to responsibility as a core component of its values and culture.

Investcorp announced the growth of its footprint in the United States with the opening of its Los Angeles office. As part of the expansion, Scott Goldchain was hired as a senior relationship manager in charge of the West Coast. Scott will be responsible for growing the firm's LP relationships in the region.

Investment & Fundraising Initiatives

The firm announced the launch of eLydian Lion 1, its first dedicated institutional blockchain and Shariah-compliant fund based in the GCC with a global investment mandate. The Fund – which will be led from Investcorp's Abu Dhabi office – is expected to be deployed globally and will focus on investments in companies leading the next digital evolution driven by blockchain technology.

Investcorp launched a private infrastructure investment business in North America. The new platform will apply the firm's global expertise and track record in real estate and private equity to make investments in critical infrastructure companies and projects across North America.

Investcorp held the final close of the Investcorp Strategic Capital Partners Fund with capital commitments of $620 million. The fund is focused on acquiring minority equity stakes in established, mid-sized alternative asset managers, following a year of significant growth for the business.

Investcorp led a US $55 million investment in NDR Warehousing Private Limited, one of the largest Indian warehousing platforms. This was the first India domestic fundraising by the firm, which was anchored by BAE.

The firm announced the formation of a new venture to acquire industrial real estate assets in the United States, in partnership with two leading sovereign wealth funds. This partnership should provide the firm with the ability to acquire a critical mass of institutional-quality assets in premier logistics markets, in order to benefit from strong operating fundamentals and dynamics in the industrial space.

Investcorp launched a Saudi Arabian focused Pre-IPO Growth Fund, dedicated to investing in a diversified portfolio of companies at a "pre-IPO" stage of development in Saudi Arabia, providing investors with an opportunity to gain exposure to growing and market-leading businesses in Saudi Arabia. The Pre-IPO Growth Fund aims to raise $500 million, targeting sectors such as healthcare, consumer, transport, logistics, and business services.

The Asian Infrastructure Investment Bank announced that it will anchor the Aberdeen Standard Investcorp Infrastructure Partners' (ASIIP) new regional fund by committing $90 million to its first close. The Fund aims to invest in core social infrastructure projects in the Gulf by investing in healthcare, education, water, mobility and digital infrastructure that will benefit local communities and future generations. ASIIP had also received a capital commitment from the Public Investment Fund (PIF) for up to 20% of the Fund's total size.

BUSINESS REVIEW

Results for the Year ($ millions)

Net profit attributable to the equity holders of the parent of $135 million was 9% higher compared to FY21, reflecting continued strong performance, driven by good levels of activity across the core businesses of private equity, real estate, credit management and absolute return investments.

AUM fees, transaction and advisory income ($ millions)

AUM fees, transaction and advisory income increased by 15% to $411 million, with growth in both AUM fees as well as transaction and advisory fees.

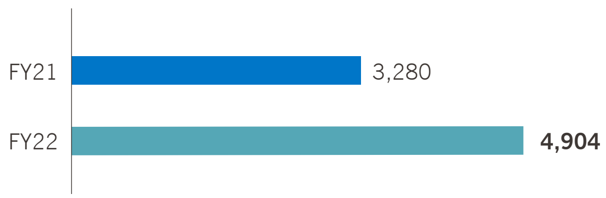
Asset-based income from co-investment business and others ($ millions)

Asset-based income from co-investment business and others, increased to $109 million reflecting strong performance across all asset classes.

AUM fees, transaction and advisory income / operating expenses

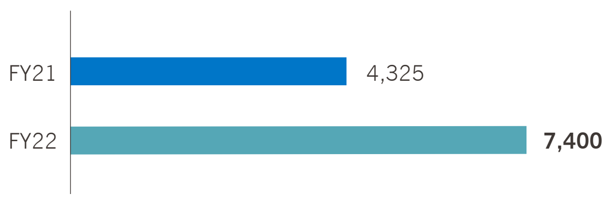
AUM fees, transaction and advisory income continues to cover operating expenses.

Investment activity ($ millions)



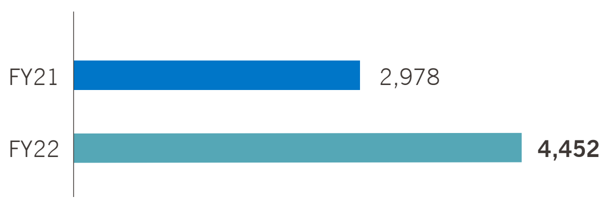
Strong levels of activity achieved with $4.9 billion of aggregate investment across Investcorp's businesses, a 50% year-on-year increase.

Total fundraising ($ millions)



Total fundraising reached a record high of $7.4 billion due to strong fundraising globally across all asset classes.

Realization and distributions ($ millions)



Distribution to Investcorp and its clients from investment realizations and other distributions increased to $4.5 billion.

BUSINESS REVIEW

Shareholder KPIs

$1.31
Fully diluted EPS

11%
Return on Equity

$11.31
Book Value per share

Balance sheet KPIs

June 2021	June 2022	
$2.4b	$2.3b	**Total assets** decreased primarily due to the reduction in underwriting and working capital
$1.3b	$1.3b	**Total equity** remained stable
$1.5b	$1.3b	**Accessible liquidity** covers all outstanding medium-term debt
0.2x	0.2x	**Net leverage** remains well below 1.0x
0.4x	0.5x	**Co-investments / permanent & long-term capital** remains well below 1.0x

Investcorp's key performance indicators

	FY18	FY19	FY20	FY21	FY22
AUM fees, transaction and advisory income	321	376	288	356	**411**
Asset-based income from co-investment business and other ($m)	133	89	(110)	107	**109**
Gross operating income ($m)	454	465	178	463	**520**
AUM fees, transaction and advisory income / operating expenses*	125%	140%	105%	123%	**122%**
Return on average assets	5%	5%	(7%)	5%	**6%**
Diluted earnings per share ($)	1.30	1.47	(2.57)	1.34	**1.31**
Book value per share ($)	12.13	13.26	10.07	10.81	**11.31**
Dividend per ordinary share ($)	0.24	0.30	0.10	0.30	**0.30**

* Excluding tax

Total AUM ($ billions)

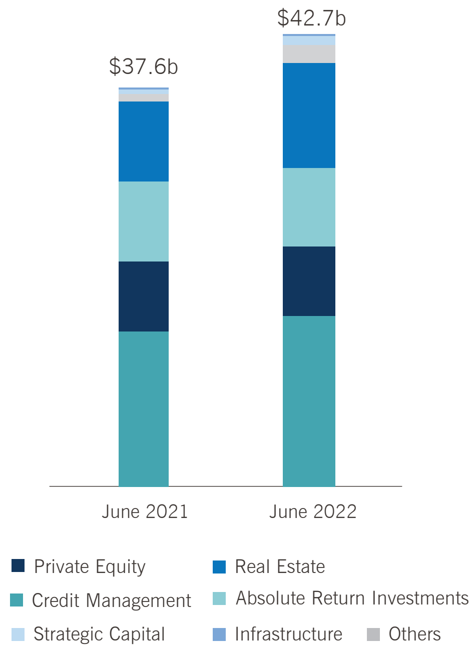
Private equity AUM remained stable at $6.6 billion as new acquisitions and fundraising was offset by exits.

Real estate AUM increased by 31% during the year to $9.9 billion largely due to the acquisition and placement of various new portfolios and fundraising for the new Industrial Real Estate Venture.

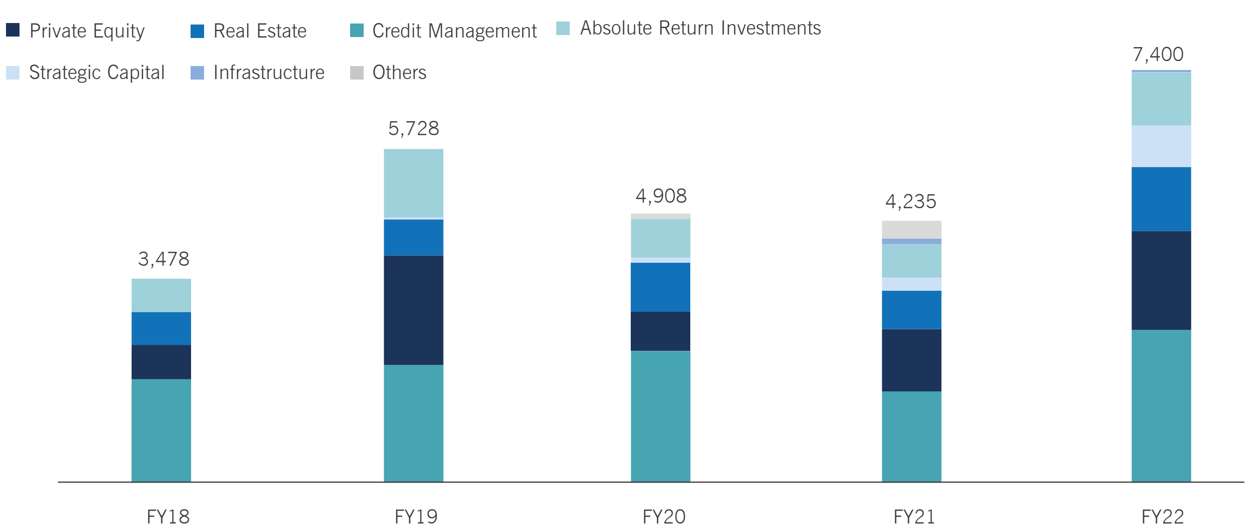
Absolute return investments AUM (managed by the Investcorp-Tages joint venture) remained stable at $7.4 billion.

Credit management AUM increased by 10% to $16.1 billion primarily due to the issuance/pricing of several CLOs.

Strategic capital AUM and Infrastructure AUM increased to $1.0 billion largely due to continued fundraising for the Investcorp Strategic Capital Partners Master Fund, L.P., new commitments for the ASIIP Infrastructure Fund.



Total Fundraising – by asset class ($ millions)



BUSINESS REVIEW

FUNDRAISING ($ MILLIONS)

Total fundraising was $7.4 billion

$1,684 (FY21: $1,060)

Private Equity

$601 million raised from clients in private equity deal-by-deal offerings, including co-investment opportunities of $225 million.

Private equity deal-by-deal fundraising includes the continued placement of FY21 private equity offerings, along with the placement of CloudCare, Investis Digital, RESA Power, S&S Truck Parts, the relaunch of the Fortune International offering and an offering of additional investment in Corneliani.

$480 million was raised from clients for the continued fundraising of Investcorp North America Private Equity Fund, Investcorp Technology Partners Fund V and fundraising for the newly launched Saudi Pre-IPO Growth Fund, India Growth Equity Fund III, eLydian Lion Fund 1 and Investcorp Digital Ventures Fund.

$604 million was raised for the Investcorp European SPAC and Indian SPAC.

$2,603 (FY21: $1,558)

Credit management

$2,365 million raised from the issuance/pricing of new CLOs and reset of existing CLOs [1].

$110 million of new subscriptions into the open-ended senior secured loan fund, ICM Global Floating Rate Income Fund.

$129 million was raised from clients for Mount Row (Levered) II Credit Fund, European Loan Company II & Investcorp Credit Opportunity Portfolio V.

$1,570 (FY21: $651)

Real Estate

$1,041 million raised from clients across various new portfolios and portfolios carried over from FY21, including co-investment opportunities of $28 million.

$529 million raised primarily from clients for the new Industrial Real Estate Venture and the India Education Infrastructure Portfolio.

$416 (FY21: $247)

Strategic Capital

$416 million of new commitments raised for the Investcorp Strategic Capital Partners Fund, including co-investment fundraising of $91 million.

$35 (FY21: $90)

Infrastructure

$35 million of new commitments raised for the Aberdeen Standard Investcorp Infrastructure Partners Fund.

$1,091 (FY21: $416)

Absolute Return Investment

$1,091 million was raised for the Investcorp-Tages Absolute Return Investments business across multimanager solutions, hedge funds partnerships and Alternative risk premia platform.

1 Includes one CLO which was priced post the period end (in July 2022).

INVESTMENT ACTIVITY

Private Equity

$0.8 billion

The aggregate capital deployed in **nine new private equity investments, the Investcorp European SPAC, Investcorp's India SPAC** and existing portfolio investments

CrossCountry Consulting
Business services – Knowledge & professional services
Virginia, US

S&S Truck Parts
Distribution – Supply chain services
Illinois, US

HWG
Technology – Security
Verona, Italy

V-Ensure
Healthcare
Mumbai, India

RESA Power
Industrial services – Infrastructure services
Texas, US

Wingreens Farms
Consumer food & agriculture
Gurugram, India

Mo Xiaoxian
Consumer
Shanghai, China

Rtekk (formerly MIR Limited)
Technology – FinTech
Douglas, Isle of Man

HaoYue China Healthcare Co-Investment Partnership
Healthcare
Shanghai, China

BUSINESS REVIEW

Real Estate

$1.2 billion

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

UK Industrial & Office Portfolio

Type: Industrial & office properties

Locations: Manchester, England and Scotland

No. of properties: 11

Western US Industrial Portfolio

Type: Industrial properties

Locations: Seattle, Washington; Phoenix, Arizona; Thousand Oaks, California; and Dallas-Fort Worth, Texas

No. of properties: 89

2021 Multifamily II Portfolio

Type: Multifamily properties

Location: Atlanta, Georgia; Denver, Colorado; Dallas, Texas; Phoenix, Arizona

No. of properties: 6

Sunbelt Multifamily Add-On

Type: Multifamily properties

Locations: Dallas, Texas; Orlando, Florida

No. of properties: 2

GKI Industrial Portfolio[2]

Type: Industrial properties

Locations: Austin, Texas; Chicago, Illinois; Dallas, Texas; Houston, Texas; Minneapolis, Minnesota; Philadelphia, Pennsylvania; Phoenix, Arizona; San Antonio, Texas

No. of properties: 67

US National Industrial II Portfolio

Type: Industrial properties

Locations: Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Houston, Texas; Philadelphia, Pennsylvania; St. Louis, Missouri; West Nyack, New York

No. of properties: 64

Rosemont Berkeley Lake[3]

Type: Multifamily property

Locations: Atlanta, GA

No. of properties: 1

Florida Residential Portfolio

Type: Multifamily & Student Housing properties
Locations: Orlando, Florida; Tallahassee, Florida; Tampa, Florida
No. of properties: 3

Pecos Commerce Center[4]

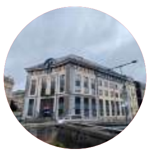
Type: Industrial property
Locations: Phoenix, Arizona
No. of properties: 6

Italian Office Portfolio

Type: Office properties
Location: Milan and Rome, Italy
No. of properties: 2

GKI Infill Portfolio[4]

Type: Industrial properties
Locations: Atlanta, Georgia; Memphis, Tennessee; Philadelphia, Pennsylvania; Dallas, Texas; Houston, Texas & Cincinnati, Ohio
No. of properties: 110



Belga

Type: Office properties
Locations: Brussels, Belgium
No. of properties: 2

Student HMO, Project Rose

Type: Student accommodation properties
Locations: Exeter, England
No. of properties: 1

India Education Infrastructure Portfolio

Type: K-12 school properties
Locations: Maharashtra and Tamil Nadu
No. of properties: 4

India Industrial Portfolio

Type: Warehouse properties
Locations: Pan-India (Chennai, Bangalore, Coimbatore, Mumbai, Pune, NCR-Delhi, Kolkata, Pondicherry, Aurangabad)
No. of properties: 35

2 Recapitalization of 2018 Warehouse and US Industrial & Logistics Portfolios
3 Recapitalization with KKR
4 Part of GKI go-forward portfolio

BUSINESS REVIEW

Credit Management

$2.4 billion

The aggregate investment in **five new CLOs issued/priced, four resets** and the **Investcorp US Institutional Private Credit Fund** for the credit management business.

Strategic Capital

$0.4 billion

The aggregate capital deployed in **seven new strategic capital investments** and one existing investment.

Project RI

European Special Situations
London, UK

Project Propel

Buyout
New York, NY

Project Apollo

Real Estate
Washington, DC

Project Elm

Buyout
New York, NY

Project Mountain

Private Credit and Special Situations
New York, NY

Project Arch

Distressed and Special Situations
Greenwich, CT

Project Carrier

Buyout and Infrastructure
New York, NY

Insurance

$0.1 billion

The aggregate capital deployed for the Investcorp Insurance Solutions platform.

EXITS AND DISTRIBUTIONS

Private Equity

$1.8 billion

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

softgarden
Technology – Big data
Berlin, Germany

Arvento Mobile Systems
Business services – Technology enabled services
Ankara, Turkey

Agromillora
Industrial services
Barcelona, Spain

Dainese
Consumer products
Vicenza, Italy

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

ICR[5]
Business services – Knowledge & professional services
Connecticut, US

PRO Unlimited
Business Services – Technology enabled services
California, US

Arrowhead Engineered Products
Consumer products – Supply chain services
Minnesota, US

Hydrasun Group Holdings Ltd
Industrial services
Aberdeen, Scotland

5 ICR was partially exited

Real Estate

$1.0 billion

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

Significant real estate exits included the realizations of five portfolios: **2018 Residential** (with the realization of Brook Hill and Berkeley Lake), **Canal Center / 2014 Office & Industrial Properties Portfolio Expanded** (with the realization of Canal Center Plaza), **2018 Warehouse Portfolio, US Industrial & Logistics Portfolio** and **535-545 Boylston Street**.

