

THE REVIEW



Investcorp doubles its Assets Under Management to \$23 billion

Investors Conference 2016

Harvard Symposium in New York city

Mubadala Development Company

Corporate Investment

Agromillora, Al Borg, Corsec/Nebulas
and Corneliani

Real Estate

901 Fifth Avenue, Boston & Denver
Industrial Portfolio, 2016 Residential
Portfolio

Calligo

Investcorp to invest \$20 million in cloud
solutions provider

Contents

04

Welcome by Mohammed Al-Shroogi

05

Letter from Mohammed Mahfoodh Alardhi

06

Investors Conference in Abu Dhabi

08

Investcorp's first Annual Dinner in New York

10

Investcorp added \$12bn to its AUM via 3i acquisition

11

Mubadala – Investcorp's new strategic equity investor



12

Investcorp invests in a stake in Al Borg Medical Laboratories

13

Investcorp acquires Agromillora, a global developer of high-yielding plants and trees

14

Two prominent cyber-security providers come on board: Nebulas and Coresec

15

Q&A with Marco Barkmeijer, Chief Executive Officer, SecureLink

16

Calligo, Investcorp to invest \$20 million in cloud solutions provider

17

Investcorp add another luxury brand to its portfolio with Corneliani





18

Record Levels of US Real Estate Deal Activity



22

Dubai Chamber of Commerce and Industry

23

Harvard Symposium in New York city

24

New Joiners

26

Global Macro Outlook by Rebecca Hellerstein



Creating real value



After an incredibly busy 2016, I was pleased to announce we have increased our year-end dividend by 60 per cent and we can follow this milestone by distributing over \$700 million to investors in the first quarter of our 2017 fiscal year. In terms of deal flow, Europe, the US and the GCC have all been very active, reflecting the global nature of the firm.

In recent months, we have accelerated our pace of acquisitions and complemented that with some very attractive exits. In the last six months alone, we have invested in businesses across a range of sectors in Europe, from cybersecurity to luxury and agriculture, as well as in the leading private medical laboratory chain in the GCC, Saudi Arabia's Al Borg Medical Laboratories. Meanwhile, in the US, our Real Estate team cemented its position as the top private Gulf-based investor in the asset class.

The Al Borg transaction is a perfect example of Investcorp identifying a high-quality company in which we believe there is even greater potential, in a sector that is ripe for growth. This is our approach to all our Corporate Investment deals. Saudi Arabia, specifically, is a market that we believe has very strong fundamentals and we are very positive about its outlook – we are looking closely at a number of other potential investments in the Kingdom in selected high-potential sectors.

In Europe, our Corporate Investment team is particularly focused on technology and cybersecurity. Alongside our portfolio company SecureLink, we acquired three dynamic cybersecurity companies – Nubulas in the UK, Coresec in Scandinavia and IT-Cube in Germany. These acquisitions add significant scale and expertise to SecureLink and are part of our strategy to grow SecureLink into a pan-European cybersecurity specialist. Elsewhere, we completed an initial investment in Calligo, a rapidly growing provider of cloud solutions.

I also want to mention briefly our investment in luxury Italian menswear specialist, Corneliani. As you no doubt know, Investcorp has a long and successful history in the luxury sector. We will be using our experience to help bring the Corneliani brand to new markets around the world.

On the exits front, the IPO of L'azurde on Tadawul, the Saudi Stock Exchange, was a significant milestone. Upon listing, L'azurde became the first majority private equity-owned business in Saudi Arabia to IPO on its exchange. Our partnership with L'azurde has been a great journey and this marked the start of a new chapter. In addition to L'azurde, we also generated solid returns following a trio of exits from our European and North American portfolios - GL Education, Polyconcept and Tyrrells.

In the US, our Real Estate team made a number of investments over the last few months, acquiring properties in major metropolitan cities across the country. All of the deals were consistent with our strategy of investing in high-quality assets with strong tenant bases, which we believe will provide attractive cash yields as well as upside. The standout acquisition was a \$223.5 million office tower in Seattle, Washington, known as 901 Fifth Avenue. 901 Fifth is 90% occupied by businesses from a diverse range of industries, from technology, to legal services, to professional services, which is exactly what we look for in our Real Estate assets.

It has been a tremendously busy period for Investcorp but we have no plans to slow down. We are actively pursuing a number of opportunities across all of our business lines and we look forward to bringing these to you over the coming months.

Mohammed Al-Shroogi
Co-Chief Executive Officer

Global Growth

I must start this letter by saying how wonderful it was to see so many of you in Abu Dhabi at our Annual Investors' Conference. I would like to extend a particular thanks to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, for granting his patronage to the event. We were also fortunate to have His Highness Sheikh Hamed bin Zayed Al Nahyan, Chief of the Abu Dhabi Crown Prince's Court and Managing Director of ADIA, His Highness Sheikh Nahayan Mubarak Al-Nahayan, UAE Minister of Culture and Knowledge Development, and His Highness Sheikh Hamdan bin Mubarak Al Nahyan, join us at the Conference. In addition to the presentations and panel discussions, the event's success was largely down to the engagement of all of you, our valued investors and partners. I hope that you all found the Conference as insightful and enjoyable as I did.

In the last six months, there has been a transformation in Investcorp's positioning as an asset manager. While our roots and our values are firmly planted in the Gulf, we have broadened our horizons.

Investcorp began life over 30 years ago as a bridge between surplus capital in the Gulf and opportunities for investment in the West. It has been doing this very successfully since day one. However, today, we are living in a very different world.

