

INVESTCORP

THE REVIEW

NEWSLETTER // OCTOBER 2018

Investcorp Makes its First Investment in **CHINA**

INSIDE

Investcorp
on Instagram

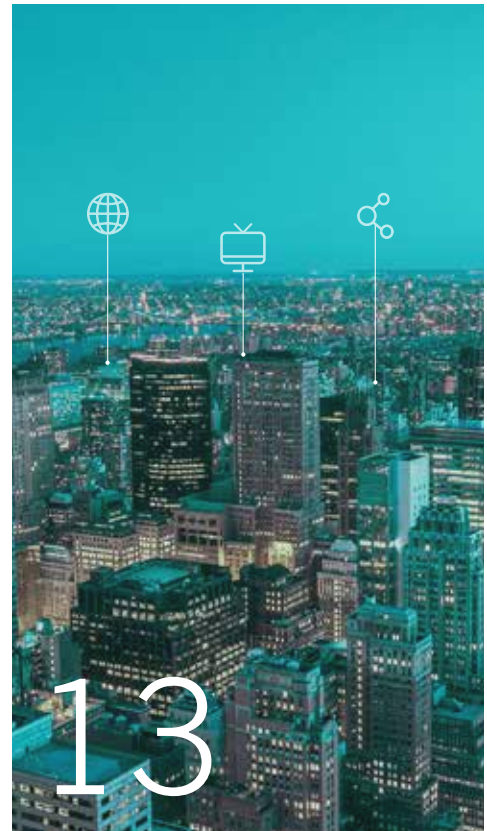
Interview with
Gilbert Kamieniecky

"Opportunities in
Credit" - White
Paper

Four Achievement
Awards from EMEA
Finance

GCC Board of
Directors Workshop

CONTENTS



04 // Note from Co-Chief Executive Officers
Collaboration and Innovation Driving us Forward

05 // Letter from the Executive Chairman
Truly Global

06 // Marketplace
· Follow us on Instagram
· Hires

08 // Private Equity
Investcorp Makes its First Investment in China

10 // Interview
Gilbert Kamieniecky, Private Equity – Technology Investment



18

12 // New Deals

Investcorp Enters Private Banking Sector

13 // Private Equity

- Acquisition of ICR
- Acquisition of KSI Trading
- Sale of Veco Precision, a Division of SPGPrints
- Sale of Nobel Learning Communities
- Full Exit from Gulf Cryo
- Buy-and-Build Strategy in German Healthcare Sector

18 // Real Estate

Acquisition of Two Office Campuses in Germany

20 // Absolute Return Investments

Strategic Partnership with Shoals Capital Management



21

21 // Credit management

"Opportunities in Credit" - White Paper

22 // Awards

Four Achievement Awards from EMEA Finance

23 // Board Matters

- Dr Ann-Kristin Achleitner Joins Our International Advisory Board
- A Tribute to Kofi Annan

24 // In Partnership

2018 Leadership Program at INSEAD

26 // In Partnership

- GCC Board of Directors Workshop
- MENA and Turkey CEO Conference

27 // FY18 Results

Growth Continues with Net Income Rising to \$125 Million



24

Collaboration and Innovation Driving us Forward



Rishi Kapoor

Co-Chief Executive Officer



Hazem Ben-Gacem

Co-Chief Executive Officer

Our success to date in terms of delivering enhanced value to all our stakeholders is very much the result of our differentiated business model, and the committed leadership and excellent team responsible for its execution.

A key element of that success are the core values of innovation and collaboration that underpin all aspects of our business – from geographic expansion and client diversification to differentiated product offerings and new investment opportunities.

Our forward-looking strategic mindset, collaborative mentality and innovative attitude have supported our continued strong performance, despite the uncertain global macroeconomic and geopolitical backdrop.

Over the past few months, Investcorp set its first milestone in Asia by expanding its investors base to include new Asia-based investors, as well as launching its first Asia-centric investment product in partnership with one of Asia's leading alternative asset managers.

We are happy to announce the significant expansion of our investor relations teams in the US, Europe and Asia. Top professionals with deep

track records in institutional fundraising have joined Investcorp and they will work hand in hand with all products lines to offer our investors across the globe best-in-class products across different asset classes.

For the remainder of FY2019 our sights are set on seeking fresh opportunities to grow our global presence and add more product offerings to our existing suite, keeping in mind, as always, the preferences and best interests of our clients and all other stakeholders.

A handwritten signature in black ink, appearing to read 'Rishi Kapoor'.

Rishi Kapoor

Co-Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Hazem Ben-Gacem'.