In Europe, **UK Industrial and Logistics Portfolio** was realized through the sale of Sutton Field and Clay Lane West. **UK Industrial and Logistics II Portfolio** was also realized through two sales (Tamworth and the remainder of the portfolio). In Germany, the sale of BüroCampus was completed, the first asset to be sold in **German Office Portfolio**.

The following sets out a complete list of real estate properties realized in FY22:

1500 Higgins
Regent, Illinois

10 Chandler Industrial Portfolio
Phoenix, Arizona

Overlook Berkeley Lake
Atlanta, Georgia

Minneapolis Logistics Portfolio
Minneapolis, Minnesota

Canal Center
Alexandria, Virginia

Austin Industrial Portfolio
Austin, Texas

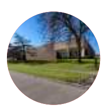
Brook Hill
Chicago, Illinois

Chicago Industrial Portfolio
Chicago, Illinois

Lodge on El Dorado
Houston, Texas

Texas Portfolio
Dallas, San Antonio and Houston, Texas

370 Randy
Carol Stream, Illinois



Chicago Portfollio
Chicago, Illinois

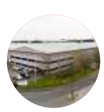
Minneapolis Portfolio
Minneapolis, Minnesota

Philadelphia/Delaware Portfolio
New Castle and Newark, Delaware

Phoenix Portfolio
Phoenix, Arizona

Sutton Fields
Hull, England

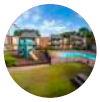
Clay Lane West
Doncaster, England



UKIL II Portfolio
Scotland and England

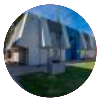
BüroCampus
Stuttgart, Germany

Pioneer House & Alpha 2
Tamworth, England



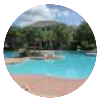
Richmond Chase
Houston, Texas

535-545 Boylston Street
Boston, Massachusetts



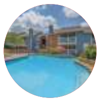
Highland Park
Phoenix, Arizona

Park View
Phoenix, Arizona



University Estates
Austin, Texas

University Villages
Austin, Texas



Bel Air Park
Dallas, Texas

Other Realizations and Distributions

A total of **$6.6 million** of distributions to Investcorp and its clients was made from the **Special Opportunities Portfolios**.

Total **strategic capital** realization proceeds and other distributions to Investcorp and its clients amounted to **$7.5 million.**

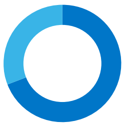
Total **credit management** realization proceeds and other distributions to Investcorp and its clients amounted to **$1.6 billion** over the period.

BUSINESS REVIEW

DIVERSITY, EQUITY AND INCLUSION

Commitment to Fostering a Diverse & Inclusive Workplace

Global Gender



35% 65%

Diverse Global Representation

~486

Employees

50

Nationalities

91%

of new employees have completed a DEI training/ workshop

Increase of

4%

in female leadership roles

Increase of

10%

of female population in FY22

DEI PILLARS

People

We are focused on attracting and retaining a values-grounded and diverse set of talent, helping us become better leaders for tomorrow. Through an open, inclusive, and diverse culture, we are able to bridge gaps through mutual understanding, transparency, and dialogue.

Policy

We are creating and evolving industry-competitive policies that support our employees' well-being with healthcare, wellness, and flexibility. More competitive and clearer policies make us more accountable to our goals over the long-term and creates a healthier culture.

Practice

Employees undergo all types of training – teamwork, leadership, communication, networking, and DEI inclusion - on an annual basis. Workshops are held internally to strengthen awareness and inform better DEI tactics. Expanding an employee's skillsets will aid their career growth and retain our best talent.

MEMBERSHIPS AND AFFILIATIONS

At Investcorp, the aim of DEI is to foster and nurture a learning and working environment in a world of constant change. The DEI journey is supported at the highest level of leadership and in turn cascades throughout the firm. The DEI pillars internally promote a sense of inclusivity and enhance DEI competencies. Our DEI committee covers all geographies and enhances our localized DEI actions.

Investcorp has focused on embedding our pillars with every step taken – from transparent communication to accountability. We support advancing employees of all genders, race, color, nationality, age, religion or sexual orientation within their career progression.

Continuous learning is a critical factor for career growth and development and a key tenet of our culture. We use the 70/20/10 model where 70% of the learning comes from experience and facing challenging tasks during the "day to day" job, 20% through interaction with employees in different areas of the business and 10% through coursework and training.

Finally, we have increased our memberships and affiliations to include organizations that support and enhance our own DEI Journey.

DEFINING DEI ON INVESTCORP TERMS

Diversity

A vast representation of different backgrounds, experiences and opinions that come together to build a cross-border community.

Equity

Promoting equitable opportunities for everyone based on merit to aid in their growth and success wherever they are.

Inclusion

Creating a space where everyone is heard and respected and can bring their whole selves to work. To foster belongingness within our organization.

Nemir Kirdar Global Internship Program

Investcorp believes that as part of DEI, it's important to look at programs that provide a myriad of learning opportunities to a wide range of talent across diverse backgrounds. The firm recently hosted its second annual global Nemir Kirdar internship program with the participants working in a number of the firm's offices around the world. This allowed 24 bright individuals to gain valuable insight and experiences to the financial sector to then better help them to shape their future careers.

The program highlights many strategic and tactical key skills such as: enhancing communication, elevating presentation skills, basic financial modeling and critical thinking and problem solving. Through internal training and external coaching, the program emphasizes the importance of being well-rounded and always homing in on new skills.

DEI Erudition

The DEI team launched a dedicated page on the firm's intranet focusing on 'DEI Erudition'. DEI Erudition tackles and raises awareness of different DEI initiatives with a monthly focus theme to communicate with and educate employees on relevant topics. Topics have included mental health awareness, Juneteenth and equity vs equality. The goal is to enhance employee awareness on different topics and promote DEI thinking across the firm.

DISCUSSION OF RESULTS

RESULTS FOR THE YEAR

Results for the year include AUM fees, transaction and advisory 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.

Investcorp continued to build momentum shown in the previous fiscal year with the delivery of strong results in a challenging market. Profit for the year attributable to equity holders of the parent of $135 million was 9% higher than the prior fiscal year (FY21). Investcorp's FY22 results were driven by a solid performance across all business lines and revenue sources resulting in an annualized return on equity ('ROE') of 11% and fully diluted earnings per share ('EPS') of $1.31 per ordinary share.

Income ($ millions)	FY22	FY21	% Change H/(L)
AUM fees, transaction and advisory income	**411**	356	15%
Asset-based income from co-investment business and others	**109**	107	2%
Gross operating income	**520**	463	12%
Provisions	**-**	(4)	-
Interest expense	**(31)**	(31)	-
Operating expenses	**(338)**	(290)	17%
Profit before tax	**151**	138	9%
Income tax expense	**(15)**	(13)	15%
Profit for the year	**136**	125	9%
Non-controlling interest (NCI)	**(1)**	(1)	-
Profit for the year attributable to equity holders of the parent	**135**	124	9%
Fully diluted earnings per ordinary share ($)	**1.31**	1.34	(2%)

AUM fees, transaction and advisory income increased to $411 million (FY21: $356 million) driven by an increase in both AUM fees as well as in transaction and advisory income. Asset-based income from co-investment business and others was $109 million (FY21: $107 million) reflecting continued strong performance across all asset classes.

Interest expense remained stable at $31 million. Operating expenses increased by 17% to $338 million (FY21: $290 million) in line with the growth in gross operating income.

AUM FEES, TRANSACTION AND ADVISORY INCOME

AUM fees, transaction and advisory 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) Transaction and advisory income which are generated and earned from transactional activities in connection with PE or RE acquisitions. Activity fees also includes part of the placement fees earned by the Group from clients (excluding placements with program clients) and eventual exit fees, plus performance fees on PE, RE and SC assets under management (AUM) for value added during the ownership period, and income from SPACs.

Summary of fees ($ millions)	FY22	FY21	% Change H/(L)
PE fees	**91**	91	-
CM fees	**65**	59	10%
RE fees	**49**	35	40%
SC fees	**13**	7	86%
Other management fees	**22**	25	(12%)
AUM Fees	**240**	217	11%
PE investment	**84**	77	9%
RE investment	**64**	61	5%
SPAC income	**22**	-	n.m.
CM investment	**1**	1	-
Transaction and advisory income	**171**	139	23%
AUM fees, transaction and advisory income	**411**	356	15%

Total AUM fees, transaction and advisory income in FY22 increased to $411 million (FY21: $356 million).

AUM fees were $240 million in FY22, 11% higher than FY21. The increase reflects a higher level of client assets under management driven by strong fundraising during the year. Recurring AUM fees continue to be sufficient to cover fixed operating expenses.

Transaction and advisory income also increased in FY22 to $171 million (FY21: $139 million), driven primarily by good levels of transactional and fundraising activity and performance of the underlying assets under management.

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 increased by 2% to $109 million reflecting strong performance across all asset classes.

Asset-based income ($ millions)	FY22	FY21	% Change H/(L)
Private equity investment	**36**	42	(14%)
Credit management investment	**19**	49	(61%)
Real estate investment	**17**	16	6%
Strategic capital investment	**3**	-	n.m.
Absolute return investments	**1**	1	-
Investment in joint ventures	**4**	4	-
Treasury and other asset-based income (loss)	**29**	(5)	>100%
Gross asset-based income	**109**	107	2%

BUSINESS REVIEW

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

PE asset-based income KPIs ($ millions)	FY22	FY21	% Change H/(L)
Asset-based income	**36**	42	(14%)
Average co-investments	**279**	309	(10%)
Absolute yield	**13.1%**	13.6%	(0.5%)

CM asset-based income KPIs ($ millions)	FY22	FY21	% Change H/(L)
Asset-based income	**19**	49	(61%)
Average co-investments	**243**	335	(28%)
Absolute yield[1]	**7.9%**	14.5%	(6.6%)

RE asset-based income KPIs ($ millions)	FY22	FY21	% Change H/(L)
Asset-based income	**17**	16	6%
Average co-investments	**257**	193	34%
Absolute yield	**6.8%**	8.3%	(1.5%)

SC asset-based income KPIs ($ millions)	FY22	FY21	% Change H/(L)
Asset-based income	**3**	-	n.m.
Average co-investments	**20**	-	n.m.
Absolute yield	**13.9%**	-	13.9%

SC asset-based income KPIs ($ millions)	FY22	FY21	% Change H/(L)
Asset-based income	**1**	1	-
Average co-investments	**25**	58	(56%)
Absolute yield	**2.5%**	1.7%	0.8%

Returns across all asset classes have been positive. The positive asset-based income of $109 million reflects the strong economic rebound following the reopening of the economies post the COVID-19 pandemic, however offset by the deterioration of the macro-economic conditions observed during calendar year 2022.

The income of $29 million for treasury and other asset-based income includes the return on a structured portfolio of PE, RE and CM investments established in May 2021.

1 The higher return in FY21 was primarily driven by reversal of impairment losses during the year

INTEREST EXPENSE

Total interest expense, including commitment fees on undrawn revolving credit facilities, remained stable at $31 million in FY22.

Interest expense ($ millions)	FY22	FY21	Change H/(L)
Total interest expense	**31**	31	-
Average short-term interest-bearing liabilities	**236**	532	(296)
Average medium- and long-term interest-bearing liabilities	**513**	508	5
Average interest-bearing liabilities	**749**	1,040	(291)
Interest expense on funded liabilities[a]	**16**	24	(8)
Average cost of funding on funded liabilities	**2.1%**	2.3%	(0.2%)

[a] Does not include commitment fee cost on undrawn revolvers.

OPERATING EXPENSES

In line with the increase in gross revenues, operating expenses also increased by 17% to $338 million in FY22 from $290 million in FY21. The increase in operating expenses was driven mainly by an increase in staff compensation, which includes fixed and variable components, to $225 million (FY21: $199 million) due to the 14% increase in global headcount across all locations. Other expenses, comprising professional fees, travel and business development, administration and infrastructure costs and non-compensation personnel costs such as training and recruitment increased by 18% to $91 million as compared to $77 million for the same period last year. This is primarily due to an increase in travel and other discretionary expenses as travel restrictions imposed due to the COVID-19 pandemic started to ease as well as the generally increasing costs as markets have re-opened around the world and inflationary pressures are rising globally.

Operating expenses ($ millions)	FY22	FY21	Change H/(L)
Staff compensation	**225**	199	26
Other personnel costs and charges	**22**	14	8
Other operating expenses	**91**	77	14
Total operating expenses	**338**	290	48
Full time employees (‘FTE’) at end of period	**486**	427	59
Staff compensation per FTE (‘000)	**463**	466	(1%)
Total staff compensation / total operating expenses	**67%**	69%	(2%)
Cost-to-income[a]	**69%**	68%	1%

[a] Operating expenses / Net revenue. Net revenues represents gross operating income less provisions for impairment and interest expense

BUSINESS REVIEW

BALANCE SHEET

Balance sheet metrics	June 2022	June 2021
Total assets	**$2.3 billion**	$2.4 billion
Leverage[(a)]	**0.5x**	0.7x
Net leverage ratio[(b)]	**0.2x**	0.2x
Shareholders' equity	**$1.3 billion**	$1.3 billion
Co-investments[(c)] / long-term capital[(d)]	**0.5x**	0.4x
Residual maturity – medium- and long-term facilities	**52 months**	63 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

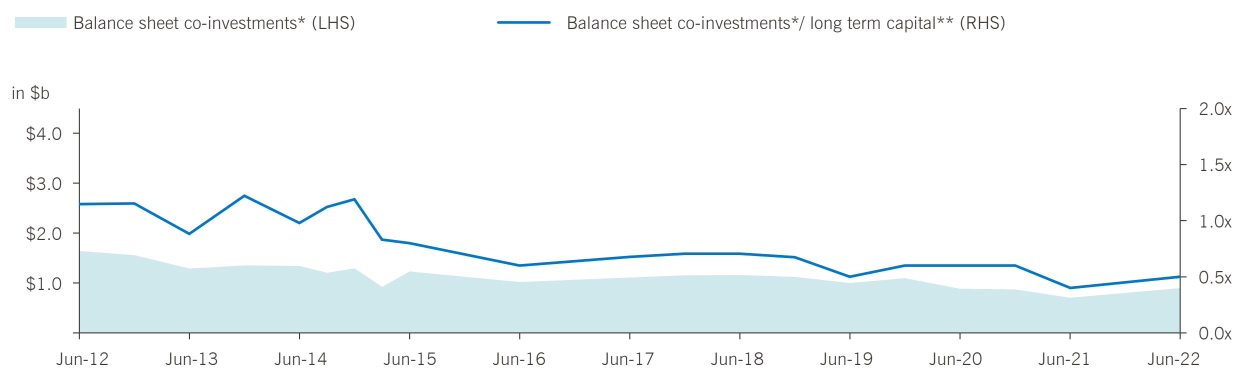
(d) Long term capital consists of JPY37 billion debt maturing in FY30, €36 million secured financings maturing in FY31, €3 million debt maturing in FY32, $50m debt maturing in FY33, deferred fees and total equity

ASSETS

Assets ($ millions)	June 2022	June 2021	Change H/(L)
Cash and other liquid assets	**249**	289	(40)
Underwriting & warehousing	**370**	445	(75)
Co-investments	**899**	705	194
Investments in joint ventures and intangible assets	**79**	76	3
Other (working capital and fixed assets)	**698**	876	(178)
Total assets	**2,295**	2,391	(96)

As of June 30, 2022, total assets decreased by 4% from $2.4 billion to $2.3 billion as a result of strong business and fundraising activities which translated into lower underwriting and lower working capital, this was partially offset by fair value gains and higher co-investment balances in line with the AUM growth as new products and offerings are launched.

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)

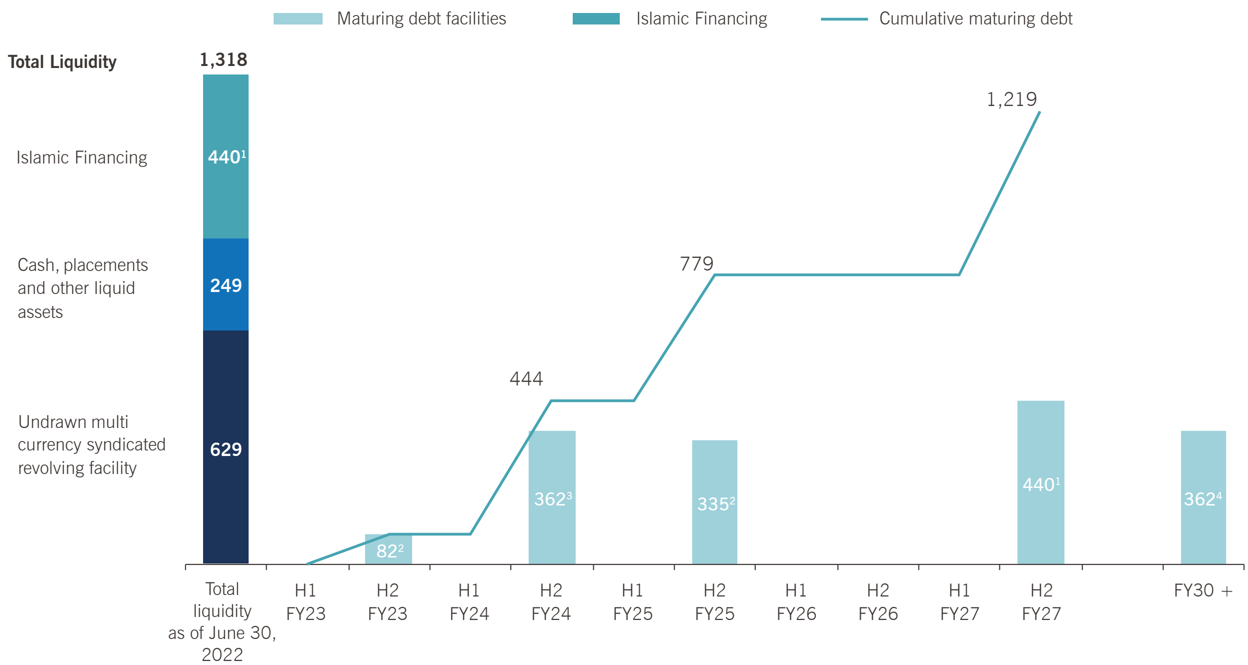
** JPY 37 billion ($272 million as at June 30, 2022 exchange rates) debt maturing in FY30, €36 million ($37 million as at June 30, 2022 exchange rates) debt maturing in FY31, €3 million ($4 million as at June 30, 2022 exchange rates) debt maturing in FY32, & $50 million maturing in FY33

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 short and medium-term debt financing. As at June 30, 2022 the aggregate level of co-investments remained fully covered by permanent and long-term sources of capital.