There is a new financial and economic paradigm in the world. We are an institution with ambitions to be ranked alongside the world's foremost asset managers, delivering enhanced value across a range of products to investors around the globe. We are still at the beginning of this new journey but we

have made real progress towards achieving our goals.

The recent agreement to acquire the debt management business of 3i was a game changer for us. It will see us more than double our Assets under Management to \$23 billion and it will act as a catalyst for our strategy to grow into a firm managing \$25 billion over the medium term. The deal places Investcorp at the centre of the global credit space, an asset class that will complement our existing alternative investment products. Specifically, we are bringing on board a team that focuses on investing in senior secured loans, which is a slice of the capital structure that has been performing incredibly well and which we believe will continue to generate attractive returns with minimal volatility.

As we grow as a firm, we also needed to enhance our institutional shareholders base so that we have the capacity to reach our goals. Earlier this year, we were proud to announce that Mubadala Development Company, one of the strategic investment arms of the Government of Abu Dhabi, acquired a 20% stake in our firm, joining our growing list of institutional shareholders. This was a major milestone in the history of Investcorp and was a clear endorsement for our strategic vision.

The opportunity that lies ahead of us



is tremendous. While we have set bold targets for Investcorp, we have a clear roadmap and I am confident we can achieve our goals. I truly appreciate the ongoing support of all our shareholders and investors. This support has been central to all our achievements and will continue to be so.

I hope you enjoy this edition of The Review and I look forward to providing you with further strategic updates on the Firm over the coming months.

Mohammed Alardhi
Executive Chairman

Investors Conference 2016

in Abu Dhabi



Under the patronage of His Highness Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, Investcorp hosted its 2016 annual Investors Conference in Abu Dhabi. His Highness Sheikh Hamed bin Zayed Al Nahyan, Chief of the Abu Dhabi Crown Prince's Court and Managing Director of ADIA, His Highness Sheikh Nahayan Mubarak Al-Nahayan, UAE Minister of Culture and Knowledge Development, and His Highness Sheikh Hamdan bin Mubarak Al Nahyan were also in attendance at the opening of the Conference.

The Conference was opened by Investcorp's Executive Chairman, Mohammed Alardhi, which was followed by a keynote speech by Her Excellency Reem Al Hashimy, UAE Minister of State for International Cooperation and Director General of Dubai Expo 2020 Bureau.

In her keynote address, Her Excellency Reem Al Hashimy, UAE Minister of State for International Cooperation and Director General of Dubai Expo 2020 Bureau said, "The UAE Government has always been focused on making the country one of the most business-friendly and welcoming places in the

world. Sharing the same vision of promoting business co-operation and expansion between the Gulf States and economies in other parts of the world, it was a natural step for Investcorp to host this significant event in Abu Dhabi."

Addressing a room of 300 investors, Mohammed Alardhi said, "Investcorp has achieved an incredible amount over the past 12 months. We have signed an agreement that will see us nearly double our assets under management to \$23 billion and we have closed a near record number of deals – but we have no plans to slow down. We are going to use this momentum as a springboard to the next

step of the Investcorp journey.”

On the second day of the Conference, Investcorp’s Co-CEOs Mohammed Al-Shroogi and Rishi Kapoor outlined the roadmap for the future of the firm, which was followed by a range of speakers discussing economic, political and investment trends.

Mohammed Al-Shroogi said, “As we continue to grow as a firm, we remain focused on three core components of our unique business model – being relevant to our clients’ needs, delivering superior performance and providing the highest possible level of service.”

Rishi Kapoor said, “In addition to being very close to our clients in the Gulf and around the world, we will drive Investcorp’s growth by enhancing and diversifying our client offering. We have a clear roadmap ahead and we are confident that we are building an even stronger firm for our clients.”

Delegates at the Conference heard from John Greenwood, Chief Economist of Invesco Ltd., who provided an overview of the global economy in the wake of Brexit and the US election. Meanwhile, Gordon Hewitt, Professor of Business



Administration at Ross School of Business, discussed competitive innovation and a changing world.

There was also a series of panel discussions that touched on a number of asset classes including Corporate Investment, Real Estate and Alternative Investment Solutions. Panellists

discussed trends across a range of sectors, from Services, to Healthcare, to Cybersecurity. These sessions involved senior executives from Investcorp and its portfolio companies, past and present, including The Wrench Group, SecureLink, OpSec, and CSIdentity.



Investcorp's first

Annual Dinner in New York





Stephen Hadley and Martin Indyk

On October 16, 2016, Investcorp organised its first Annual Dinner in New York. The event, which was attended by Investcorp's contacts and friends in financial, political and media circles, was held in the Onyx Room of the Park Hyatt hotel.

Mohammed Alardhi opened the evening with a speech about Investcorp's

latest business initiatives, outlining the importance of the US economy for the firm, and sharing highlights of Investcorp's investments in North America.

Mr. Alardhi also welcomed the two guest speakers for the event, former US National Security Advisor Stephen Hadley and the Vice President and

Director of Foreign Policy at the Brookings Institution, Ambassador Martin Indyk. Both guest speakers gave an overview of their findings following a visit to the Gulf and the Middle East, where they met more than five leaders of states.



CINA Portfolio company's CFOs conference

CFOs of Investcorp's portfolio companies, past and present, attended a one-day conference in New York, hosted by Investcorp's Corporate Investment North America team.

The conference attracted more than 30 professionals, who shared best practices

and networked, leveraging the power of being part of the Investcorp family. Five interactive sessions were held over the course of the day on the following topics: Driving Long Term Value as a Strategic Partner to the CEO; Procurement as a Driver of EBITDA; Negotiation Strategies: Creating and Maximizing Value; and Best

in Class Closing Process - The 10-Day Close.