Hazem Ben-Gacem

Co-Chief Executive Officer

Truly Global



Mohammed Alardhi

Executive Chairman

Now more global than ever, Investcorp continues to deliver on its growth strategy, especially after ending our 2018 fiscal year with a strong financial performance.

Our growth was strengthened by considerable geographic expansion achieved over the past 18 months. This includes the diversification of our market presence, investment activity and, most importantly, our investor base. We have also added further depth to our product offerings. This resulted in record levels of activity in terms of investment, divestment and fundraising across all markets.

The major announcements that we made during this quarter are testament to the multitude of activity that we are undertaking around the globe.

We went deeper in our historical markets, and broader into new frontiers.

Our \$300 million warehouse acquisition, the biggest Real Estate acquisition in our history, was driven

by our belief in the fundamentals of the US economy. This came after two major Private Equity investments in two leading US companies, UTA, one of the most prominent talent management firms and ICR, the reputed communications and public relations agency.

We also increased our activity in the European Real Estate market with our acquisition of an office complex in Germany.

Heading East, our increasing focus on Asia resulted in our debut investment in China. We partnered with the reputable sovereign-backed, China Everbright Limited, to target investments in high-growth Chinese technology companies.

I am also pleased to know from our placement team that their activity is growing in Asia.

As we continue to expand our global position, our focus remains on connecting our increasingly diverse base

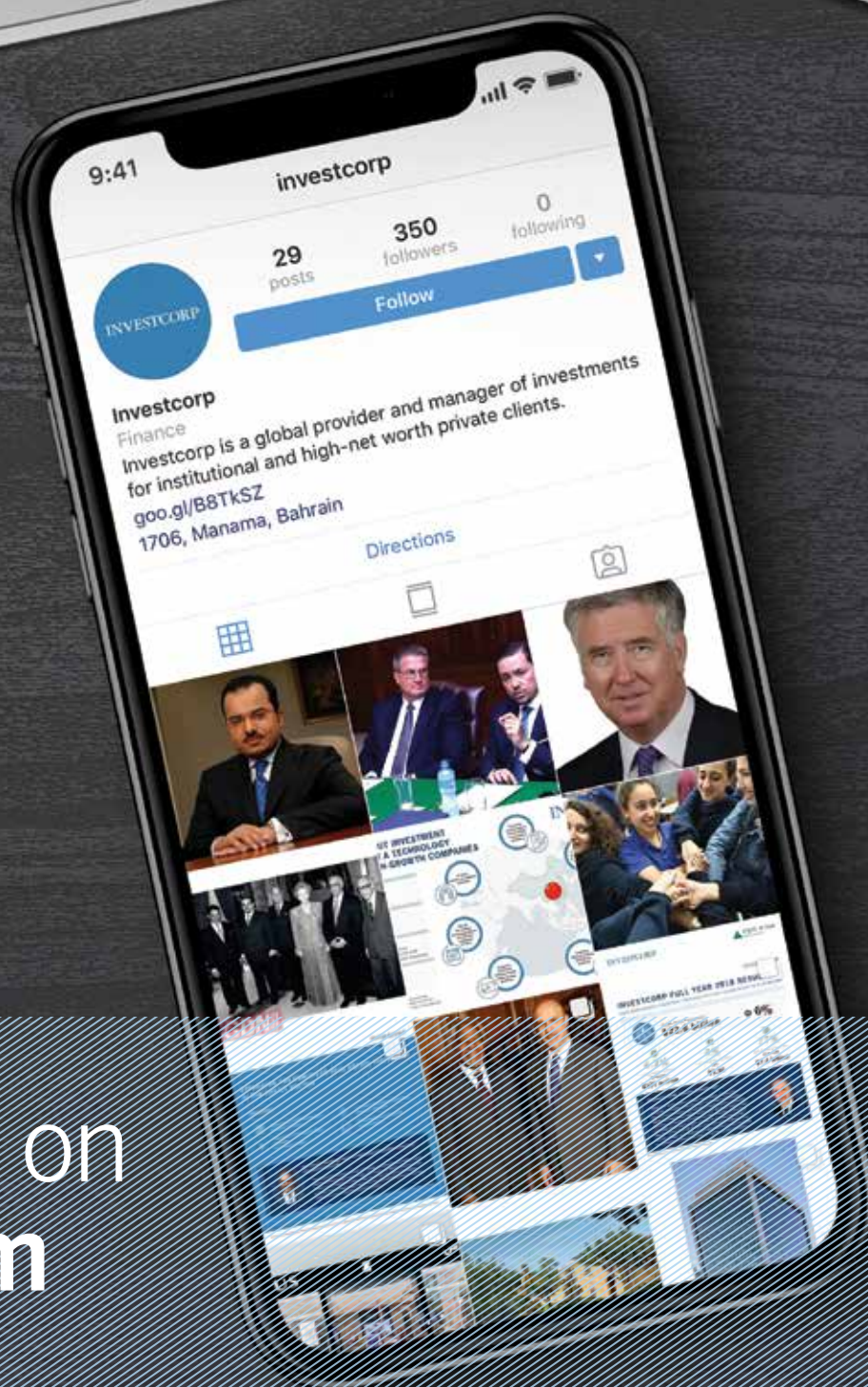
of clients with interesting investment opportunities around the world.