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 $1.3 billion at the end of FY22 and covers all outstanding debt maturing over the next five years.

Liquidity cover ($ millions)



1 Murabaha agreement with a facility size of $440 million. Post FY22, the firm has drawn down $350 million from this facility

2 Syndicated revolving facilities

3 Syndicated revolving facilities - includes €76 million ($79 million as at June 30, 2022 exchange rates)

4 JPY 37 billion ($272 million as at June 30, 2022 exchange rates) debt maturing in FY30, €36 million ($37 million as at June 30, 2022 exchange rates) debt maturing in FY31, €3 million ($4 million as at June 30, 2022 exchange rates) debt maturing in FY32, & $50 million maturing in FY33

LIABILITIES

Total liabilities decreased by $139 million to $980 million at June 30, 2022.

Liabilities ($ millions)	June 2022	June 2021	Change H/(L)
Short-term financing	-	174	(174)
Medium and long-term debt	**506**	456	50
Total debt	**506**	630	(124)
Lease liability	**96**	102	(6)
Deferred fees	**47**	52	(5)
Other liabilities [a]	**331**	335	(4)
Total liabilities	**980**	1,119	(139)

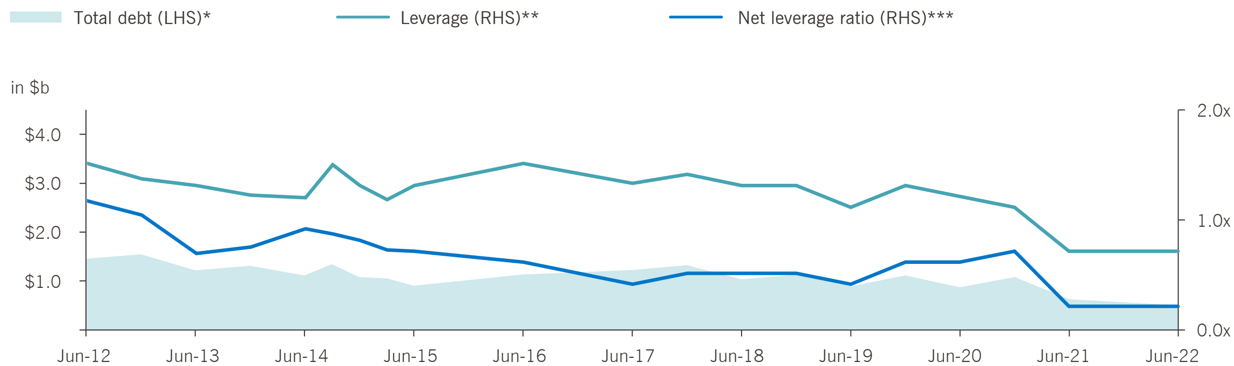
[a] Payables and accrued expenses, negative fair value of derivatives

The decrease in total liabilities was mainly driven by the repayment of short-term financing. This was partially offset by an increase in medium and long-term debt due to the drawdown of $150 million from the medium-term revolvers at the end of FY22.

BUSINESS REVIEW

During the year, the firm entered into a Murabaha agreement with a facility size of $440 million, resulting in a steady level of financing. The improved net debt position together with a high 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 confirmed in November 2021
Moody's Investor Service	Ba2 / Negative outlook	Rating and outlook confirmed in November 2021

In November 2021, Fitch Ratings affirmed Investcorp's credit ratings at BB and 'Stable' outlook. "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 vulnerability of Investcorp's business model to a market downturn and Fitch's view of the firm's ability to maintain credit metrics in line with expectations.

"Rating constraints include 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 basis and its sizable co-investment portfolio, which is subject to fair value changes. Activity fees, which are earned from transactional activities and have comprised almost half of Investcorp's core fees over the past several years, are also susceptible to market volatility."[2]

2 Fitch Ratings – Investcorp rating action commentary; November 4, 2021

In November 2021, Moody's affirmed Investcorp's credit ratings at Ba2, and 'Negative' outlook. "The rating reflects the company's solid market position in the Gulf Cooperation Council (GCC) region as a leading alternative investment provider, its global franchise, healthy operating margin and good asset retention.

"Furthermore, Investcorp's level of assets under management (AUM) and liquidity are expected to remain resilient, and the company has a significant amount of loss-absorbing equity capital which counters its elevated balance sheet risk. The rating and its associated negative outlook also reflects our expectation that Investcorp group's gross debt / adjusted EBITDA will remain elevated as the company seeks to diversify its funding sources."[3]

EQUITY

Equity ($ millions)	June 2022	June 2021	Change H/(L)
Ordinary shareholders' equity	**895**	854	41
Preference share capital	**375**	375	-
Proposed appropriations	**52**	44	8
Other reserves	**(8)**	(3)	(5)
Non-controlling interests	**1**	2	(1)
Net book equity	**1,315**	1,272	43

Net equity as of June 30, 2022 remained stable at $1.3 billion. The slight increase of 3% from June 30, 2021 was largely due to the strong results for the year partially offset by the payment of FY21 dividends and purchase of treasury shares during the year. Book value per ordinary share as of June 30, 2022 increased by 5% to $11.31 (FY21: $10.81).

3 Moody's Investor Service – Credit opinion; November 18, 2021

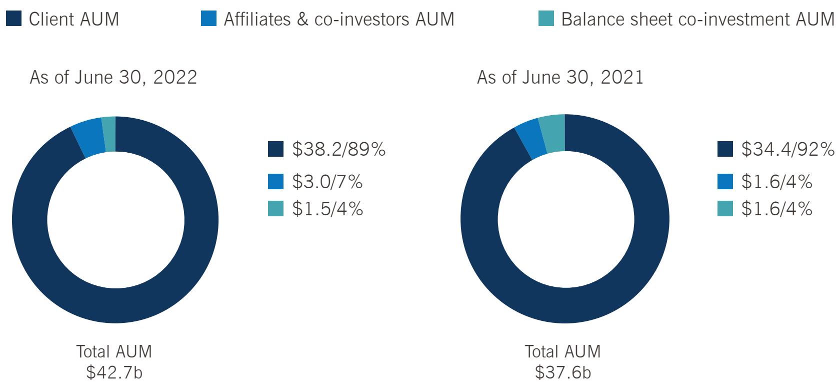
BUSINESS REVIEW

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT (‘AUM’) [1 2 3 4]

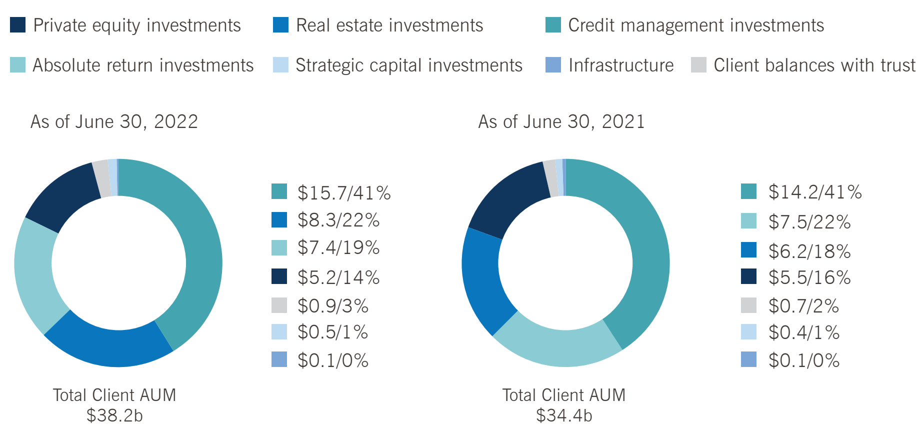
Please refer to the table in Note 2 of the Consolidated Financial Statements of Investcorp Holdings B.S.C.(c), which summarizes Investcorp’s total assets under management in each of the reporting segments.

Total assets under management ($ billions)



Total AUM increased to $42.7 billion as of June 30, 2022 from $37.6 billion as of June 30, 2021. The $5.1 billion increase in AUM is largely driven by the organic growth of AUM across most asset classes.

Total client assets under management ($billions)



Total client AUM increased by 11% to $38.2 billion as of June 30, 2022 from $34.4 billion as of June 30, 2021.

1 Includes $4.7 billion (June 30, 2021: $4.9 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. As of June 30, 2022 the total AUM held through the joint venture amounted to $7.4 billion (June 30, 2021: $7.6 billion)

2 Real estate investments AUM is stated at gross asset value except for $0.1 billion (June 30, 2021: $0.1 billion) relating to funds which are based on commitments net of distributions. Also, includes $0.6 billion (June 30, 2021: 0.3 billion) of assets under management relating to a property management business

3 Includes Group’s commitment of $4 million (June 30, 2021: $4 million) to a private equity deal

4 As of June 30, 2022, Investcorp managed AUM amounting to $0.4 billion (June 30, 2021: $0.2 billion) through its joint ventures for PE investment business

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 FY22 is largely attributable to the 34% increase in real estate client AUM to $8.3 billion from $6.2 billion. This increase is largely due to the acquisition and placement of various new portfolios and fundraising for the new Industrial Real Estate Venture. Credit management client AUM increased by 11% to $15.7 billion from $14.2 billion largely due to the issuance/pricing of several CLOs. The growth in credit management client AUM has been somewhat offset by the devaluation of the EUR versus the USD during the year. Absolute return client AUM decreased slightly by 1% to $7.4 billion from $7.5 billion mainly due to lower EUR FX conversion rate. Private equity client AUM decreased by 5% to $5.2 billion primarily due to exits more than offsetting new acquisitions and fundraising. Strategic capital client AUM increased by 50% to $540 million from $360 million due to continued fundraising for the Investcorp Strategic Capital Partners Master Fund, L.P. Infrastructure investments client AUM increased by 39% to $125 million from $90 million due to new commitments for the ASIIP Infrastructure Fund.

Private equity investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Closed-end funds	**2,901**	2,884	1%
Deal-by-deal investments	**2,261**	2,581	(12%)
Total client AUM – at period end	**5,162**	5,465	(5%)
Average client AUM	**5,314**	5,187	2%

Real estate investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Closed-end funds	**1,259**	117	>100%
Deal-by-deal investments	**7,050**	6,068	16%
Total client AUM – at period end	**8,309**	6,185	34%
Average client AUM	**7,247**	5,752	26%

Credit management investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Closed-ended funds	**15,350**	13,804	11%
Open-ended funds	**374**	371	1%
Total client AUM – at period end	**15,724**	14,175	11%
Average total client AUM	**14,950**	13,491	11%

Absolute returns investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Multi-manager solutions	**3,003**	3,158	(5%)
Hedge funds partnerships	**3,750**	3,703	1%
Special opportunities portfolios	**437**	593	(26%)
Alternative Risk Premia	**187**	49	>100%
Total client AUM – at year-end	**7,377**	7,503	(1%)
Average total client AUM	**7,440**	6,763	10%

BUSINESS REVIEW

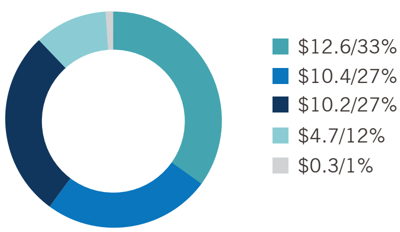
Strategic capital investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Closed-end funds	**513**	332	55%
Deal-by-deal investments	**27**	28	(4%)
Total client AUM – at period end	**540**	360	50%
Average total client AUM	**450**	238	90%

Infrastructure investments ($ millions)	June 2022	June 2021	% change B/(W)
Client AUM			
Closed-end funds	**125**	90	39%
Total client AUM – at period end	**125**	90	39%
Average total client AUM	**108**	45	>100%

Regional split of clients' assets under management ($ billions)

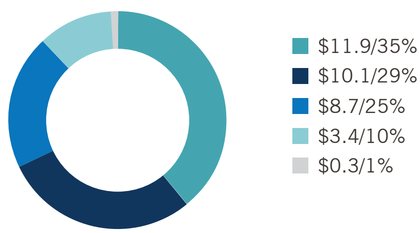
North America
Europe
MENA
APAC
Others

As of June 30, 2022



Total Client AUM
$38.2b

As of June 30, 2021



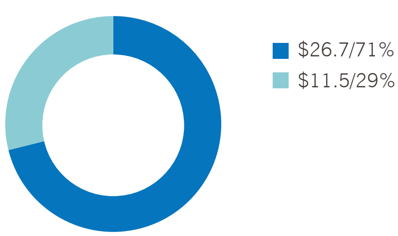
Total Client AUM
$34.4b

During FY22, total client AUM increased by 11% to $38.2 billion. As of June 30, 2022, 67% of the Firm's client assets under management are from outside the MENA region.

Composition of clients' assets under management by client type ($ billions)

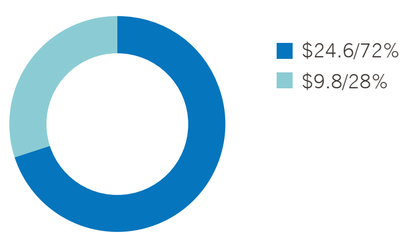
Institution
Private Wealth

As of June 30, 2022



Total Client AUM
$38.2b

As of June 30, 2021



Total Client AUM
$34.4b

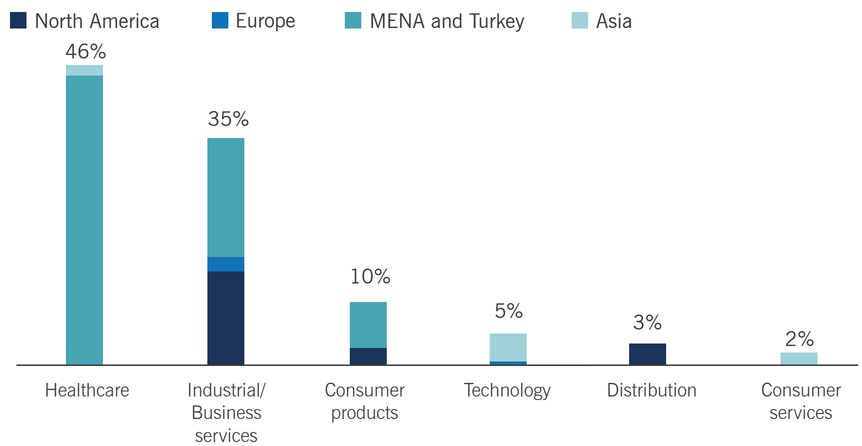
The composition of client AUM across institutional and private wealth clients have remained relatively in line with the previous year.

PORTFOLIO REVIEW

PRIVATE EQUITY

At June 30, 2022, the carrying value of Investcorp's balance sheet co-investment in PE, excluding strategic investments and underwriting, was $272 million (invested in 60 companies and one special opportunity investment) compared with $237 million as of June 30, 2021 (invested in 59 companies and one special opportunity investment). This represents 30% of total balance sheet co-investments as of June 30, 2022. PE underwriting as of June 30, 2022 was $212 million (FY21: $196 million).

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



Please refer to the table in Note 10 (A) of the Consolidated Financial Statements of Investcorp Holdings B.S.C.(c), which summarizes the carrying values of PE co-investments by region and investment sector as of June 30, 2022 and June 30, 2021.

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

BUSINESS REVIEW

PE NORTH AMERICA

As of June 30, 2021, Investcorp's aggregate balance sheet co-investment amount in private equity investments in North America was $56 million invested across eleven companies.