The day concluded with dinner for all conference attendees at BLT Prime.

Acquisition of 3i debt management

Investcorp adds \$12 billion to its AUM



Rishi Kapoor

Investcorp made a significant step forward towards achieving its medium-term goal, which was announced last year by Mohammed Alardhi, when it announced it had agreed to buy the debt management business of 3i (“3iDM”). The proposed transaction, for a total consideration of £222 million (approximately \$271 million), will significantly enhance Investcorp’s global franchise as a multi-asset class alternative investment manager by adding \$12 billion of assets under management, bringing the total to approximately \$23 billion.

Commenting on the proposed acquisition, Mohammed Alardhi said, “This is a milestone deal which will bring together two complementary businesses and broadens product diversity for existing clients of both Investcorp and 3iDM while deepening the geographical reach of the enlarged business. The combination brings with it some of the most talented credit investment professionals in the industry together with a large universe of private and institutional clients spanning Europe,

Asia, the US and the Arabian Gulf. We’re delighted to welcome the 3iDM team to Investcorp and look forward to growing the business further.”

Rishi Kapoor, Co-CEO of Investcorp, added, “This is an exciting moment for us – we see this as a value-added transaction for all sides which will be accretive for Investcorp from day one. Under 3i’s ownership, the 3iDM team has created a compelling alternative credit investment business which has seen assets under management more than double in the past five years. We see this business as one of the central pillars of Investcorp’s product platform going forward and are absolutely committed to continuing to grow the business on multiple fronts including fundraising, product development and capital support.”

The acquisition is a strategic move for Investcorp, which last year announced that it was targeting growing assets under management to \$25 billion in the medium term, and will add to Investcorp’s existing menu of product offerings across private equity, real

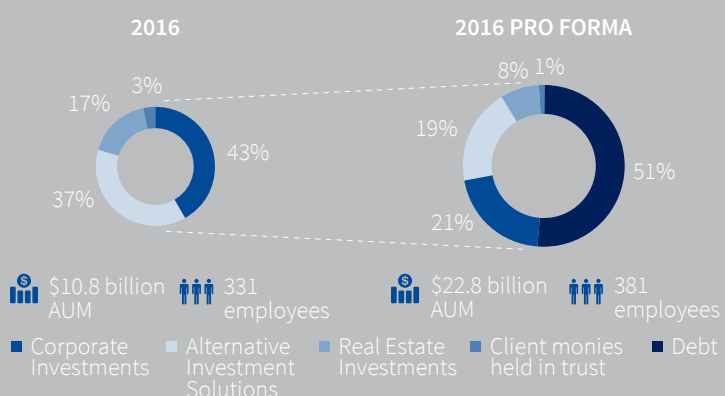
a leading global credit investment company managing funds which invest primarily in senior secured corporate debt issued by mid and large-cap corporates in Western Europe and the US. The business has a strong track record of consistent performance and growth, employing approximately 50 people in London, New York and Singapore. The existing management team of 3iDM will remain intact, with Jeremy Ghose continuing as CEO of the overall business and John Fraser continuing to oversee the US operations.

Simon Borrows, Chief Executive of 3i, said, “The 3iDM business has had a strong run under 3i’s umbrella and Investcorp is a great home for the business going forward given its strong reputation as a global diversified alternative investment manager with a deep and loyal investor franchise. The combination provides 3iDM with access to new and incremental sources of capital through Investcorp’s client base in the Gulf and the US. The fit is excellent from a cultural, product and geographical perspective.”

The transaction is the largest ever strategic acquisition made by Investcorp. It will be fully funded through the Firm’s existing balance sheet, and will not require any incremental debt financing or equity capital given its current strong capital and liquidity position with a regulatory capital adequacy ratio in excess of 30 per cent and accessible liquidity of close to \$1 billion at the end of June 2016. The Firm will continue to maintain strong levels of liquidity and capital adequacy after the transaction, significantly above the regulatory requirements, giving it considerable flexibility to fund additional strategic acquisitions where appropriate.

3iDM is

Total Client Assets Under Management (\$ billion)



Mubadala

Investcorp's new strategic shareholder

Investcorp's ambitious growth strategy is backed by a heavyweight investor



Mohammed Alardhi



Khaldoon Khalifa Al Mubarak

Investcorp marked a significant milestone in the institutionalization of its shareholder base when, in July, it was announced that Mubadala Development Company, the Abu Dhabi based investment and development company, agreed to acquire a 20% interest in the company.

Mohammed Alardhi, Executive Chairman of Investcorp, said: "Mubadala is one of the strongest and most respected investment companies in the GCC and globally, so this development is a significant milestone in the institutionalization of our shareholder base. This investment is a validation of Investcorp's blue-chip brand, our human capital, and our vision for the future. This is a positive step for our stakeholders, including our shareholders, investors and portfolio companies."

Khaldoon Khalifa Al Mubarak, Group CEO of Mubadala Development Company, commented: "We welcome the opportunity to become a shareholder in Investcorp. From an investment perspective, the stable and long term value-creation mission of Investcorp makes it a logical addition to Mubadala's diverse financial investment

portfolio."

Established and owned by the Government of Abu Dhabi, Mubadala's strategy is built on the creation of partnerships and on long-term, capital-intensive investments that deliver strong financial returns, contribute to the growth and diversification of Abu Dhabi's economy, and create opportunities for current and future generations in the United Arab Emirates.

Mubadala brings together and manages a multi-billion dollar portfolio of local, regional and international investments and partners with leading global organizations to operate businesses across a wide range of industry sectors. These include aerospace, semiconductors, metals & mining, oil & gas, renewables, information & communications technology, healthcare, real estate & infrastructure, utilities, and defence services.

The two-step transaction sees Mubadala acquire a 9.99% ownership stake immediately, with a further 10.01% following necessary regulatory approvals.

Investcorp invests in Saudi Arabia's

Al Borg Medical Laboratories

Al Borg Medical Laboratories became Investcorp's seventh investment in the Kingdom of Saudi Arabia when it announced that an entity managed by it has invested in a stake in what is the leading private medical laboratory chain in the GCC.

Established in 1999 in Jeddah, Al Borg has 53 laboratories across 8 countries in the GCC and Africa, with a clear leadership position in Saudi Arabia. Employing over 900 personnel, Al Borg offers a wide range of routine and specialty medical laboratory testing services to hospitals, clinics, corporates and individuals. The Company has a leading market position, possesses the highest levels of industry



accreditations and is a trusted brand name.

Investcorp will be partnering with the other existing shareholders of Al Borg that include Saudi-based Elaj Medical Services Company, an integrated healthcare group operating 25 healthcare centres across the GCC and Egypt, and Kuwait-based Boubyan Petrochemical Company.

Mohammed Al-Shroogi, Co-Chief Executive Officer of Investcorp, commented, "The investment in Al Borg reaffirms our commitment to supporting regional businesses that have potential for growth. We are extremely excited about this investment and believe that our combined efforts will result in even more success for the Company. The healthcare sector in Saudi Arabia is underpinned by favourable demographics, supportive regulation and increasing demand through greater medical awareness."

Dr. Mohammed Fawaz Al Bishry, Chairman of the Board of Al Borg Medical Laboratories, added, "We are delighted to be partnering with Investcorp, as we believe this will provide our business with the additional resources and expertise to



Tristan de Boysson

continue to strengthen our brand, consolidate our position in our domestic market and facilitate our growth plans across the Middle East."

Tristan de Boysson, Managing Director, Investcorp Corporate Investment – MENA, said, "Al Borg benefits from the positive healthcare dynamics in the region. A key focus for our team will be to help generate additional growth opportunities for the business, leveraging the full expertise Investcorp has."

Agromillora

The leading global developer of high-yielding plants and trees



Investcorp is pleased to complete the acquisition of Agromillora.

Founded in 1986 in Barcelona, Agromillora is the leading global developer of high yielding plants and trees, with a key focus on permanent crops, including stone fruits, citrus, nuts, berries, olive trees and grape plants. In the 1990s and early 2000s the Company pioneered the production and marketing of trees for high yielding olive orchards with the disruptive technology of high-density planting and has also been promoting similar agronomic improvements for almonds, citrus and other fruit trees. The company has since diversified providing nurseries and growers worldwide with a complete portfolio of high quality plants through tissue culture propagation laboratories located across five continents and developing proprietary rootstocks for high-density plantation models and products.

Commenting on the investment, Yasser Bajsair, Managing Director at Investcorp in the Kingdom of Saudi Arabia, said, “Agromillora is a great fit for Investcorp’s

European portfolio. Not only is it a market leader, but we believe that there is a real opportunity to grow the business into new markets. The company has a track record of innovating successfully and we are eager to work with the management team to help it realise its full potential.”

Agromillora’s growth in recent years has been driven by its consistent innovation and strong Research & Development capabilities as well as by international expansion in North and Latin America, Australia and the Middle East. Today, the company has 11 production facilities in nine countries, reaching a market of more than 300 nurseries and 1,500 growers in more than 25 different countries, and employs over 1,200 employees worldwide.



Yasser Bajsair



Investcorp consolidates

the fragmented IT security sector

in Europe



Carsten Hagenbucher

coresec
Nebulas

In December 2015, Investcorp acquired SecureLink, a leading IT security solutions company in the Benelux, to serve as a platform to consolidate the highly fragmented IT security sector in Europe through add-on acquisitions.

In the span of just two months over the summer of 2016, Investcorp and SecureLink announced agreements to acquire two prominent European cybersecurity providers.

In June, Coresec Systems AB (Coresec) was added to the Investcorp portfolio. Established in 2003, Coresec offers integrated cybersecurity solutions and manages services to corporates and institutions. With more than 250 employees across seven offices and multiple 24/7 manned Network & Security Operation Centres, Coresec's security experts provide relevant security advice

and hands-on assistance to its diverse client base across Scandinavia and the Netherlands.

This was followed by the acquisition of the United Kingdom's largest independent cybersecurity service provider, Nebulas Solutions Ltd (Nebulas). Founded in 2001 in London and employing 50 staff, Nebulas provides a broad range of IT security products and services including managed security services and cyber threat intelligence to predominantly mid to large enterprises in the United Kingdom.

SecureLink, Coresec and Nebulas now operate across six countries in Europe, employing over 550 members of staff and generating more than €235 million in revenue.

Carsten Hagenbucher, Managing Director in Investcorp's European

Corporate Investment team, said, "As a combined group SecureLink, Coresec and Nebulas will form the second largest cybersecurity player in Europe providing best in breed products suited to a wide range of industries. With these add-on acquisitions, we believe we are one step closer to forming the leader in pan-European cybersecurity."

Marco Barkmeijer, Chief Executive Officer of SecureLink, added: "SecureLink and the cybersecurity industry have witnessed exceptional growth and I am delighted to see us push ahead with our ambitious European expansion plans. We all share the same vision and I am very much looking forward to the many great things that I believe will come from our synergies."

Q & A

with Marco Barkmeijer,
Chief Executive Officer,
SecureLink



What attracted you to SecureLink when you joined in 2008?