A leading independent provider of specialized financial and accounting advisory services in the United States

www.crosscountry-consulting.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
CrossCountry Consulting	June 2022	Business services – Knowledge & professional services	Virginia, US

A leading independent distributor of mission-critical replacement parts for heavy-duty logistics vehicles in North America

www.sandstruck.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
S&S Truck Parts	March 2022	Distribution – Supply chain services	Illinois, US

A leading provider of mission-critical engineering, testing and maintenance services for electrical infrastructure in the United States

www.resapower.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
RESA Power	December 2021	Industrial services – Infrastructure services	Texas, US

The leading provider of traffic management and road infrastructure services in the United States

www.roadsafetraffic.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
RoadSafe Traffic Systems	April 2021	Industrial services – Infrastructure services	Illinois, US

A leading provider of digital transformation and data analytics services in the United States

www.resultant.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Resultant (formerly KSM Consulting)	December 2020	Business services – Technology enabled services	Indiana, US

A leading provider of premium seafood, cheese and other gourmet products in the Midwestern United States

www.fortunefishco.net

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Fortune International	January 2020	Distribution – Supply chain services	Illinois, US

A leading technology talent development company

www.revature.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Revature	February 2019	Business services – Technology enabled services	Virginia, US

A leading managed services provider to musculoskeletal practices in the North-eastern US

www.healthplusmgmt.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Health Plus Management	January 2019	Business services -Healthcare	New York, US

A leading global talent and entertainment company

www.unitedtalent.com

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

A leading strategic communications and advisory firm

www.icrinc.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
ICR	March 2018	Business services – Knowledge & professional services	Connecticut, US

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

www.ksiautoparts.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
K.S.I. Trading Corp.	March 2018	Consumer products – Supply chain services	New Jersey, US

A leading global business advisory firm

www.alixpartners.com

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

BUSINESS REVIEW

PE EUROPE

As of June 30, 2022, Investcorp's aggregate balance sheet co-investment amount in private equity investments in Europe was $6 million invested across eleven companies.

A leading tech-enabled provider of online sales and customer acquisition services in Italy

www.cloud-care.it

Portfolio Company Name	Acquired	Industry Sector	Headquarters
CloudCare	June 2021	Business services – Technology enabled services	Rome, Italy

A leading global provider of integrated digital corporate communication services

www.investisdigital.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Investis Digital	April 2021	Business services -Knowledge & professional services	London, UK

A leading provider of specialized clinical trial management services to the global pharmaceutical and biotechnology industry

www.nbcd.com / www.sanosclinic.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Sanos Group	December 2020	Business services – Healthcare	Herlev, Denmark

A leading global provider of integrated ticketing software solutions to the leisure and entertainment, sport, culture and tradeshow industries.

www.vivaticket.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Vivaticket	October 2019	Business services	Bologna, Italy

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.cambiogroup.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Cambio	February 2019	Technology	Stockholm, Sweden

A fast-growing platform company to execute on a buy-and-build strategy in the German dental market

www.acura-zahnaerzte.de

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Acura	March 2018	Healthcare	Frankfurt am Main, Germany

A leading provider of telematics and internet of things solutions to small and medium sized businesses in Europe

www.abax.com/uk

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

An Italian luxury menswear brand

www.corneliani.com

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

One of the top providers of premium bicycle and winter sports gear products

www.pocsports.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
POC	October 2015	Consumer products	Stockholm, Sweden

A global manufacturer of digital printing systems for textile and graphics

www.spgprints.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
SPGPrints	August 2014	Industrial products	Boxmeer, The Netherlands

A global luxury Scandinavian design brand with over 115 years heritage in fine silverware, jewelry and high-end homeware

www.georgjensen.com

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

BUSINESS REVIEW

PE TECHNOLOGY

As of June 30, 2022, Investcorp's aggregate balance sheet co-investment amount in technology investments was $4 million invested across seven companies. Two companies (eviivo and OpSec Security Group) are managed by Investcorp on behalf of clients with no balance sheet co-investment.

A leading independent provider of cybersecurity solutions in Italy

www.hwg.it

Portfolio Company Name	Acquired	Industry Sector	Headquarters
HWG	March 2022	Technology – Security	Verona, Italy

A fast-growing provider of e-wallet, prepaid card and wearable solutions

www.rtekk.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Rtekk (formerly MIR Limited)	August 2021	Technology – FinTech	Douglas, Isle of Man

A leading provider of Product Information Management software

www.contentserv.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Contentserv	August 2019	Technology – Big data	Ermatingen, Switzerland

A market leader in enterprise location intelligence solutions

www.ubisense.net

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

A leading online student safety, classroom and network management software

www.imperosoftware.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Impero	July 2017	Technology - Security	Nottingham, UK

A fast-growing online marketplace for professional services

www.ageras.com

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

A fast-growing provider of cloud solutions

www.calligo.io

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

A leading European software provider for small and medium-sized accommodation businesses

www.eviivo.com

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

A global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection

www.opsecsecurity.com

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

BUSINESS REVIEW

PE MENA

As of June 30, 2022, Investcorp's aggregate balance sheet co-investment amount in private equity investments in MENA was $189 million invested across eight companies.

A state-of-the art International Rehabilitation Centre, Children's & Women's Hospital and Walk-In Family Medical Clinic

www.reemhospital.com / www.vamed.com

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

A leading private laboratory network in the GCC

www.alborglaboratories.com

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

A leading chain of supermarkets and hypermarkets

www.bindawoodholding.com

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

A leading industrial testing and inspection services provider in the GCC

www.ndtcorrosion.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
NDT Corrosion Control Services Co.	July 2015	Industrial services	Dammam, Saudi Arabia

The largest integrated producer of fresh cut and packaged processed red meat products in Turkey

www.namet.com.tr

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

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

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Al Yusr Industrial Contracting Company W.L.L.	October 2013	Industrial Services	Jubail, Saudi Arabia

Satisfaction is Standard

A leading player in the fleet leasing and rental business in Kuwait

www.automak.com

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

Good people. Good earth.

A leading trader and supply chain manager of agro commodities in Turkey and globally

www.tiryaki.com.tr

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Tiryaki Agro	September 2010	Consumer products – Trading and logistics	Istanbul, Turkey

BUSINESS REVIEW

PE ASIA

As of June 30, 2022, Investcorp's aggregate balance sheet co-investment amount in private equity investments in Asia was $17 million across twenty-two companies and one special opportunity investment.

A leading developer of specialty pharmaceutical formulations with a focus on complex generics for regulated markets

www.v-ensure.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
V-Ensure	February 2022	Healthcare	Mumbai, India

One of India's leading packaged food and beverage companies

www.wingreensfarms.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Wingreens Farms	November 2021	Consumer food & agriculture	Gurugram, India

A leading instant food brand in China with diversified products including self-heated hotpots

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Mo Xiaoxian	November 2021	Consumer	Shanghai, China

A co-investment healthcare partnership launched by HaoYue Capital, China's leading specialized healthcare M&A boutique

www.healthcarecapital.com.cn

Portfolio Company Name	Acquired	Industry Sector	Headquarters
HaoYue China Healthcare Co-Investment Partnership	July 2021	Healthcare	Shanghai, China

A leading SaaS and supply chain solutions provider for dental and beauty industry in China

www.linkedcare.cn

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Linkedcare	July 2021	Healthcare	Shanghai, China

A buy-and-build platform of Asian branded and heritage sauces and condiments

www.heritagefoodsgroup.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Heritage Foods	June 2021	Consumer	Hong Kong, China

India's third largest and fastest growing organized luggage brand

www.safaribags.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Safari Industries	March 2021	Consumer	Mumbai, India

A leading producer and distributor of branded instant cereal and coffee products in China and Southeast Asia

www.vizbranz.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Viz Branz	December 2020	Consumer	Singapore

A leading premium grocery and lifestyle retailer in Hong Kong and China

www.citysuper.com.hk

Portfolio Company Name	Acquired	Industry Sector	Headquarters
City Super Group	December 2020	Consumer	Hong Kong, China

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

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Unilog	December 2020	Technology – E-commerce	Philadelphia, Pennsylvania / Bangalore, India

One of the leading technology-led express logistics service provider in India

www.xpressbees.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
XpressBees	November 2020	Technology – E-commerce	Pune, India

A leading independent medical testing provider in China

http://en.kindstarglobal.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Kindstar Global	November 2020	Healthcare	Wuhan, China

A leading online healthcare services company in China

www.guahao.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
WeDoctor	October 2020	Healthcare	Hangzhou, China

BUSINESS REVIEW

One of the leading direct-to-consumer online meat brands in India

www.freshtohome.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
FreshToHome	September 2020	Technology – E-commerce	Bengaluru, India

A leading private specialist medical group in the field of hematology in China

www.daopei.net

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Lu Daopei Medical	July 2020	Healthcare	Beijing, China

The leading dialysis service provider in India

www.nephroplus.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
NephroPlus	November 2019	Healthcare	Hyderabad, India

A leading packaged food ingredients company in Kerala

www.intergrowbrands.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Intergrow	October 2019 / October 2020	Consumer food & agriculture	Kochi, India

One of the leading direct-to-consumer online apparel companies in India

www.bewakoof.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Bewakoof	October 2019 / August 2021	Technology - E-commerce	Mumbai, India

A fashion and apparel value retail chain

www.citykartstores.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
CityKart	February 2019 / March 2020	Consumer & retail	Gurugram, India

One of India's leading technology enabled managed living services providers

www.zolostays.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
ZoloStays	January 2019 / July 2020	Consumer services – Technology enabled services	Bangalore, India

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

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

A leading full-service specialty eye care hospital chain

www.asgeyehospital.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
ASG Eye Hospital	October 2017	Healthcare	Jodhpur, India

A technology enabled retail financing company

www.incred.com

Portfolio Company Name	Acquired	Industry Sector	Headquarters
InCred Finance	November 2016 / March 2017	Financial services	Mumbai, India

BUSINESS REVIEW

Other private equity activity

June 2022	Investcorp's Private Equity Technology portfolio company, **Rtekk**, announced its investment in DIGISEQ. Established in 2014, DIGISEQ is the world's first tokenised wearable payments service, enabling wearable tech users to pair their bank card and make contactless payments or digital ID authentication with a wide range of passive wearable items.
March 2022	Investcorp's portfolio company, **RoadSafe Traffic Systems**, the nation's largest provider of traffic control and pavement marking services, announced the acquisition of Liddell Bros, Inc. ('LB') and Liddell Leasing, Corp. ('LL'). Based in Halifax, Massachusetts, LB and LL have been leading suppliers of traffic control services and equipment, including the installation of overhead signs and structures, in the New England market for the last 50 years.
February 2022	Investcorp's portfolio company, **Xpressbees**, a leading e-commerce logistics platform in India, became a unicorn after recently raising $300 million in a Series F funding round from private equity funds Blackstone Growth, TPG Growth and ChrysCapital at a valuation in excess of $1 billion. Investcorp, leading a consortium of other institutional investors, had first invested in Xpressbees during its Series E funding round in November 2020.
February 2022	Investcorp's portfolio company, **Ageras**, raised €30 million from a group of European and American investors. The investment will further support Ageras on executing its vision: Enabling success for small business owners.
December 2021	Investcorp's portfolio company, **Impero**, a leading provider of online student safety, classroom management and secure remote access software, announced that it has acquired ContentKeeper, a leader in web filtering, reporting and mobile security for schools.
November 2021	Investcorp completed the acquisition of the going concern of PE Europe portfolio company **Corneliani**, the global luxury menswear brand. As part of the acquisition, Investcorp invested €7 million alongside the Italian Ministry for Economic Development, who invested €10 million.
September 2021	Investcorp announced that Caisse de dépôt et placement du Québec (CDPQ), a global investment group, had agreed to acquire a significant stake in its portfolio company, **ICR**, a global leader in strategic communications and advisory services. Upon completion of the transaction, CDPQ will join Investcorp and ICR's management to further continue the company's growth and expansion journey.

REAL ESTATE INVESTMENT

As of June 30, 2022, Investcorp's RE balance sheet co-investments excluding underwriting totaled $80 million compared with $47 million as of June 30, 2021. The amount represents 9% of total balance sheet co-investments as of June 30, 2022.

Please refer to the table in Note 10 (C) of the Consolidated Financial Statements of Investcorp Holdings B.S.C.(c), which summarizes Investcorp's carrying values by portfolio type as of June 30, 2022 and June 30, 2021. For details on RE underwriting, please refer to the table in Note 9 of the Consolidated Financial Statements of Investcorp Holdings B.S.C.(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 28 active real estate investment portfolios. As of June 30, 2022, 26 of these portfolios were on or ahead of plan and only two portfolios were behind plan. The two portfolios that were behind plan consist of office buildings that have been negatively impacted by the COVID-19 pandemic and are located in downtown Washington, D.C. and downtown New York City.

Real Estate Portfolio Listing

Investcorp co-investment by year ($ millions)	Properties # vs. current[1]	Sector	Geographic location[2]	Carrying value end of **Jun-22**	Jun-21
Canal Center	4 / 0	-	-		
Vintage FY15				**0**	0
Boca Raton & Minneapolis	5 / 0	-	-		
733 Tenth Street	1 / 1	Office	DC		
Vintage FY16				**1**	2
UK Industrial Logistics	21 / 0	-	GBR		
Midtown Manhattan Office	2 / 2	Office	NY		
2018 Residential	5 / 0	Residential	FL / GA / IL / TX		
Berkeley Lake (3)	5 / 0	Residential	FL / GA / IL / TX		
UK Industrial Logistics II	11 / 0	-	GBR		
2018 Warehouse	42 / 0	-	AZ / IL / MN / TX		
Vintage FY18				**2**	6
German Office 2018	4 / 3	Office	DEU		
US Industrial & Logistics	56 / 0	-	AZ / DE / IL / MN / TX		
GKI Industrial Portfolio (3)	0 / 0	Industrial	GA		
2018 Multifamily	6 / 4	Residential	FL / TX / UT		
2019 Multifamily	8 / 5	Residential	AZ / FL / GA / NC / TX		
Frankfurt and Hamburg	2 / 2	Office / Industrial	DEU		
US Distribution Center	8 / 8	Industrial	AZ / FL / IL / MO / NC / OH / TX		
Vintage FY19				**2**	2
2019 Multifamily II	11 / 11	Residential	FL / GA / MO / NC / PA		
UK Industrial & Logistics III	10 / 10	Industrial	GBR		
2019 US Industrial and Logistics	76 / 75	Industrial	IL / NC / TX		
535-545 Boylston Street	2 / 0	Office	MA		
2020 Residential Properties	5 / 3	Residential	CO / FL / TX		
European Office Portfolio	3 / 3	Office	BEL / DEU / NLD		
2020 Southeast Industrial & Logistics	50 / 50	Industrial	GA / TN		
Atlantic Point(3)	2 / 0	Residential	GA		
Vintage FY20				**5**	17
2020 Warehouse and Logistics Portfolio	32 / 31	Industrial	IL / OH		
2021 Multifamily Portfolio	10 / 10	Residential	AZ / FL / GA / MD / TX		
US National Industrial Portfolio	39 / 39	Industrial	AZ / CA / FL / MN / NJ / NV		
Sunbelt Multifamily	10 / 10	Residential	AZ / FL / GA / MD / TX		
UK Industrial & Logistics IV	13 / 13	Industrial	UK		
Vintage FY21				**11**	11
Sunbelt Multifamily Add-on	2 / 2	Residential	FL / TX		
UK Industrial & Office Portfolio	11 / 11	Office & Industrial	UK / UK		
Western US Industrial Portfolio	89 / 89	Industrial	AZ / CA / TX / WA		
2021 Multifamily II	6 / 6	Residential	AZ / CO / GA / TX		
US National Industrial Portfolio II	64 / 64	Industrial	GA / IL / MO / NY / PA / TX		
Italian Office Portfolio	2 / 2	Office	ITA		
Florida Residential Portfolio	3 / 3	Residential	FL		
India Education Infrastructure Portfolio	4 / 4	India Education Infrastructure	India		
GIC/KIC Portfolio	183 / 183	Industrial	AZ / GA / IL / MN / OH / PA / TN / TX		
Vintage FY22				**58**	8
Sub-total	**807 / 644**			**79**	47
New portfolios under construction	4 / 4			**1**	0
Total including new portfolios under construction	**811 / 648**			**80**	47

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 and is considered a current portfolio.

BUSINESS REVIEW

ABSOLUTE RETURN INVESTMENTS ('ARI')[1]

As of June,30 2022, the balance sheet carrying value of Investcorp's co-investment in ARI which is managed by the Investcorp-Tages joint venture was $24 million compared with $40 million as of June 31, 2021. The amount represents 3% of total balance sheet co-investments as of June 30, 2022. Please refer to the table in Note 10 (D) of the Consolidated Financial Statements of Investcorp Holdings B.S.C. (c), which summarizes the carrying values of Investcorp's co-investment in ARI as of June 30, 2022 and June 30, 2021.

Exposure Profile

The balance sheet co-investments in ARI consist of investments in managers who are on Investcorp-Tages joint venture's multi-manager solutions platform and co-investments in Special Opportunity Portfolios. As of June 30, 2022, Investcorp's balance sheet co-investment amount in multi-manager solutions was $4 million, and its investment amount in Special Opportunities Portfolios was $20 million.

Liquidity

As of June 30, 2022, Investcorp's ARI co-investment of 100% was contractually available for monetization beyond twelve months.

Strategy Outlook

Below is Investcorp's outlook on hedge fund strategies as of June 2022:

Strategy	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	○○○	●	○○○

1 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

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.

At June 30, 2022, the carrying value of Investcorp's balance sheet co-investment in SC was $19 million compared with $6 million as of June 31, 2021. This represents 2% of total balance sheet co-investments as of June 30, 2022. For details on SC co-investments, please refer to Note 10 (E) of the Consolidated Financial Statements of Investcorp Holdings B.S.C. (c).

During FY22, from July 1, 2021, through June 30, 2022, Investcorp's Strategic Capital Group ("ISCG") completed seven new strategic minority investments.

The below table lists the investments in the Investcorp Capital Partners Master Fund, L.P.

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project RI	January 2022	European Special Situations	London, UK

Pan-European investment firm focused on special situations and distressed control investments across the capital structure

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Propel	January 2022	Buyout	New York, NY

U.S. middle-market buyout firm focused on investing across technology, business services, and industrial services sectors

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Apollo	October 2021	Real Estate	Washington, DC

North American real estate private equity manager investing across value-added, healthcare, and debt-focused real estate strategies

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Elm	October 2021	Buyout	New York, NY

Middle-market buyout firm focused on North American companies in the Media & Business Services, Consumer, Water, and Specialty Industrial sectors

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Mountain	September 2021	Private Credit and Special Situations	New York, NY

Special situations private credit firm focused on identifying off-market transactions with opportunity arising from situational distress

BUSINESS REVIEW

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Arch	September 2021	Distressed and Special SituationsSituations	Greenwich, CT

U.S.-focused distressed credit and special situations firm investing in secured credit of middle-market companies

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Carrier	July 2021	Buyout and Infrastructure	New York, NY

Global buyout and infrastructure firm focused on high-growth businesses and infrastructure investments

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Highway	December 2020	Private Equity and Private Credit	New York, NY

Buyout and private credit investment firm focused on the lower middle market with a deep value orientation and focus on complex situations

Portfolio Company Name	Acquired	Industry Sector	Headquarters
Project Aspen	July 2019	Diversified Private Capital	Boston, MA

A leading diversified private capital manager focused on the lower middle market running private equity and private credit strategies

CREDIT MANAGEMENT

As of June 30, 2022, Investcorp's CM balance sheet co-investments totaled $206 million compared with $255 million as of June 30, 2021. The amount represents 23% of total balance sheet co-investments as of June 30, 2022.

Please refer to the table in Note 10 (B) of the Consolidated Financial Statements of Investcorp Holdings B.S.C.(c), which summarizes Investcorp's carrying values by geography as of June 30, 2022 and June 30, 2021.

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-22	Investcorp AUM Jun-21
FY 2014	118%	714	16
FY 2015	133%	1,030	22
FY 2016	100%	1,212	39
FY 2017	72%	1,033	30
FY 2018	63%	928	39
FY 2019	54%	927	39
FY 2020	32%	1,515	0
FY 2021	24%	1,024	-
FY 2022[3]	N/A	1,453	14
European CLO Funds		**9,837**	**199**
FY 2013	119%	282	-
FY 2015	63%	735	-
FY 2017	47%	399	-
FY 2018	68%	395	-
FY 2019	41%	445	-
FY 2020	32%	889	-
FY 2021	11%	400	-
FY 2022[3]	N/A	801	10
US CLO Funds		**4,346**	**10**
Other Funds[4]		1,921	56
Other		**1,921**	**56**
Total		**16,105**	**265**

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, 2022
4 Other funds include Global Income Fund, European Middle Market Funds, Mount Row Levered Funds, Investcorp Credit Management BDC, Investcorp Credit Opportunity Portfolios, Insurance SMA and Risk Retention Funds

BUSINESS REVIEW

Collateralized Loan Obligations ('CLOs')

CLO equity continues to provide investors with attractive current income cash distributions. The average annualized cash distribution on Investcorp's ongoing 2.0 CLOs as of June 2022 was 13% in the US and 14% in Europe. Investcorp continued to be an active issuer in the CLO market during the fiscal year, with 5 new CLOs issued/priced and 4 resets globally through volatile market conditions.

CLO Tranche Insurance SMA

The CLO Tranche Insurance SMA focuses on investing in mezzanine CLO tranches with rating stability and current income. The fund has invested $17.5 million par as of June 30, 2022. The portfolio is split 60% BBB and 40% A, with a weighted average spread of SOFR + 3.44%.

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

The Global Income Fund[2] generated a gross return of -2.98% (-3.80% net) in the 12 months ending June 30, 2022, performing broadly in line with the -3.01% benchmark return on a comparable gross basis.

Since inception in August 2015, the Fund's annualized gross return is 4.13% (3.25% net), with the Fund's NAV standing at $366 million as of June 2022.

Mount Row (Levered) Credit Fund

Following the final close of Mount Row Credit Fund II at $273 million in April 2022, a total of $660 million of AUM is invested across the Mount Row Credit strategy. Both funds are fully invested in line with strategy. Fundraising for Mount Row Credit Fund III is expected to commence in Q4 2022.

Investcorp Credit Management BDC

On August 30, 2019, Investcorp Credit Management US LLC (a subsidiary of Investcorp Holdings B.S.C.(c)) acquired an approximate 76% ownership interest in CM Investment Partners, LLC ("CMIP"). CMIP is an investment adviser registered with the U.S. Securities and Exchange Commission that acts as 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".

2 USD Share Class

CORPORATE GOVERNANCE, BALANCE SHEET AND RISK MANAGEMENT

OWNERSHIP STRUCTURE, CORPORATE GOVERNANCE AND REGULATION

As at June 30, 2022, Investcorp Holdings B.S.C.(c) ('Investcorp Holdings', 'Investcorp' or the 'Company') the Investcorp Group's (as defined below) principal parent entity, was domiciled in Bahrain as a Closed Shareholding Company.

The information that follows is as at June 30, 2022.

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 other 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, 2022, assets comprising 98.4% 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').

None of the Ordinary Shares, the Series B Preference Shares or the Series E Preference Shares are 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, 2022 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]
Other shareholders[2]	42.49%
SIPCO Limited	1.84%
Ownership Holdings Limited	9.79%
CP Holdings Limited	45.88%

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

2 Comprising predominantly Gulf-based nationals and institutions. As of June 30, 2022, (i) 10% of such Ordinary Shares were held by Konoz Securities Company WLL, (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, 2022, SIPCO held, directly and indirectly, 27.86% 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, 2022, of the 27.86% of the Ordinary Shares owned directly and indirectly by SIPCO:

- 12.2% corresponded to indirect beneficial interests held by participants in the ISOPs (which, as of June 30, 2022, comprised 248 current and former Investcorp Group management and employees in the aggregate), which includes 3.3% acquired but unvested shares under an ISOP;
- 14.6% corresponded to indirect beneficial interests held by participants in the IIPs (which, as of June 30, 2022, included 161 current and former Investcorp Group management and employees in the aggregate); and
- 1.1% corresponded to treasury shares held for potential acquisition by employees pursuant to an ISOP or IIP.

CORPORATE GOVERNANCE, BALANCE SHEET AND RISK MANAGEMENT

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 57.51% 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 57.51% of Investcorp Holdings' Ordinary Shares are held by SIPCO, OHL and CPHL.

The table below shows the distribution by nationality of the holders of 42.49% of the Ordinary Shares that were held by other shareholders as at June 30, 2022.

Nationality	No. of Shares	Ownership
Bahraini	10,404,214	13.0%
British	200,000	0.3%
Cayman Islander	676,200	0.8%
Emirati	16,576,700	20.7%
Kuwaiti	1,160,200	1.5%
Lebanese	28,050	0.0%
Omani	336,700	0.4%
Qatari	539,200	0.7%
Saudi	4,069,491	5.1%
Total	**33,990,755**	**42.5%**

The table below shows the distribution by nationality of the holders of Series B Preference Shares as at June 30, 2022.

Nationality	No. of Shares	Ownership
Bahraini	11,688	9.5%
British	857	0.7%
British Virgin Islands	714	0.6%
Canadian	367	0.3%
Cayman Islander	30,204	24.5%
Emirati	21,554	17.5%
French	357	0.3%
Indian	178	0.1%
Jordanian	287	0.2%
Kuwaiti	42,037	34.1%
Lebanese	178	0.1%
New Zealand	54	0.0%
Omani	6,471	5.3%
Panama	1,068	0.9%
Qatari	517	0.4%
Saudi	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, 2022.

Ordinary shares	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	9,990,755	180	12.49%
1% up to less than 5%	1,468,913	1	1.84%
5% up to less than 10%	7,833,561	1	9.79%
10% up to less than 20%	8,000,000	1	10.00%
20% and greater	52,706,771	2	65.88%
Total	**80,000,000**	**185**	**100%**

Series B Preference Shares	No. of shares	No. of shareholders	% of total outstanding shares
Less than 1%	15,131	53	12.28%
1% up to less than 5%	16,471	6	13.37%
5% up to less than 10%	8,918	1	7.24%
10% up to less than 20%	20,127	1	16.33%
20% and greater	62,592	2	50.79%
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 affected 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 2022 Corporate Governance Report ('Fiscal Year 2022 Corporate Governance Report') which is a supplement to this Annual Report. The Fiscal Year 2022 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, 2022, assets comprising 98.4% 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, 2022, 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 98.4% 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 40 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;

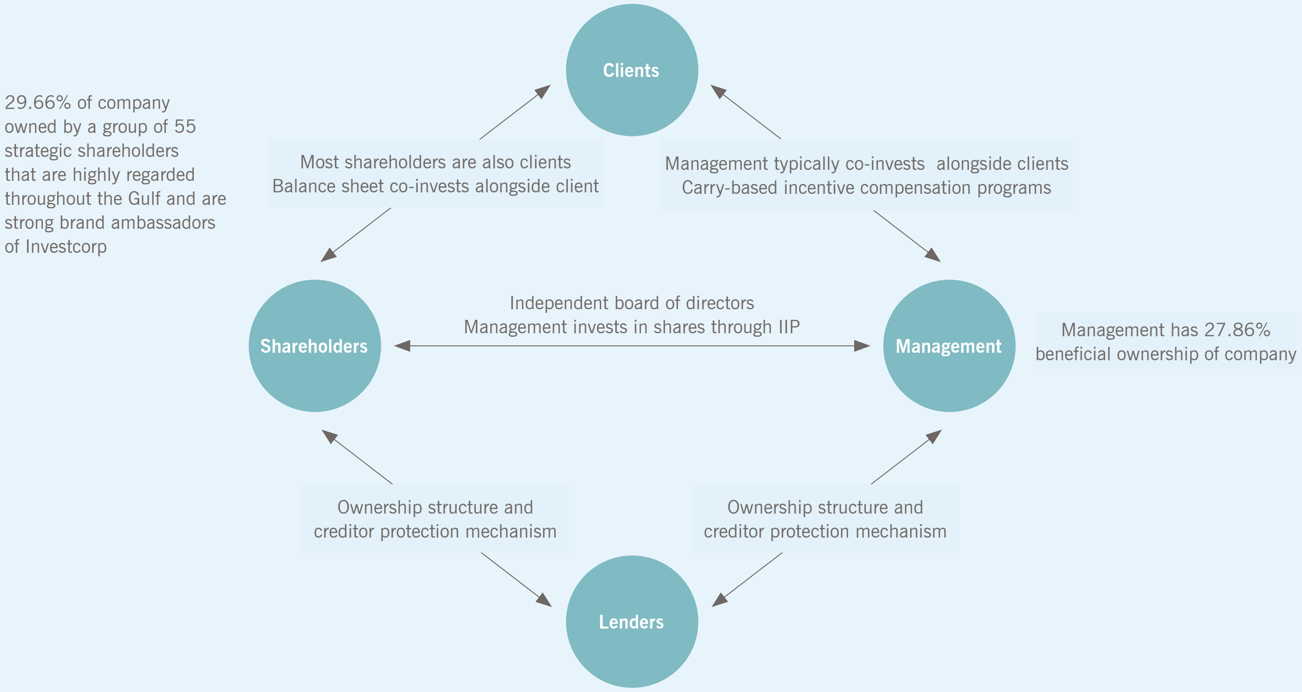
ii. transparency of reporting and actions plus proactive risk control; and

iii. collective decision-making.

At June 30, 2022, Investcorp Holdings' corporate governance was subject to the Bahrain Ministry of Industry and Commerce Corporate Governance Code ('Governance Code'). Please see the Fiscal Year 2022 Corporate Governance Report for disclosure regarding Investcorp's compliance with 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



CORPORATE GOVERNANCE, BALANCE SHEET AND RISK MANAGEMENT

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 Vice President, 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 or into the Deferred Cash Program ('DCP'). Both programs 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 2022, 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 Senior Management section of this Annual Report.

Further information regarding the Investcorp Group's remuneration policies and practices is provided in the Fiscal Year 2022 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. Following the resignation of Mr. John Fraser on November 5, 2021, there are, as at June 30, 2022, 14 Directors. 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, 2022, 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;
- 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, non-Investcorp related directorships held by them and certain other affiliations, attendance of Board of Directors meetings held during Fiscal Year 2022 and details of the aggregate sitting fees paid and remuneration proposed to be paid to the Directors in respect of Fiscal Year 2022 are reported in the Fiscal Year 2022 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 2022, 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, the Board of Directors provided its annual determination of the independence of the Directors, at its meeting in November 2021 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, 2022, the Committee had four members. 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, 2022, 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 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 and overseeing 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 Control 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 Control 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, 2022, the Committee had five members. The Committee is required to meet at least twice 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 and 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 2022 and the remuneration proposed to be paid to Directors for their Standing Committee service during Fiscal Year 2022 is reported in the Fiscal Year 2022 Corporate Governance Report.

During Fiscal Year 2022, 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 2022 is presented in the Fiscal Year 2022 Corporate Governance Report.

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

For information regarding related party transactions and balances, 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, in line with the requirements of the Investcorp Group Code of Conduct and Corporate Governance Guidelines, 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 Control 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 Control 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, 2022, is included in the Fiscal Year 2022 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.

Periodic shareholders meetings, 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, split across two verticals, namely: Institutional Capital Raising ("ICR") and Investcorp Private Wealth ("IPW"), colleagues from Investorp's 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 and periodically have the opportunity to meet the management teams of the 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 certain of Investcorp's management 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 Corporate Strategy, the senior executives in charge of Investcorp's investing lines of business (the 'Investing LOBs'), the Head of ICR, the Head of IPW, the Head of Risk Management and the General Counsel comprise the Operating Committee. The Operating Committee meets monthly to discuss the strategic direction and business of Investcorp.

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, follow-on investment, restructuring, refinancing or disposition based on its risk return profile as well as its overall suitability to Investcorp's franchise and will determine, if appropriate, whether to recommend to the Investment Council that it approve the investment or the disposition.

The Distribution Planning Committee, comprised of a Co-Chief Executive Officer, the Head of IPW in relation to IPW products or the Head of ICR in relation to ICR Products, other senior IPW or ICR executives, as appropriate, assesses the placement appetite and risks associated with any prospective IPW or ICR products across Investcorp's lines of business.

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

As at June 30, 2022 the Investcorp Group has 19 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') arranges and sources European-based private equity and real estate investments and manages collective investment undertakings as a small authorized UK Alternative Investment Fund Manager. ISL also acts as delegated portfolio manager or investment adviser to certain Investcorp Group funds. ISL is registered with and regulated by the UK Financial Conduct Authority (the 'FCA') as a MIFIDPRU investment firm. In the US, 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 a MIFIDPRU investment 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 ('SIBL').

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 SIBL.

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 ('QFCRA') to carry out the regulated activities of Advising on Investments and Arranging Deals in Investments in and from the Qatar Financial Centre.

Investcorp Asia Financial Services Private Limited ('IAFSPL') is a Licensed Fund Management Company ('LFMC') and holder of a Capital Markets Services ('CMS') License under the oversight of the Monetary Authority of Singapore to conduct the regulated activities of Fund Management and Dealing in Capital Markets Products (Collective Investment Schemes).

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.

Investcorp (Abu Dhabi) Limited is registered in the Abu Dhabi Global Market ('ADGM') and regulated by the Financial Services Regulatory Authority ('FSRA') to conduct the Regulated Activities of: Managing Assets, Managing a Collective Investment Fund, Advising on Investments or Credit, Arranging Deals in Investments and Sharia Compliant Regulated Activities.

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.

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

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 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 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 the disappearance of almost all short-term funding sources; and 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), an Islamic term loan, capital markets notes and bonds. 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 0.5x 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) divided by the equity capital base. The drawdown of revolving credit facilities to fund the underwriting of corporate investments and real estate investments before they are placed with clients temporarily inflates total liabilities. These are self-liquidating on receipt of client funds and Investcorp does not count these temporary liabilities in its leverage calculations
>
> 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 and other senior members of Investcorp, 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 RISK1

Investcorp groups its predominant risks under the following categories:

- counterparty credit risk Note 22(i)*[1];
- 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.

Credit risk management

Investcorp faces credit risk primarily through the activities such as placement of liquidity with counterparties, fair value of derivatives and hedging contracts, client related receivables, loans and advances to corporate structures and employee compensation program related receivables. Investcorp monitors credit exposures by classifying exposures, establishing credit limits, triggering a review and corrective action in case of credit deviations, and continually assessing the creditworthiness of counterparties. The details of credit exposures on the balance sheet at June 30, 2022 is shown in Note 22(i)* of the financial statements of Investcorp Holdings B.S.C (c).

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, 2022 is shown in Note 22(v)(b)* of the financial statements of Investcorp Holdings B.S.C (c).

1 * References are to footnotes in the fiscal 2022 Investcorp Holdings B.S.C. (c) consolidated financial statements.