When I co-founded SecureLink's Dutch operations in 2008, I saw it as an exciting opportunity to grow a team with specialist knowledge of the cybersecurity industry, one that is completely focused on the cybersecurity space. At the time, you had large companies delivering cybersecurity products but there wasn't anyone else that was delivering a complete solution. At SecureLink, we are responsible for our clients' cybersecurity, rather than just delivering an off-the-shelf product.

I also saw a real growth opportunity. We could see that the European market was set for consolidation - we saw it happening in the US and we saw it happening in APAC. We have since grown into a company of 550 people across Europe, which is bigger than any other dedicated cybersecurity player in the continent.

Four things really make SecureLink stand out from our peers - these were true when I joined in 2008 and they are still true today. The deep knowledge of its people, its focus on customer satisfaction, the laser focus on cybersecurity and a desire to keep on attracting the very best talent.

What made Investcorp the right partner for SecureLink?

When we began looking for a private equity partner, we had initial interest from 21 firms. We then whittled it down to a shortlist of about five. In the end,

there were two parts of Investcorp's offer that led to our decision.

Firstly, Investcorp brings a lot of value through their own experience and knowledge of the IT security market. Secondly, we are entrepreneurs and we wanted a partner that has a similar mind-set - a firm that can act quickly and decisively. Investcorp showed this throughout the bidding process - with the speed they were able to act - and they have shown that since. During our recent combined acquisitions of Coresec and Nebulas, Investcorp added immeasurable value. We didn't have huge amounts of experience in acquiring companies and they were able to drive the deals through to completion with exceptional speed and efficiency.

SecureLink, alongside Investcorp, recently acquired Coresec and Nebulas, what do they bring to the table?

Our ambition is to grow SecureLink into a pan-European cybersecurity player. Coresec and Nebulas give us access to Scandinavia and the United Kingdom, respectively, two very important markets for us. In addition to adding scale, both companies have excellent teams that share our vision and they both have very similar cultures.

The cybersecurity industry has seen phenomenal growth in the past couple of years, what is behind this?

There are three main drivers. One, people have more devices that are all connected to the internet with their own IP addresses. Two, governments

and corporates are receiving more cyber-attacks than ever before. In fact, governments across Europe now have cyber risks among their top three threats. Finally, regulatory changes. The introduction of regulations such as the General Data Protection Regulation - GDPR - means companies have to be prepared and ready for when they come into effect.

What lies ahead for SecureLink?

We want to grow in every country in which we operate and to expand into new markets, becoming Europe's dominant cybersecurity provider. This isn't because we want to grow for the sake of growth. No. We are responding to our clients, who are asking us to support them in their operations throughout the continent.

What are your top three pieces of advice to companies that want to protect themselves from cyber threats?

It is all about having a holistic approach to cybersecurity. First, you need to have the right technology in place to protect you. Secondly, you need to ensure your people are trained on how to minimise risks. Lastly, it is all about preparation - you have to have the right processes and systems in place in order to respond swiftly and effectively in the event of a cyber-attack.





Investment in Cloud solutions provider

Calligo

Earlier this month, Investcorp's technology investments team made an initial investment of \$5 million, which can go up to \$20 million, in Calligo Limited ("Calligo"), a fast growing provider of cloud solutions focused on serving the global mid-tier enterprise segment.

Founded in 2012, with the aim of leveraging jurisdictions across the globe that offer a robust data protection framework, Calligo provides a trusted cloud platform for hosting mid-tier enterprises, their data and applications. The company's proprietary cloud platform offers the highest levels of data privacy along with application performance guarantees, commercial flexibility and a personalised support service. Calligo services hundreds of clients all over the world from its locations in Jersey, Guernsey, Switzerland, Singapore and Bermuda. The investment by Investcorp is expected to accelerate Calligo's international expansion with new office locations in North America and the UK.

Commenting on the investment, Gilbert Kamieniecky, Managing Director focused on Investcorp's technology investments in Europe, said, "The mid-tier enterprise segment is lagging behind in adopting

cloud solutions. In our view, Calligo pairs an attractive market opportunity with a highly attractive product and a proven and experienced management team. With our strong track record of working with fast-growing, founder-owned businesses in the technology space, we believe that we will be a valuable partner to the company as it continues to expand internationally, both organically and through targeted add-on acquisitions."

Calligo is well positioned in the fast growing public cloud infrastructure as a Service (IaaS) market, which grew 51% in 2015 and is expected to more than triple in size by 2020. Mid-size enterprises represent the fastest growing, most underserved business segment with a cloud adoption rate of only 5%. In the first nine months of 2016, Calligo grew its revenues by approximately 100% year-on-year.



Gilbert Kamieniecky



Corneliani

Investcorp add another luxury brand to its portfolio



Tarek AlMahjoub



Continuing its long association with luxury brands, in June Investcorp announced that it reached an agreement to acquire a majority stake in Italian menswear specialist Corneliani.

Founded in 1958, Corneliani is a luxury clothing brand best known for its men's suits and chic casualwear and is one of

the oldest independent Italian luxury brands. Founder, Carlalberto Corneliani has, alongside his brother Claudio, built a business whose clothing line has become reputed across the international luxury apparel industry. The firm's expansion into the casual wear market has seen its international presence grow significantly, with stores established across Europe, the US, Asia and more recently into emerging markets.

Corneliani employs approximately 1,100 people and benefits from a global sales presence in 68 countries through 10 directly operated stores, approximately 850 multi-brand stores, more than 75 franchise stores and 50 store-in-stores, including Harrods, Harvey Nichols, Saks Fifth Avenue and Bloomingdales. As the luxury clothing market has shifted towards more casual lines of clothing, the Corneliani brand has adapted well to the changing conditions, combining tradition, quality and modernity into each new collection.