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 (c).

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 management

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.

The operational risk management framework adapted by Investcorp 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.

Material operational risks are escalated and reviewed by senior management via a formal governance process. This includes documenting of root cause analysis of risk events and associated control remediation actions.

An inventory of risk events is maintained which facilitates a "look-across" of historical events aimed at identifying potential thematic issues – this process enables Investcorp to minimize the risk of repeated control issues.

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.

This 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. (Closed)

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Investcorp Holdings B.S.C. (closed) ("the Company") and its subsidiaries (together "the Group"), which comprise of the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of 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 Ethics Standards Board for Accountants' 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.

Other Information Included in the Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 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 auditor's report, we have obtained the following sections of the Group's 2022 Annual Report, and the remaining sections are expected to be made available to us after that date.

- Report of the Board of Directors;
- Business Highlights;
- Discussion of Results;
- 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 Board of Directors either intends to liquidate the Company 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.

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 or the terms of the Company's memorandum and articles of association during the year ended 30 June 2022 that might have had a material adverse effect on the business of the Company 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.

Ernst & Young

Partner's Registration No. 117
30 July 2022
Manama, Kingdom of Bahrain

INVESTCORP HOLDINGS B.S.C. (CLOSED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

$millions	2022	2021	Notes
AUM fees	**240**	217	
Transaction and advisory income	**171**	139	
AUM fees, transaction and advisory income (a)	**411**	356	
Asset based income from co-investment business and others (b)	**109**	107	
Gross operating income (a) + (b)	**520**	463	4
Operating expenses	**(338)**	(290)	5
Interest expense	**(31)**	(31)	
Provisions	–	(4)	13
PROFIT BEFORE TAX	**151**	138	
Income tax expense	**(15)**	(13)	6
PROFIT FOR THE YEAR	**136**	125	
Profit for the year attributable to:			
Equity holders of the parent	**135**	124	
Non-controlling interest	**1**	1	
	136	125	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2022

$millions	2022	2021	Notes
PROFIT FOR THE YEAR	**136**	125	
Other comprehensive (loss) income that will be recycled to statement of profit or loss			
Fair value movements - cash flow hedges	**(5)**	2	
Movements - Fair value through other comprehensive income investments	**(2)**	17	
Other comprehensive loss that will not be recycled to statement of profit or loss			
Movements - Fair value through other comprehensive income investments	**(9)**	(11)	
Other comprehensive (loss) income	**(16)**	8	
TOTAL COMPREHENSIVE INCOME	**120**	133	
Total comprehensive income attributable to:			
Equity holders of the parent	**119**	132	
Non-controlling interest	**1**	1	
	120	133	

Dr. Yousef Hamad Al-Ebraheem
Chairman

Mohammed Mahfoodh Saad Al Ardhi
Executive Chairman

The attached Notes 1 to 26 are an integral part of these consolidated financial statements.

INVESTCORP HOLDINGS B.S.C. (CLOSED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

$millions	June 30, 2022	June 30, 2021	Notes
ASSETS			
Cash, placements and other liquid assets	**249**	289	
Positive fair value of derivatives	**66**	46	20
Receivables and prepayments	**268**	399	7
Advances	**239**	304	8
Underwritten and warehoused investments	**370**	445	9
Co-investments	**899**	705	10
Investments in joint ventures and intangible assets	**79**	76	11
Premises, equipment and other assets	**125**	127	12
TOTAL ASSETS	**2,295**	2,391	
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and accrued expenses	**273**	305	14
Negative fair value of derivatives	**58**	30	20
Financing	**602**	732	15
Deferred fees	**47**	52	16
TOTAL LIABILITIES	**980**	1,119	
EQUITY			
Preference share capital	**375**	375	17
Ordinary shares at par value	**200**	200	17
Reserves	**272**	296	
Treasury shares	**(34)**	(32)	
Retained earnings	**457**	390	
Ordinary shareholders' equity excluding proposed appropriations and other reserves	**895**	854	
Proposed appropriations	**52**	44	
Other reserves	**(8)**	(3)	17
Non-controlling interests	**1**	2	
TOTAL EQUITY	**1,315**	1,272	
TOTAL LIABILITIES AND EQUITY	**2,295**	2,391	

Dr. Yousef Hamad Al-Ebraheem
Chairman

Mohammed Mahfoodh Saad Al Ardhi
Executive Chairman

The attached Notes 1 to 26 are an integral part of these consolidated financial statements.

INVESTCORP HOLDINGS B.S.C. (CLOSED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

		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, 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 sale 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**
Balance at July 1, 2021	**375**	**200**	**208**	**(32)**	**390**
Total comprehensive income	–	–	–	–	**135**
Transferred to retained earnings upon derecognition	–	–	–	–	**(11)**
Depreciation on revaluation reserve transferred to retained earnings	–	–	–	–	**0**
Treasury shares purchased during the period - net of sales and vesting	–	–	–	**(26)**	–
Loss on sale and vesting of shares	–	–	**(24)**	**24**	–
Approved appropriations for fiscal 2021 paid	–	–	–	–	
Appropriations for fiscal 2022 - including interim	–	–	–	–	**(57)**
Interim dividend for fiscal 2022 paid	–	–	–	–	–
Balance at June 30, 2022	**375**	**200**	**184**	**(34)**	**457**

The attached Notes 1 to 26 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	(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
100	(12)	854	44	(3)	2	1,272
–	(11)	124	–	(5)	1	120
–	11	–	–	–	–	–
–	–	0	–	(0)	–	–
–	–	(26)	–	–	–	(26)
–	–	–	–	–	–	–
–	–	–	(44)	–	(2)	(46)
–	–	(57)	57	–	–	–
–	–	-	(5)	–	–	(5)
100	(12)	895	52	(8)	1	1,315

INVESTCORP HOLDINGS B.S.C. (CLOSED)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

$millions	2022	2021	Notes
OPERATING ACTIVITIES			
Profit before tax	**151**	138	
Adjustments for non-cash items in profit before tax :			
Depreciation and amortization	**25**	21	
Provisions	–	4	13
Employee deferred awards	**26**	26	
Operating profit adjusted for non-cash items	**202**	189	
Changes in:			
Operating capital			
Placements (non-cash equivalent)	**25**	(22)	
Underwritten and warehoused investments	**75**	(253)	9
Deferred fees	**(5)**	(10)	16
Other working capital	**93**	(245)	18
Payables and accrued expenses	**(41)**	103	
Co-investments	**(205)**	185	10
Investments in joint ventures	**(5)**	(5)	11
Income taxes paid	**(11)**	(9)	
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**128**	(67)	
FINANCING ACTIVITIES			
Financing - net of transaction costs and new issuances	**(42)**	(234)	15
Preference shares issued - net of expenses	–	249	
Shares (purchased) issued	**(42)**	38	
Dividends paid	**(51)**	(22)	
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(135)**	31	
INVESTING ACTIVITIES			
Investment in premises and equipment	**(8)**	(6)	
NET CASH USED IN INVESTING ACTIVITIES	**(8)**	(6)	
Net decrease in cash and cash equivalents	**(15)**	(42)	
Cash and cash equivalents at beginning of the year	**223**	265	
Cash and cash equivalents at end of the year	**208**	223	
Cash and cash equivalents comprise of:			
Cash and short-term funds	**174**	161	
Placements with financial institutions and other liquid assets	**34**	62	
	208	223	

Additional cash flow information $millions	2022	2021
Interest paid	**(31)**	(31)
Interest received	**45**	57

The attached Notes 1 to 26 are an integral part of these consolidated financial statements.

INVESTCORP HOLDINGS B.S.C. (CLOSED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

1. ORGANIZATION

(i) Incorporation

Investcorp Holdings B.S.C. (Closed) (the “Company”) is incorporated in the Kingdom of Bahrain as a closed Bahraini Shareholding Company with limited liability.

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.

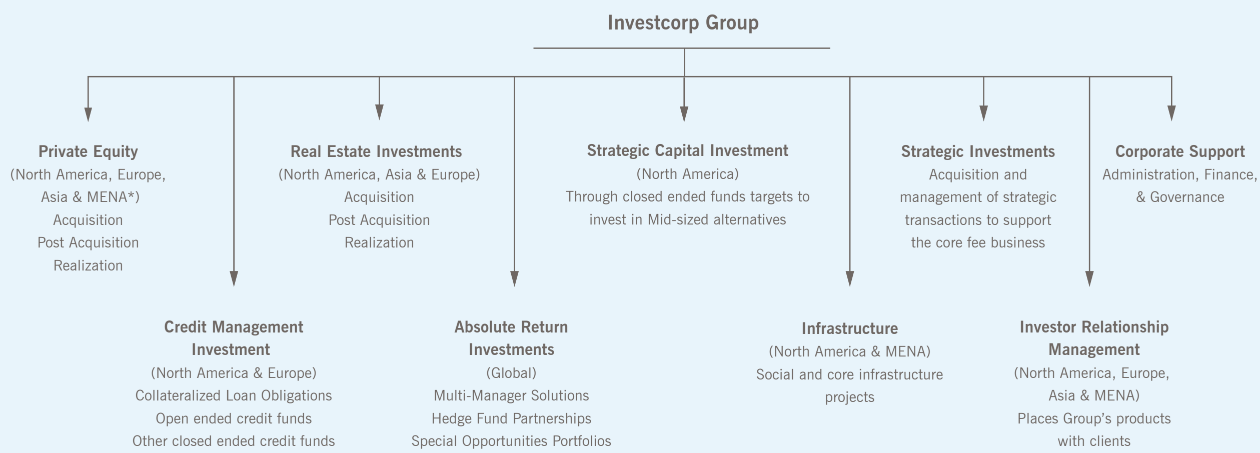
On June 2, 2021, the Company held an Extraordinary General Meeting and resolved to delist from the Bahrain Bourse and convert the Company to a closed Shareholding Company. On July 12, 2021, the Company received the final approval from the regulatory authorities on delisting and the Company completed the process of converting itself from B.S.C. to B.S.C. (Closed) on December 15, 2021.

The consolidated financial statements for the year ended June 30, 2022 were authorized for issue in accordance with a resolution of the Board of Directors effective on July 28, 2022.

(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 six 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, strategic capital and infrastructure investments. Each of the asset classes is comprised of its own dedicated team of investment professionals and is supported by a common investor relationship management team and corporate support units.



* Includes Turkey

(iii) Ownership

As at June 30, 2022, Ownership Holdings Limited ('OHL'), a Cayman Islands company, has control of 55.7% (June 30, 2021: 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 57.5% (June 30, 2021: 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, 2021: 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, 2021: 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, 2021: 24%) of equity position in CM Investment Partners LLC and 20% (June 30, 2021: 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. (Closed) (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 private equity and real estate investments
	→ → Investcorp Investment Advisers Limited (Cayman Islands)	Company that provides investment management and advisory services to investment funds including absolute return investments (ARI) 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, including ARI, 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 B.S.C.	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 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. (CLOSED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

2. ASSETS UNDER MANAGEMENT

The Group's clients participate in products offered under its six investment asset classes. Total assets under management ("AUM") in each product category at the year end are as follows:

	June 30, 2022				June 30, 2021			
$millions	Clients	Investcorp	Affiliates and co-investors	Total	Clients	Investcorp	Affiliates and co-investors	Total
Private equity investment								
Closed-end committed funds****	1,612	129	172	1,913	1,424	131	176	1,731
Closed-end invested funds	1,289	18	263	1,570	1,460	30	182	1,672
Deal-by-deal	2,261	218*	395	2,874	2,581	195*	141	2,917
Deal-by-deal underwriting	–	213	–	213	–	274	–	274
Total private equity investment	5,162	578	830	6,570	5,465	630	499	6,594
Credit management investment								
Closed-end invested funds	14,446	206	67	14,719	13,321	254	76	13,651
Closed-end committed funds	904	–	7	911	483	8	–	491
Open-end invested funds	374	10	–	384	371	10	–	381
Warehousing	–	49	42	91	–	37	100	137
Total Credit management investment	15,724	265	116	16,105	14,175	309	176	14,660
Real estate investment								
Closed-end committed funds	96	–	–	96	–	–	–	–
Closed-end invested funds	1,163	87	–	1,250	117	–	–	117
Deal-by-deal***	7,050	222	1,242	8,514	6,068	325	915	7,308
Deal-by-deal underwriting***	–	54	–	54	–	122	–	122
Total real estate investment	8,309	363	1,242	9,914	6,185	447	915	7,547
Absolute return investments**								
Multi-manager solutions	3,003	4	4	3,011	3,158	11	5	3,174
Hedge funds partnerships	3,750	–	–	3,750	3,703	11	–	3,714
Special opportunities portfolios	437	20	1	458	593	18	3	614
Alternative risk premia	187	-	–	187	49	-	–	49
Total absolute return investments	7,377	24	5	7,406	7,503	40	8	7,551
Strategic Capital investment								
Closed-end committed funds	513	40	67	620	332	40	6	378
Deal-by-deal	27	–	156	183	28	–	9	37
Total strategic capital investment	540	40	223	803	360	40	15	415
Infrastructure*****								
Closed-end committed funds	125	25	25	175	90	25	25	140
Total Infrastructure investment	125	25	25	175	90	25	25	140
Strategic and other investments								
Strategic investments	–	141	–	141	–	58	–	58
SPAC	–	56	604	660	–	–	–	–
Total strategic investment	–	197	604	801	–	58	–	58
Client balances with trusts	927	–	–	927	662	–	–	662
Total	38,164	1,492	3,045	42,701	34,440	1,549	1,638	37,627
Summary by products:								
Closed-end committed funds	2,346	194	264	2,804	1,846	196	207	2,249
Closed-end invested funds	2,452	105	263	2,820	1,577	30	182	1,789
Credit management funds	15,724	216	74	16,014	14,175	272	76	14,523
Absolute return investments	7,377	24	5	7,406	7,503	40	8	7,551
Deal-by-deal	9,338	440	1,793	11,571	8,677	520	1,065	10,262
Underwriting and warehousing	–	316	42	358	–	433	100	533
Client balances with trusts	927	–	–	927	662	–	–	662
Strategic and other investments	–	197	604	801	–	58	–	58
Total	38,164	1,492	3,045	42,701	34,440	1,549	1,638	37,627
Summary by asset classes:								
Private equity investment	5,162	578	830	6,570	5,465	630	499	6,594
Credit management investment	15,724	265	116	16,105	14,175	309	176	14,660
Absolute return investments	7,377	24	5	7,406	7,503	40	8	7,551
Real estate investment***	8,309	363	1,242	9,914	6,185	447	915	7,547
Strategic capital investment	540	40	223	803	360	40	15	415
Client balances with trusts	927	–	–	927	662	–	–	662
Infrastructure	125	25	25	175	90	25	25	140
Strategic and other investments	–	197	604	801	–	58	–	58
Total	38,164	1,492	3,045	42,701	34,440	1,549	1,638	37,627

* Includes Group's commitment of $4 million (June 30, 2021: $4million) to a private equity deal.

** Stated at gross value of the underlying exposure. Also, includes $4.7 billion (June 30, 2021: $4.9 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. As at June 30, 2022, the total AUM held through joint ventures amounted to $7.4 billion (June 30 2021: $7.6 billion).

*** Real estate investment stated at gross asset value except for $0.1 billion (June 30, 2021: $0.1 billion) relating to funds which are based on commitments net of distributions. Also, includes $0.6 billion (June 30, 2021: $0.3 billion) of assets under management relating to property management business.

**** As of June 30, 2022, Investcorp managed AUM amounting to $0.4 billion (June 30, 2021: $0.3 billion) through its joint ventures for PE investment business

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. Investments in closed-end committed funds are stated at the total commitment amounts.

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.

During the year, the Group was involved as sponsor to the successful IPO of two Special Purpose Acquisition Company ("SPAC") on NASDAQ. Currently, the Group is focused on looking to acquire companies in the European and Indian market for the SPAC. The AUM table includes SPAC AUM amounting to $659.7 million.

3. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

June 30, 2022 $millions	FVTPL	FVOCI	Items at amortized cost	Total
OPERATING ACTIVITIES				
Cash, placements and other liquid assets	44	–	205	249
Positive fair value of derivatives	64	2	–	66
Receivables	–	–	240	240
Advances	–	–	239	239
Underwritten and warehoused investments	370	–	–	370
Co-investments				
Private equity investment	237	35	–	272
Credit management investment	–	104	102	206
Absolute return investments	20	4	–	24
Real estate investment	78	2	–	80
Strategic capital investments	19	–	–	19
Other investments	295	3	–	298
Investment in joint ventures	13	–	–	13
Total financial assets	1,140	150	786	2,076
Non-financial assets				
Prepayments				28
Premises, equipment and other assets				125
Intangible assets				66
Total assets				2,295
Financial liabilities				
Payables and accrued expenses	–	–	273	273
Negative fair value of derivatives	58	–	–	58
Financing*	–	–	602	602
Total financial liabilities	58	–	875	933
Non-financial liabilities				
Deferred fees				47
Total liabilities				980

* Adjusted for related fair value hedges.

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June 30, 2021 $millions	FVTPL	FVOCI	Items at amortized cost	Total
FINANCIAL ASSETS				
Cash, placements and other liquid assets	92	–	197	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	8	–	–	8
Total financial assets	955	196	1,015	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.

4. GROSS OPERATING INCOME

A. ACTIVITIES

The activities performed by the Group include:

(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.

The Group also acts as sponsor of SPACs. Income from SPAC transactions is in the form of fair value changes in the interest held in the SPACs.

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

(i) Private Equity Investments (PE)

The PE teams are mainly 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 Investments (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$400 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 Investments (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 ten 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. Further, the Group also provides its investor base with such diversified investment opportunities through conventional fund structures - the Group retains a small portion as a co-investment. The RE India business currently has funds that provide structured senior credit within the residential real estate sector.

(iv) Absolute Return Investments (ARI)

Investcorp has a 50/50 joint venture agreement with Tages Group, a leading European alternative asset management firm. The 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. The JV primarily operates out of New York and London. The JV manages 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.

(v) 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.

(vi) Infrastructure

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

During the year, Investcorp has also launched a private infrastructure investment business in North America. The new platform intends to make investments in critical infrastructure projects across North America.

C. REVENUE GENERATION

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

(i) AUM fees

$millions	2022	2021
Private equity investment	91	91
Credit management investment	65	59
Real estate investment	49	35
Absolute return investments	22	25
Strategic capital investment	13	7
Total AUM fees	**240**	217

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; and
- fee paid by the ARI JV for services provided by Investcorp Group.

(ii) Transaction and advisory income

$millions	2022	2021
Private equity investment	84	77
Real estate investment	64	61
SPAC income	22	–
Credit management investment	1	1
Total transaction and advisory income	**171**	139

Transaction and advisory income are comprised of activity fees, performance fees on PE, RE and CM investments, and income from SPACs.

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.

Investcorp also acts as the sponsor of SPACs and holds interest in the form of founder shares or warrants in the SPACs. Income from SPAC includes realized as well as unrealized gains and losses on interest held in SPACs.

(iii) Asset based income

$millions	2022	2021
Private equity investment	**36**	42
Real estate investment	**17**	16
Credit management investment	**19**	49
Absolute return investments	**1**	1
Strategic capital investment	**3**	–
Investment in joint ventures	**4**	4
Treasury and other asset based income (loss)	**29**	(5)
Total asset based income	**109**	107

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.

5. OPERATING EXPENSES

$millions	2022	2021
Staff compensation and benefits	**225**	199
Other personnel and compensation charges	**22**	14
Professional fees	**32**	33
Travel and business development	**9**	2
Administration and research	**19**	16
Technology and communication	**11**	9
Premises and depreciation expense	**20**	17
Total	**338**	290

6. INCOME TAX

The Group's current tax expense and deferred tax income amounts to $15.1 million (2021: $10.3 million) and $0.2 million (2021: deferred tax expense of $3.1 million) respectively. The current tax liability amounts to $3.2 million (2021: $4.5 million). The deferred tax asset amounts to $10.7 million (2021: $8.9 million) as shown in Note 7. The deferred tax asset relates to an excess of depreciation over capital allowances amounting to $1.3 million (2021: $1.2 million), losses available for offset against future taxable income and other intangibles amounting to $4.6 million (2021: $2.8 million), partnership income and right of use assets amounting to $1.2 million (2021: Nil) and deferred compensation amounting to $3.6 million (2021: $4.9 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:

	2022	2021
United States	**20%**	21%
United Kingdom	**19%**	19%

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7. RECEIVABLES AND PREPAYMENTS

$millions	2022	2021
Subscriptions receivable	**86**	180
Receivables from investee and holding companies	**109**	94
Investment disposal proceeds receivable	**20**	71
Accrued interest receivable	**6**	6
Prepaid expenses	**17**	21
Deferred tax asset (see Note 6)	**11**	9
Other receivables	**22**	22
	271	403
Provisions for impairment (see Note 13)	**(3)**	(4)
Total	**268**	399

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 and real estate investments. 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.

8. ADVANCES

$millions	2022	2021
Advances to investment holding companies	**99**	163
Advances to employee investment programs	**130**	89
Advances to PE closed-end funds	**21**	63
	250	315
Provisions for impairment (see Note 13)	**(11)**	(11)
Total	**239**	304

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 $130 million (June 30, 2021: $89 million), $120.3 million (June 30, 2021: $75.6 million) are full recourse loans given to employees against a direct collateralization of the employees' beneficial interest in shares of Investcorp valuing $175.6 million (June 30, 2021: $108.2 million) and other program balances. The loans carry interest rates ranging from 2% to 2.25% (June 30, 2021: 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

	2022				2021			
$millions	North America	Europe	Asia	Total	North America	Europe	Asia	Total
Underwritten investments								
Private equity investment:								
Industrial/ Business Services	140	42	20	202	22	162	–	184
Consumer products	–	1	–	1	–	–	12	12
Consumer services	9	–	–	9	–	–	–	–
Total private equity investment	149	43	20	212	22	162	12	196
Real estate investment:								
Core/Core Plus	2	41	11	54	93	29	–	122
Total real estate investment	2	41	11	54	93	29	–	122
Other Investments								
Structured products (Note 10F)*	–	–	–	–	90	–	–	90
Total other investments	–	–	–	–	90	–	–	90
Warehoused investments								
Credit management Investments								
CLO Investments	35	13	–	48	30	7	–	37
Total credit management investment	35	13	–	48	30	7	–	37
Others								
SPAC*	56	–	–	56	–	–	–	–
Total others	56	–	–	56	–	–	–	–
Total	242	97	31	370	235	198	12	445

* This represents the domicile of the fund/SPAC

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	2022	2021
Private Equity Co-investments (Note 10 A)	272	237
Credit Management Co-investments (Note 10 B)	206	255
Real Estate Co-investments (Note 10 C)	80	47
Absolute Return Investments Co-investments (Note 10 D)	24	40
Strategic Capital Co-investments (Note 10 E)	19	6
Other investments (Note 10 F)	298	120
Total	899	705

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10 (A) PRIVATE EQUITY CO-INVESTMENTS

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

	June 30, 2022					June 30, 2021				
$millions	North America	Europe	MENA*	Asia**	Total	North America	Europe	MENA*	Asia**	Total
Consumer Products	7	0	19	–	26	6	0	20	5	31
Consumer Services	–	–	–	5	5	–	–	12	5	17
Distribution	9	–	–	–	9	0	–	–	–	0
Healthcare	0	1	119	4	124	0	2	102	1	105
Industrial Products	–	1	–	–	1	–	1	–	–	1
Industrial/ Business Services	39	5	50	–	94	21	14	41	0	76
Technology										
Big Data	1	3	–	4	8	1	0	–	4	5
Internet/Mobility	–	0	–	–	0	–	0	1	–	1
Security	–	0	–	–	0	–	0	–	–	0
Infrastructure & Others	–	–	1	4	5	–	–	–	1	1
Total	56	10	189	17	272	28	17	176	16	237

* 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.

Of the above, co-investments amounting to $35.1 million (June 30, 2021: $32.2 million) are classified as FVOCI investments. For FVOCI investments, during the year, a gain of $2.7 million (2021: loss of $5 million) was recognized in other comprehensive income and $0.6 million (2021: losses of $27.6 million) of gains were recycled to retained earnings on derecognition.

10 (B) CREDIT MANAGEMENT CO-INVESTMENTS

$millions	2022	2021
European CLO Investments	180	238
Risk Retention Fund	11	14
Other credit management investments	15	3
Total	206	255

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 $103.7 million (June 30, 2021: $110.1 million) are classified as FVOCI investments. For FVOCI investments, during the year, no amount (2021: gain of $0.6 million) was recycled to consolidated statement of profit or loss and a loss of $11.1 million (2021: gain of $18 million) was recognized in other comprehensive income.

Certain of the Group's CLO co-investments amounting to $46 million (June 30, 2021: $46 million) are utilized to secure amounts drawn under repurchase agreements. At June 30, 2022, $46 million (June 30, 2021: $46 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:

	2022				2021			
$millions Portfolio Type	**North America**	**Europe**	**Asia**	**Total**	North America	Europe	Asia	Total
Core/Core Plus	**64**	**9**	**7**	**80**	41	6	–	47
Total	**64**	**9**	**7**	**80**	41	6	–	47

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 $1.6 million (June 30, 2021: $13.4 million). For FVOCI investments, during the year, $3.4 million (2021: $0.2 million) of gains were recognized in other comprehensive income and $3 million (2021: $2.7 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	**2022**	2021
Special opportunities portfolio	**20**	18
Multi-manager solutions	**4**	11
Hedge funds partnership	–	11
Total	**24**	40

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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 $4 million (June 30, 2021: $5.3 million) are classified as FVOCI investments. For FVOCI investments, during the year, a loss of $0.3 million (2021: gain of $0.6 million) was recognized in other comprehensive income and no (2021: nil) 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.

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 consolidated statement of profit or loss.

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 FVTPL.

10 (F) OTHER INVESTMENTS

$millions	2022	2021
Investments in structured products	**157**	67
Other strategic investments	**141**	53
Total	**298**	120

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 FY21, 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 had been initially funded by Investcorp in the fund, with remaining funded by a third party as preferred investor. During the year, the fund made additional investments of $101 million and distributed $179 million to investors. As of June 30, 2022, the fair value of investments held by the fund amounted to $343 million.

The Group's current exposure 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, $5.8 million (2021: loss of $7.5 million) of losses were recognized in other comprehensive income. Furthermore, losses of $15.1 million (2021: nil) amount was recycled to retained earnings on derecognition.

During the year, the Group has made an investment of $120 million in the insurance platform.

11. INVESTMENTS IN JOINT VENTURES AND INTANGIBLE ASSETS

$millions	2022	2021
Intangible assets	**66**	68
Investment in joint ventures	**13**	8
Total	**79**	76

11 (A) INTANGIBLE ASSETS

$millions	2022	2021
Goodwill	**63**	63
Management contracts	**3**	5
Total	**66**	68

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 2022 (June 30, 2021: Nil) as the result of the goodwill impairment assessment. A weighted average discount rate of 13% (June 30, 2021: 15.2%) 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, 2020	63	8	71
Amortization during the year	–	(3)	(3)
Balance at June 30, 2021	63	5	68
Amortization during the year	–	(2)	(2)
Balance at June 30, 2022	63	3	66

11 (B) INVESTMENT IN JOINT VENTURES

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

12. PREMISES, EQUIPMENT AND OTHER ASSETS

$millions	2022	2021
Right-of-use assets	**86**	90
Premises, equipment and other assets	**39**	37
Total	**125**	127

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 $4.4 million (June 30, 2021: $0.5 million) and a depreciation expense of $9 million (2021: $9.1 million) on its right of use assets.

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13. PROVISIONS

$millions Categories	Balance At beginning	Charge / (reversal)	Write-off	At end*
12 months to June 30, 2022				
Receivables (Note 7)	**4**	**(0)**	**(1)**	**3**
Advances (Note 8)	**11**	**0**	**(0)**	**11**
Cash, placements and other liquid assets	**0**	**–**	**–**	**0**
Total	**15**	**–**	**(1)**	**14**

* Of the total provision, $2.6 million relates to stage 1, $8 million relates to stage 2 and $3.4 million relates to stage 3 assets. Of the stage 1 and 2 provision, $8 million relates to advances. During the year, there was a movement in loss allowance of $2.6 million from stage 1 to stage 2 assets

$millions Categories	Balance At beginning	Charge	Write-off	At end*
12 months to June 30, 2021				
Receivables (Note 7)	4	–	–	4
Advances (Note 8)	7	4	–	11
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

14. PAYABLES AND ACCRUED EXPENSES

$millions	2022	2021
Vendor and other payables	**138**	113
Accrued expenses - employee compensation	**106**	85
Unfunded deal acquisitions	**21**	92
Accrued interest payable	**5**	5
Tax liability	**3**	10
Total	**273**	305

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

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.

15. FINANCING

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

		June 30, 2022		June 30, 2021	
$millions	Final Maturity	Facility Size	Current outstanding	Facility Size	Current outstanding
SHORT-TERM FINANCING					
Multi currency term and revolving loan	Call		–		174
TOTAL SHORT-TERM FINANCING			–		174
MEDIUM-TERM DEBT					
REVOLVING CREDIT					
Multi currency syndicated revolving facility	June 2023	82	–	82	–
Multi currency syndicated revolving facility	June 2024	357	150	357	–
US Dollar syndicated revolving facility	March 2024	15	–	15	–
US Dollar syndicated revolving facility	March 2025	335	–	335	–
Islamic financing	June 2027	440	–	–	–
TOTAL MEDIUM-TERM DEBT			150		–
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		2
Repurchase agreement	July 2031		2		2
TOTAL LONG-TERM DEBT			428		428
LEASE LIABILITY			96		102
Foreign exchange translation adjustments			(66)		2
Fair value adjustments relating to interest rate hedges			7		39
Transaction costs of borrowings			(13)		(13)
TOTAL FINANCING			602		732

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 entered into a Murabaha agreement with a facility size of $440 million carrying a floating rate of interest. Subsequent to the year end, the Group has drawn $350 million from this facility.

Medium term facilities are all floating rate instruments with average margin over LIBOR of 275 basis points (June 30, 2021: 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, 2021: 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 $11.9 million (June 30, 2021: $12.2 million) of lease liabilities, recognized an additional lease liabilities of $4.4 million (June 30, 2021: $0.5 million) and recognized an interest expense of $3.2 million (2021: $3.4 million). There has been no re-measurement of lease liabilities during the year (2021: Nil).

16. DEFERRED FEES

$millions	2022	2021
Deferred fees relating to placements	**37**	48
Deferred fees from investee companies	**0**	2
Deferred income in a joint venture	**10**	2
Total	**47**	52

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 $22.6 million (2021: $30.7 million).

17. SHARE CAPITAL AND RESERVES

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

	2022			2021		
	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**	4,000	125,000	500
			2,500			2,500
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**	2,018	125,000	252
			575			575

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, CM and strategic investments in equity instruments 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, 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

865,443 (2021: 673,305) ordinary shares were held as treasury shares, which includes 10,550 shares (2021: 22,823 shares) that have been granted to employees as part of deferred remuneration but have not yet started vesting. 2,303,438 shares (2021: 2,422,972 shares) that have been granted to employees and have commenced vesting, but have not fully vested as at 2022, are not counted as treasury shares.

During the year, as part of the delisting process, the Company re-purchased 6.1 million shares from its shareholders for a total consideration of $70 million. Further, approximately 4.2 million shares (2021: 7.6 million shares) were purchased by the management for a total consideration of approximately $46 million (2021: $76.4 million). 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.

The Series E preference shares are fixed rate, equal to 8%, resettable, non-cumulative, with no 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 $4 million (2021: loss of $12 million) on vesting of treasury shares, $17 million (2021: Nil) relating to performance share awards vesting and $3 million relating to the purchase of shares by employees (2021: Nil).

Other Reserves

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

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Movements relating to other reserves are set out below:

$millions	Cash flow hedges	Revaluation reserve on premises and equipment	Total
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)
Net realized loss recycled to statement of profit or loss	(5)	–	(5)
Net unrealized gain for the year	0	–	0
Transfer of depreciation to retained earnings	–	(0)	(0)
Balance at June 30, 2022	**(12)**	**4**	**(8)**

18. ADDITIONAL CASH FLOW INFORMATION

Changes in other working capital

$millions	2022	2021
Receivables, prepayments and advances	**190**	(231)
Derivatives*	**(97)**	(14)
Total	**93**	(245)

*Includes fair value foreign exchange movement in financing

19. BOOK VALUE AND DIVIDENDS PER SHARE

The Group's proposed appropriations are as follows:

$millions	2022	2021
Appropriations:		
Ordinary shares dividend	**24**	22
Preference shares dividend - including interim	**33**	22
Total appropriations	**57**	44
Interim dividend paid	**(5)**	–
	52	44

The proposed ordinary share dividend is 30 cents (2021: 30 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 $28 million (2021: $22 million) represents an annual dividend on issued preference shares. In addition, an interim dividend of $5 million was also paid on October 2021.

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 $11.31 per share (2021: $10.81 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:

	2022			2021		
	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	**290**	**–**	**(33)**	338	–	(7)
ii) Cash flow hedges						
Forecasted transactions	**29**	**2**	**(0)**	33	1	(0)
Coupon on long-term debt	**45**	**–**	**(5)**	42	–	(1)
Total forward foreign exchange contracts	**364**	**2**	**(38)**	413	1	(8)
Interest rate risk being hedged using interest rate swaps						
i) Fair value hedges - fixed rate debt	**332**	**41**	**(1)**	397	25	–
ii) Cash flow hedges - floating rate debt	**25**	**–**	**(0)**	25	–	(3)
Total interest rate hedging contracts	**357**	**41**	**(1)**	422	25	(3)
Total hedging derivatives	**721**	**43**	**(39)**	835	26	(11)
B) Derivatives Where Hedge Accounting Is Not Applied						
Interest rate swaps	**225**	**6**	**(8)**	475	14	(12)
Forward rate agreements	**17**	**0**	**(0)**	4	0	(0)
Forward foreign exchange contracts	**1,418**	**17**	**(11)**	1,453	6	(4)
Currency options	**12**	**0**	**–**	43	–	(3)
Futures	**17**	**0**	**–**	16	–	(0)
Total other derivatives	**1,689**	**23**	**(19)**	1,991	20	(19)
Total - Derivative Financial Instruments	**2,410**	**66**	**(58)**	2,826	46	(30)

* Net collateral received by the Group amounting to $2 million has been taken against the fair values above (2021: $48.9 million).