Carlalberto Corneliani said, "After

over six decades building Corneliani, I believe the time is right for me to pass the company to a trusted custodian who can build on the vision and journey that I embarked upon with my brother in 1958. I am confident that Investcorp is the best partner Corneliani can hope for and I have no doubt that they will develop this business to become one of the leading players in its market, similar to the success stories they have cultivated in Gucci, Tiffany & Co and Dainese."

Tarek AlMahjoub, Principal, Placement & Relationship Management at Investcorp, said, "With our extensive experience developing family-run businesses in the luxury fashion industry, we believe that we are well positioned to build greater brand awareness and add further value to the company as it looks to expand internationally. Corneliani is a world-renowned brand and we look forward to working with its management team to help the business reach its full potential."



Record Levels of US Real Estate Deal Activity



Raleigh Student Housing Portfolio, Raleigh, North Carolina

Investcorp affirmed its status as the top private Gulf-based investor in US real estate with a raft of acquisitions across the country in recent months. In September, Investcorp launched a portfolio of five multifamily apartment properties and five student-housing properties in major metropolitan markets. This was followed by the launch of a 41-story, Class A office building in Seattle, Washington known as 901 Fifth Avenue for approximately \$223 million. Most recently, in November, Investcorp launched a diverse portfolio of real estate properties in the Boston and Denver metropolitan areas, for a total purchase price of approximately \$250 million. The acquisitions are consistent with Investcorp's strategy to invest in well-located, high-quality properties throughout key US markets that it believes

will provide attractive cash yields as well as upside.

The conclusion of these deals represents the culmination of a 12-month period during which Investcorp saw record investment volume in real estate of approximately \$1.5 billion of gross transaction value. According to Real Capital Analytics Investcorp has, for the past 10 years, been the top private Gulf-based investor in US real estate.

Discussing 901 Fifth Avenue, Herbert Myers, Managing Director at Investcorp, said, "We believe 901 Fifth Avenue offers stable, long-term value in one of the most dynamic gateway markets in the western United States. This acquisition further exemplifies our strategy of identifying alternative investment opportunities that can deliver superior returns. What we liked



Herbert Myers

about this Property is its great location. The Property is easily accessible via the region’s primary freeways and public transportation options, and is within walking distance to high-end restaurants, retail outlets, hotels, cultural attractions and Seattle’s court houses, fueling significant demand for office space from legal firms.”

Commenting on the acquisitions in Boston and Denver, Michael O’Brien, Managing Director of Real Estate Investment at Investcorp, said, “Boston and Denver benefit from strong market fundamentals, which make them highly desirable and appealing locations for investments. These acquisitions are a natural fit for Investcorp. We believe that our experience in this market, together with the strong fundamentals of these properties, will give us the firepower we need to maximise the upside potential.”

901 Fifth Avenue, Seattle, Washington

901 Fifth Avenue is a 540,589 square foot, multi-tenanted office building located in Seattle’s central business district. The Property is 90% occupied by a diverse roster of 46 tenants, involved in a broad spectrum of businesses, including technology, legal services, and professional services. Seattle is one of the most desirable gateway markets for real estate investments in the US, and has one of the lowest vacancy and highest projected rent growth rates. The region has had an annual employment growth rate of 2.8 percent compared to the national rate of 1.9, and has projected

strong growth over the next five years.

Little Cottonwoods Apartments

Little Cottonwoods Apartments is a 379 unit, Class B, “garden style” apartment property located in the Tempe submarket of Phoenix, Arizona. Phoenix is projected to have amongst some of the highest percentage of employment growth of major US markets over the next few years, and is also projected to experience significant rent growth. Little Cottonwoods was acquired in joint venture with TruAmerica and is the fourth transaction done with them.

Raleigh-Nashville Multifamily Portfolio

The Raleigh-Nashville multifamily portfolio is a four property, 1,176 unit, Class B apartment portfolio with three assets located in Raleigh, North Carolina and one in Nashville, Tennessee. The properties are in upscale suburban neighborhoods, offering convenient access to employment hubs.



Centerpoint I & II, Denver, Colorado

Raleigh boasts a healthy labor market, with new and expanded companies attracted by its affordable cost of living and high concentration of growing industries. Nashville has one of the lowest



The Avenue, Indianapolis, Indiana



Michael O'Brien

901 Fifth Avenue

Seattle, Washington





4050 Lofts, Tampa, Florida

unemployment rates in the country, and a well-diversified economy driven by a skilled labor force, low cost of living and pro-business environment. The Raleigh-Nashville portfolio was acquired in joint venture with Redwood Capital Group and is the fourth transaction with them.

Tampa and Indianapolis

The Tampa and Indianapolis properties are comprised of two recently built, Class A student housing communities totaling 1,080 beds; with 722 beds located in Tampa and 358 in Indianapolis. These properties serve students attending the University of South Florida and Indiana University-Purdue University Indianapolis, respectively, and average close to 100 percent occupancy year over year.

Raleigh Student Housing Portfolio

The Raleigh Student Housing portfolio is comprised of three recently built, Class A student housing communities totaling 890 beds in Raleigh, North Carolina. These properties serve students attending North Carolina State University and have historically maintained nearly 100% occupancy.

Both student housing transactions were acquired in joint venture with The Preiss Company and represent the fifth and sixth transactions with them.