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

	June 30, 2022				
	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	290	–	–	–	290
Interest rate swaps	–	–	5	327	332
Derivatives held as cash flow hedges:					
Forward foreign exchange contracts	45	35	–	–	80
Interest rate swaps	–	–	–	25	25
Other Derivatives:					
Interest rate swaps	100	–	50	75	225
Forward foreign exchange contracts	1,404	7	–	–	1,411
Cross currency swaps	–	–	–	–	–
Options	12	–	–	–	12
Forward Rate Agreements	17	–	–	–	17
Futures	17	–	–	–	17
	1,885	42	55	427	2,409

	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

Fair value hedges

Losses arising from fair value hedges during the year ended June 30, 2022 were $21.1 million (2021: losses of $26.5 million) while the gains on the hedged items, attributable to interest rate and foreign currency risks, were $19.3 million (2021: gains of $24.7 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 $1.8 million (2021: $1.9 million) on derivative instruments classified as other derivatives.

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, 2022				
$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	**(5)**	**(5)**	**(38)**	**(29)**	**(77)**
Operating expenses	**(3)**	**(3)**	**–**	**–**	**(6)**
Fee income	**20**	**15**	**–**	**–**	**35**
Interest rate risk*					
Interest on liabilities	**(2)**	**(3)**	**(19)**	**(24)**	**(48)**
	10	**4**	**(57)**	**(53)**	**(96)**

	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)

* 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, 2022 was nil (2021: loss of $0.6 million).

21. COMMITMENTS AND CONTINGENT LIABILITIES

$millions	2022	2021
Investment commitments to funds and co-investments	**208**	187
Guarantees issued to third parties	**30**	–

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' and funds 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 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, 2022					
	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	160	89	–	–	(0)	249
Positive fair value of derivatives	36	30	–	–	–	66
Receivables	–	237	5	1	(3)	240
Advances	–	222	25	3	(11)	239
Co-investments - debt	–	191	–	–	–	191
Total	196	769	30	4	(14)	985

	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	–	368	3	2	(4)	369
Advances	–	284	28	3	(11)	304
Co-investments - debt	–	252	–	–	–	252
Total	256	983	31	5	(15)	1,260

The breakdown of provisions by geographical region and industry sector is as follows:

$millions	June 30, 2022	June 30, 2021
Geographical Region		
North America	5	7
Europe	5	5
Other	4	3
Total	14	15

$millions	June 30, 2022	June 30, 2021
Industry Sector		
Banking and Finance	4	2
Consumer products	4	2
Real estate	1	3
Technology and Telecom	0	0
Industrial Services	5	8
Healthcare	0	0
Total	14	15

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, 2022							
$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	217	–	217	–	–	32	–	249
Positive fair value of derivatives	15	1	16	0	40	10		66
Receivables	165	4	169	71	–	–	–	240
Advances	4	10	14	225	–	–	–	239
Underwritten and warehoused investments	315	–	315	55	–	–	–	370
Co-investments	19	42	61	658	60	120	–	899
Investment in joint ventures	–	–	–	–	–	13	–	13
Total financial assets	735	57	792	1,009	100	175	–	2,076
Non-financial assets								
Prepayments	–	–	–	–	–	–	28	28
Premises, equipment and other assets	–	–	–	–	–	–	125	125
Intangibles	–	–	–	–	–	–	66	66
Total assets	735	57	792	1,009	100	175	219	2,295
Liabilities								
Financial liabilities								
Payables and accrued expenses	265	8	273	–	–	–	–	273
Negative fair value of derivatives	48	0	48	–	1	9	–	58
Financing	2	7	9	172	344	77	–	602
Total financial liabilities	315	15	330	172	345	86	–	933
Non-financial liability								
Deferred fees	–	–	–	–	–	–	47	47
Total liabilities	315	15	330	172	345	86	47	980
Net gap	420	42	462	837	(245)	89	172	1,315
Cumulative liquidity gap	420	462	462	1,299	1,054	1,143	1,315	

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$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
			June 30, 2021					
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	–	–	–	–	–	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	

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, 2022					
$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	265	8	–	–	–	273
Financing	161	17	136	363	76	753
	426	25	136	363	76	1,026
Derivatives:						
Contracts settled on a gross basis:						
Contractual amounts payable	1,384	29	–	–	–	1,413
Contractual amounts receivable	(1,357)	(30)	–	–	–	(1,387)
Contracts settled on a net basis:						
Contractual amounts payable (receivable)	(3)	(3)	(23)	(14)	–	(43)
Commitments	–	–	208	–	–	208
Guarantees	–	–	30	–	–	30
Total undiscounted financial liabilities	450	21	351	349	76	1,247

	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	–	–	187	–	–	187
Total undiscounted financial liabilities	445	60	268	465	105	1,343

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(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, 2022			June 30, 2021		
$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	**551**	**–**	**551**	706	–	706
Europe	**321**	**30**	**351**	464	–	464
MENA*	**65**	**–**	**65**	40	–	40
Asia	**48**	**–**	**48**	50	–	50
Total	**985**	**30**	**1,015**	1,260	–	1,260

* Including Turkey.

	June 30, 2022			June 30, 2021		
$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	**712**	**–**	**712**	822	–	822
Distribution	**3**	**–**	**3**	4	–	4
Consumer products	**71**	**–**	**71**	69	–	69
Consumer services	**3**	**–**	**3**	2	–	2
Healthcare	**24**	**–**	**24**	42	–	42
Industrial /business services	**17**	**–**	**17**	26	–	26
Industrial products	**11**	**–**	**11**	10	–	10
Real estate	**66**	**–**	**66**	122	–	122
Technology and Telecom	**51**	**30**	**81**	72	–	72
Others	**27**	**–**	**27**	91	–	91
Total	**985**	**30**	**1,015**	1,260	–	1,260

(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, 2022**		June 30, 2021	
Long (Short)	**Net hedged exposure**	**Net unhedged exposure**	Net hedged exposure	Net unhedged exposure
Bahraini Dinar*	**13**	**(1)**	13	(1)
Saudi Riyal*	**84**	**(7)**	82	(9)
Euro	**277**	**(0)**	62	–
Pounds Sterling	**86**	**(0)**	139	(1)
Swiss Francs	**1**	**0**	42	–
Japanese Yen	**(233)**	**0**	(271)	–
Kuwaiti Dinar	**1**	**(1)**	42	(1)
UAE Dirham*	**0**	**(0)**	0	0
Swedish Krona	**3**	**(0)**	111	–
Norwegian Krona	**4**	**(0)**	4	–
Chinese Renminbi	**0**	**(0)**	1	–
Danish Krona	**63**	**0**	75	–
Singaporean Dollar	**0**	**(1)**	0	(0)
Indian Rupees	**21**	**(0)**	–	–
	320	**(10)**	300	(12)

* 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.

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	**2022**	2021
Average FX VaR	**16**	21
Year end FX VaR	**7**	25
Maximum FX VaR	**34**	59
Minimum FX VaR	**7**	9

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 $1.8 million (2021: $1.9 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 $206 million (June 30, 2021: $255 million), which earn interest at an effective rate ranging between 2.5% to 14.7% (June 30, 2021: 2.5% to 14.7%) 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, 2022	
Euro	**(16)**	**4**
Pounds Sterling	**(2)**	**1**
Japanese Yen	**0**	**–**
US Dollar	**3**	**(3)**
Others	**(2)**	**1**
Total	**(17)**	**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%

$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%

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 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	107	112	102	5	(5)	–	–
	DCF	Discount Rate	+/- 1%	66	56	74	(7)	5	(3)	3
	Average of DCF & Comparable Companies***	Multiples	+/- 0.5x	2	2	2	–	–	0	(0)
		Discount Rate	+/- 1%		2	2	–	–	(0)	0
	Net Asset Value	Net Asset Value	+/- 5%	13	14	13	1	(0)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
RE co-investments**	DCF	Discount Rate	-/+ 1%	19	22	16	3	(3)	0	(0)
		Capitalization rate	-/+ 1%		29	12	9	(6)	1	(1)
					For increase	For decrease	For increase	For decrease	For increase	For decrease
ARI co-investments	Net Asset Value	Net Asset Value	+/- 5%	24	25	23	1	(1)	0	(0)
					For decrease	For increase	For decrease	For increase	For decrease	For increase
Strategic capital co-investments	DCF	Net Asset Value	-/+ 10%	19	21	17	2	(2)	–	–
					For increase	For decrease	For increase	For decrease	For increase	For decrease
Other investments	Net Asset Value	Net Asset Value	+/- 10%	4	4	4	–	–	0	(0)
	DCF	Discount Rate	+/- 1%	174	169	179	(5)	5	–	–

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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	-/+ 10%	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	–	–

* Excludes exposures of $265m (2021: $106m) 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 $13.3 million (2021: $5.3 million).

** 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 $101.1 million (June 30, 2021: $145.6 million) as compared to the carrying value of $101.9 million (June 30, 2021: $145.3 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 $350 million (June 30, 2021: $414.8 million) as compared to the carrying value of $359.5 million (June 30, 2021: $417.4 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 no transfer between levels (June 30, 2021: $6.9 million). Under absolute return investments, an exposure of $4 million (June 30, 2021: $5.3 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 loss of $0.3 million (June 30, 2021: gain of $0.6 million) and the net redemptions amount to $0.9 million (June 30, 2021: $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.

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

	June 30, 2022			
$millions	Level 1	Level 2	Level 3	Total
Financial assets				
Placements and other liquid assets	44	–	–	44
Positive fair value of derivatives	–	66	–	66
Co-investments				
Private equity investment	3	–	269	272
Credit management investment	–	–	104	104
Absolute return investments	–	20	4	24
Real estate investment	–	–	80	80
Strategic capital investment	–	–	19	19
Other investments	–	–	298	298
Investment in joint ventures*	–	–	13	13
Underwritten and warehoused investments**	–	–	370	370
Total financial assets	47	86	1,157	1,290
Financial liabilities				
Negative fair value of derivatives	–	58	–	58
Total financial liabilities	–	58	–	58

* The effect on consolidated statement of profit or loss due to change in multiple by 0.5x on Investment in joint ventures will be $0.05 million.

** Underwritten investments amounting to $1.3 billion were placed with the clients during the year. Fair value gain of $1.3 million (June 30, 2021: nil) and $22 million (2021: nil) were recognized on underwritten and warehoused investments during the year. The effect on consolidated statement of profit or loss due to change in price of these investments by 5 % will be $18.4 million. These investments also include investment in SPACs. The effect of change in underlying assumptions by 5% will be $4.1 million.

	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 joint ventures*	–	–	8	8
Underwritten and warehoused investments**	–	–	445	445
Total financial assets	98	81	962	1,141
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 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. The effect on consolidated statement of profit or loss due to change in price of these investments by 5% will be $22.3 million

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:

	June 30, 2022					
$millions	At beginning	Net new acquisitions*	Fair value movements	Movements relating to realizations	Other movements**	At end
PE co-investments	221	33	36	(20)	(1)	269
ICM co-investments	110	27	(11)	(8)	(14)	104
RE co-investments	47	61	(2)	(16)	(10)	80
Strategic capital co-investments	6	10	3	–	–	19
Investment in joint ventures	8	–	4	(7)	8	13
Other strategic investments	120	221	17	(44)	(16)	298
Total	512	352	47	(95)	(33)	783

* Includes investment in other strategic investments of $90 million that has been transferred from underwriting to co-investment.

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

	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 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.

** 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.

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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, 2022 is $1.5 million (June 30, 2021: $2.3 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 $8 million (2021: $10 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 $21.3 million (2021: $30.2 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 $18.4 million (2021: $16.2 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 $20.9 million (2021: $19 million). The details of shares granted, vested and forfeited during the year are as follows:

Number of shares	**2022**	2021
Granted during the year	**1,975,194**	3,005,251
Vested during the year	**1,927,757**	1,740,240
Forfeited during the year	**148,875**	158,164

The fair value of shares granted during the year amounted to $21.3 million (2021: $30.2 million). The fair value of shares forfeited during the year amounted to $1.6 million (2021: $1.7 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		2022	2021
AUM fees	Investee and investment holding companies	**186**	159
Deal fees	Investee and investment holding companies	**145**	104
Asset based income	Investee companies	**26**	26
Interest income	Treasury and other income	**2**	1
Interest expense	Short term financing	**(3)**	(3)
Operating expenses	Directors' remuneration	**(2)**	(2)

Of the staff compensation set out in Note 24, $110 million (2021: $87 million) is attributable to senior management. Of the above mentioned remuneration of senior management, $82.6 million (2021: $64.3 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, 2022			June 30, 2021		
$millions	Assets	Liabilities	Off-balance sheet	Assets	Liabilities	Off-balance sheet
Outstanding balances						
Co-investments	**899**	–	–	668	–	–
Underwritten and warehoused investments	**370**	–	–	445	–	–
Investment in joint ventures	**13**	–	–	8	–	–
Strategic shareholders*	**2**	–	–	13	–	–
Investee companies*	**67**	**0**	**30**	60	2	–
Investment holding companies*	**148**	**0**	**208**	185	1	187
Financing	–	–	–	–	174	–
Directors and senior management*	**107**	–	–	85	8	–
	1,606	**0**	**238**	1,464	185	187

* 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 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, 2021. The adoption of these amendments did not have any material impact on the consolidated financial statements of the Group.

- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 – Phase 2 of Interest Rate Benchmark Reform.

  While some of the Group's financial instruments are subject to IBOR reforms at 30 June 2022 and have not yet transitioned out of the current IBOR to ARR, the Group has already made substantial progress to finalize the transition from IBOR to the new ARR. Several milestones have been completed, such as the upgrade of the technology systems to handle the new reference rate, review of significant the Group's internal documents and planning to amend documentation for existing contracts such as the existing Revolving Credit Facilities. The Group expects to have the full transition implemented by June 2023.

New standards, amendments and interpretations issued but not yet effective

- Amendments to IFRS 3 - Reference to the Conceptual Framework (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 16 - Proceeds before Intended Use (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (issued May 2020, effective for annual periods beginning on or after 1 January 2022);
- Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 - effective for annual periods beginning on or after 1 January 2022;
- IFRS 17 Insurance Contracts (issued May 2017; effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (issued January 2020; effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8 Definition of Accounting Estimates (issued February 2021; effective for annual period beginning on or after 1 January 2023); and
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued February 2021; effective for annual period beginning on or after 1 January 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 investments in private equity co-investments, credit management co-investments, strategic capital co-investments, real estate co-investments, other strategic investments (see Note 10), and investment in SPACs (Note 9), 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.

The valuation approach was substantially consistent with our normal process and valuation policy. A key focus of the portfolio fair value 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 co-investments classified as 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.

Income from SPAC transactions is recorded on the basis of realized and unrealized changes in the fair value of interest held in the respective SPACs and is included within transaction and advisory income in the consolidated statement of profit or loss.

Realized capital gains or losses on FVOCI equity investments are taken to retained earnings at the time of derecognition of the investment.

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 FVTPL 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.

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 joint ventures

The Group's investment in 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'.

xviii) Impairment and un-collectability of financial assets (continued)

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.

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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.

SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mohammed Alardhi

Executive Chairman
Joined Investcorp: 2015
Prior experience: Investcorp Board Member (8), 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)

Rishi Kapoor

Co-Chief Executive Officer
Joined Investcorp: 1992
Prior experience: Citicorp (4)

Hazem Ben-Gacem

Co-Chief Executive Officer
Joined Investcorp: 1994
Prior experience: Credit Suisse First Boston (2)

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)

Yusef Al Yusef

Head of Investcorp Private Wealth
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)

Laura Coquis

Global Head of Institutional Capital Raising
Joined Investcorp: 2021
Prior experience: OMERS Private Markets (2), BC Partners (9), Lehman Brothers (5), Merrill Lynch (2)

Andrea Davis

Head of Corporate Strategy
Joined Investcorp: 2014
Prior experience: TDX Group (2), Fellowes Inc. (9), Willet (6)

F. Jonathan Dracos

Global Head of Real Estate
Joined Investcorp: 1995
Prior experience: George Soros Realty Fund (1), Jones Lang Wootton Realty Advisors (5), Chemical Bank (3)

Jeremy Ghose

Global Head of Investcorp Credit Management
Joined Investcorp: 2017
Prior experience: 3i (6), Mizuho (23)

Mark Horncastle

General Counsel
Joined Investcorp: 2017
Prior experience: General Electric/GE Capital (17), Nomura International (1), Freshfields (8)

Richard Kramer

Head of Risk Management
Joined Investcorp: 2011
Prior experience: Credit Suisse (14), Robert Fleming (2)

Daniel Lopez-Cruz

Head of Private Equity Europe
Joined Investcorp: 2005
Prior experience: Morgan Stanley (7), UBS (3), The Prudential Insurance Company of America (3), Arthur Andersen (1)

Timothy Mattar

Investor Relationship Management
Joined Investcorp: 1995
Prior experience: Banque Indosuez (5), Arthur Andersen (2), Grant Thornton (5)

David Tayeh

Head of Private Equity North America
Joined Investcorp: 2015
Prior experience: CVC Capital Partners (4), Investcorp International Inc. (11), Donaldson Lufkin & Jenrette (4)

Numbers in brackets indicate years of experience.
List reflects staff employed at June 30, 2022.

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