Boston portfolio

Boston is the 10th largest metropolitan area in the US with an unemployment rate of 3.5 percent, well below the national rate of 5 percent. Boston Metro Industrial, a 900,000 square foot, four building industrial portfolio, is 95 percent

occupied. The industrial market in Boston has been fueled by robust demand for real estate due to growth in the e-commerce field.

The second Boston acquisition, Blackstone Science Square, is a 99 percent leased 76,038 square foot office/lab property in Cambridge, Massachusetts, leased primarily to tenants in the life-sciences industry. Located between Harvard and MIT, Cambridge is home to over 300 life science and technology companies, representing the largest concentration of life science firms in the US

Denver portfolio

Denver, the 21st largest metropolitan area in the US, is consistently ranked as one of the fastest growing cities in the country with the population expected to increase to over 3.5 million residents by 2020. In 2015, Forbes rated Denver as one of the best places in the country for businesses and careers. This is highlighted by Denver's current below-average unemployment rate of 3.2 percent.

Investcorp has acquired several commercial properties in the Denver area, including Centerpoint I & II, a 370,000 square foot office complex in Denver's Midtown submarket. The Firm has also acquired Arapahoe Business Park and 345 Inverness, a portfolio of 10 office/flex properties comprised of 485,000 square feet and located in Centennial and Englewood, Colorado.



Blackstone Science Square, Boston, Massachusetts

Investcorp hosts its inaugural event in collaboration with **Dubai Chamber of Commerce and Industry**



Investcorp hosted a group of young Emirati business leaders at the Dubai Chamber of Commerce and Industry's headquarters in Dubai, on 29 September 2016, for a knowledge-sharing seminar on "How to take mid-market companies to the next level". This was the first of a series of workshops and training seminars that Investcorp had agreed with the Dubai Chamber's Tejar Dubai Youth Council in a Memorandum of Understanding (MoU) signed earlier this year.

Led by Investcorp's Co-Chief Executive Officer, Mohammed Al-Shroogi, and Head of Corporate Investment - North America, David Tayeh, the Seminar discussed Investcorp's extensive experience in working with family businesses in the GCC region and

worldwide, and the expertise it has in place to transform businesses into industry leaders and move them into the next phase of their growth strategy.

In his opening remarks, Mr. Al-Shroogi emphasised Investcorp's ongoing commitment to share knowledge and expertise in the UAE and Dubai in particular, saying: "We see the UAE as a second home for Investcorp as we have been active in this market since the inception of the Firm. It is outstanding to see how the UAE continues to be a model that inspires other countries around the world. What Dubai has achieved over a very short span of time is testimony to the great efforts of entities such as Dubai Chamber of Commerce and Industry."

Investcorp's partnership with Tejar

Dubai Youth Council aims to strengthen the cooperation and coordination of the two organisations to promote the development of skills amongst young Emirati business leaders in Dubai through thought leadership and knowledge sharing seminars.



Mohammed Alardhi Discusses Global Business and Global Crises at **Harvard Symposium in New York city**

Mohammed Al Ardhi spoke at the inaugural “Private Interests, Public Issues” Symposium on 5 October 2016 at the Harvard Club in New York City, which was hosted by the Harvard Law School Association of New York City and the Harvard Business School Club of Greater New York. The Symposium brought together an elite group of Harvard Business School and Harvard Law School alumni and industry and public sector leaders to discuss the major issues facing the global economy today.

Mr. Alardhi participated in the ‘Global Business and Global Crises’ panel and discussed topics including economic opportunities in the Gulf amid current oil prices, the importance of innovation, the refugee crisis and Brexit. During the panel discussion, he provided insight into key global business challenges, emphasising the following:

- The role GCC countries will continue to have in globalisation and business transformation, specifically how the GCC countries should diversify



their economies using the current challenging economic landscape opportunistically;

- The critical need for businesses and governments globally to embrace innovation post the financial crisis in order to drive change and create a stronger business and social environment;
- The fact that the international community is not currently living

up to its values when dealing with refugees and the importance of integrating refugees into the workforce as a manner of driving GDP growth; and

- Investcorp’s belief that London will remain a global financial hub providing access to European markets with attractive opportunities for investors.

Investcorp makes

strategic hires across the business

As part of our ongoing investment in people and infrastructure, we welcomed [14] new joiners over the last seven months, with strategic hires made across our various business units.

We are very pleased to have with us Andy Stevens, who joined Investcorp as an Adviser to the Executive Committee. Andy will provide strategic advisory services with a particular focus on Investcorp's growth initiative to more than double its assets under management and net income over the medium term.

In Finance and Treasury, Daniele Vecchi joined Investcorp as Managing Director and Head of Treasury and Investor Relations. Prior to Investcorp, Mr. Vecchi worked for Transmed in Beirut, where he held the position of Chief Financial Officer.

In Product and Relationship Management (PRM), we were pleased to welcome Gabriel Aractingi as Managing Director. He will assume the role as head of central and eastern province once approved by the regulatory authorities in Saudi Arabia. Mr. Aractingi joined Investcorp from Morgan Stanley Saudi Arabia, where he was country CEO. Meanwhile, Fahad Kurdi, Manaf AlMenaifi, Nahar Houthan, Vicente Perez Camara and Yousef Alhozaimy all joined the PRM team as Principals, with Khalid Soufi joining as an Associate Vice President.

Corporate Investment welcomed Kirk Fleischer as a Principal in its North

Investcorp continues to invest in attracting and retaining industry top talent

American team. Elsewhere, Julian Bennet joined as a Vice President within Corporate Investment European Technology. Finally, Oguz Oner was appointed as a Vice President in the Corporate Investment MENA team.

In Corporate Development, Habib Abdur-Rahman joined Investcorp as a Vice President. Meanwhile, Investcorp's recently launched Real Estate Europe team welcomed Pierre De La Rochefoucauld as a Vice President.



Andy Stevens



Gabriel Aractingi



Daniele Vecchi



Manaf AlMenaifi



Nahar Houthan



Vicente Perez Camara



Yousef Alhozaimy



Khalid Soufi



Fahad Kurdi



Kirk Fleische



Julian Bennet



Oguz Oner



Habib Abdur-Rahman



Pierre De La Rochefoucauld

Global Macro and Markets Outlook



Rebecca Hellerstein

Following a tumultuous start to the year, when investors contemplated the risk of a return to a deflationary environment, the second half has unfolded on a quieter note. Indeed, equity market realised volatility has broken to historical lows, with the S&P 500 index pinned at 2175 for much of the summer. Although index investors enjoyed a well-deserved summer lull, factor investors were swept along in yet another wild ride. Macro surprises signaled the onset of an inflationary regime, with significant consequences for alternative risk premia.

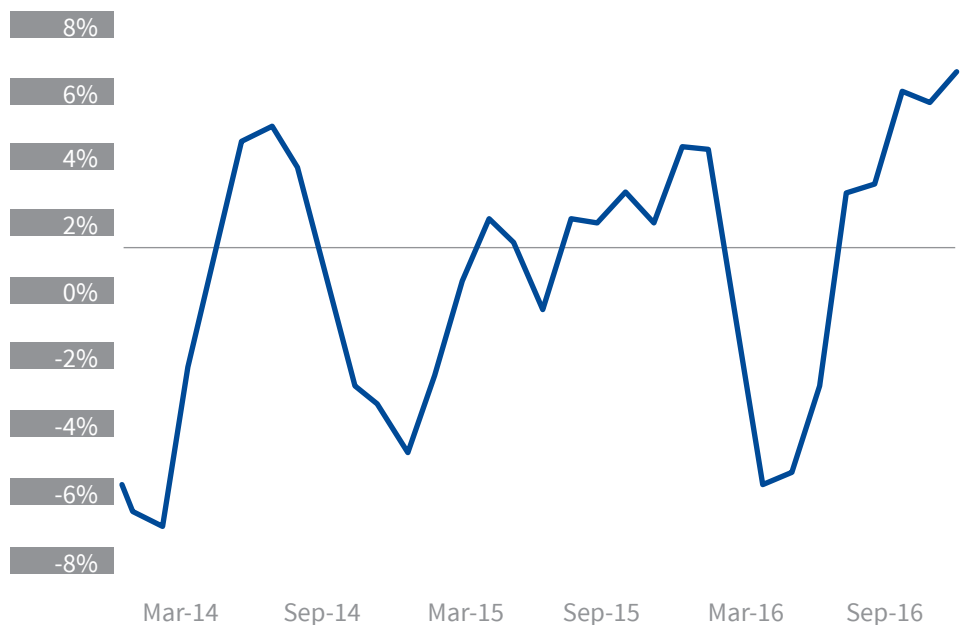
Since hitting a trough in February, our proprietary leading economic indicator for

the G7 economies has continued to creep higher, as illustrated above. This nowcast measure is designed to lead official industrial production releases by roughly three months. Historically, inflection points in the series have been associated with major turning points in the business cycle—and in markets. The continuing upward trajectory suggests further growth acceleration in the coming months.

The pick-up in growth was accompanied by upside surprises in inflation. As illustrated below, the Citi US Inflation Surprise index, which tracks forecasts relative to releases, has accelerated higher since April, with data surprises consistently outpacing

IVC Global Leading Economic Indicator Developed Market Growth

Source: Google, Investcorp



Citi US Inflation Surprise Index

Source: Citi, Bloomberg



market expectations. This has spurred higher volatility across certain market themes (e.g., “lower for longer”) as investors reevaluated positioning amid the shift toward the inflationary end of the spectrum. Inflation breakeven rates moved higher, in line with equity value, while more defensive sectors significantly underperformed.

With respect to monetary policy, the third quarter saw some significant developments. Once again, the BoJ took center stage, as it shifted its focus away from quantitative easing, to an innovative framework referred to as yield-curve targeting. The new policy is meaningful for several reasons. First, it represents

an official acknowledgement that flat yield curves are counterproductive to the central bank’s stated objective of reflating the economy. Excessively low long-term interest rates put enormous pressure on commercial bank profitability, impeding a key monetary policy transmission mechanism. In essence, the BoJ finally recognised that the health of its banking system, including its ability to profit

from maturity-transformation activities, is critical to its efforts. It is yet to be seen whether the new framework will sufficiently revive Japanese bank fortunes. So far, at least, investors have given the Japanese central bank the benefit of the doubt: bank stocks have outperformed since hitting relative lows in June.

Another reason why the BoJ’s turnabout is noteworthy is because it calls attention to how significantly central banks’ quantitative easing policies are being impacted by current supply-and-demand dynamics. At the prior pace of the central bank’s targeted bond purchases, the BoJ would have been left holding nearly half of the Japanese government bond market by the end of 2017, as illustrated in the table below. Obviously, this had broad implications for JGB liquidity and cast doubt on the central bank’s ability to sustain such measures. That said, the new framework has likely moved markets a step closer to the unfortunate realisation that monetary authorities have exhausted policy toolkits. Short of introducing “helicopter money,” we expect the impact of the shift to remain limited with respect to the growth and inflation outlook, which has consequences for the long-term balance of risks.

Relative Performance of DM Banks

Source: Google, Investcorp



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