At the same time, we continue to look for ways to bring our products to a broader institutional investment community. Our recent investment in Banque Pâris Bertrand provides a further channel for the Swiss bank to enhance its commercial offering to clients and for Investcorp's clients to access a leading independent investment advisor.

With your support, we look to the next phase of Investcorp's evolution with confidence and excitement, as our business continues to find new opportunities to serve your global investment interests.

A handwritten signature in dark ink, appearing to read 'M. Alardhi', with a stylized flourish at the end.

Mohammed Alardhi
Executive Chairman



Follow us on Instagram

Investcorp officially launched its corporate Instagram account, [@Investcorp](#) as part of our strategy to further engage with clients, employees and stakeholders globally. This new platform offers our followers a more visual approach to learn more about our business and the volume of activity going on across the firm.

Our goal is to curate a positive and interesting company image and provide our followers with insights into our business activities, thought leadership, culture, impact and accomplishments around the world.

Investcorp Makes Senior Management Changes and Strategic Hires Across the Business



Dominic Courtman

institutional clients across international markets.

In Investcorp's European Credit Management business (ICM EU), we were pleased to welcome Dominic Courtman as Portfolio Manager and Director. Based in London, Courtman is responsible for the portfolio management and structuring of closed-end credit funds and separately managed accounts in Europe. He brings a wide range of experience across credit markets to Investcorp, including expertise of investing into both large-cap and mid-cap leveraged loans, high yield bonds and junior debt.



Heinrich Riehl

Investcorp's European Sales and Marketing team also welcomed Heinrich Riehl as Managing Director, who is overseeing fundraising and investor relations functions in Europe for Investcorp's Credit Management (ICM) and Absolute Return Investments (ARI) businesses. Heinrich joins Investcorp from TCW Europe, where he most recently led the business as CEO for 4 years having joined in 2011 as Managing Director in international marketing. He has over 25 years of experience in global capital markets leading business development and sales teams at BlackRock, Société Générale Asset Management. He has also held senior sales positions in cash equities with J.P. Morgan, and Credit Agricole.



Jan Erik Back

As part of our ongoing efforts to accelerate the firm's growth strategy and potential, Investcorp has approved a number of changes to the senior management team and structure, along with four new appointments across our various business units.

The changes were in part catalyzed by Mohammed Al-Shroogi's decision to retire as Co-CEO. Al-Shroogi, who joined Investcorp in 2009, remains with the firm as a Senior Advisor. Co-CEO Rishi Kapoor, who has had an exemplary career at Investcorp for over 25 years, remains in his position and is now joined by Hazem Ben-Gacem as Co-CEO. Ben-Gacem has been leading the firm's European Private Equity team since 2012. Daniel Lopez-Cruz, a long-standing Managing Director in the European Private Equity team, has succeeded Ben-Gacem as head of that business.

We are also pleased to be joined by Jan Erik Back as Group Chief Financial Officer. Jan Erik has more than 30 years of industry experience, the majority of which was in senior finance roles of financial services firms including SEB (Skandinaviska Enskilda Banken AB), Skandia and Handelsbanken. Most recently he served as Executive Vice President and Chief Financial Officer of SEB, a leading Nordic financial services group providing retail and merchant banking, wealth management, and life insurance services to its corporate and

Investcorp Makes its First Investment in China





Investcorp will commit up to \$150 million in the second round of fundraising for the China Everbright Limited New Economy Fund, which will be invested in high-growth Chinese technology companies that operate in a wide range of market segments, ranging from e-commerce and internet services to smart retail and artificial intelligence.

Given Everbright's experience in high-growth technology in China, Investcorp is confident that the partnership will allow for the successful continuation of the company's current global expansion strategy.

China is the world's second largest economy and Investcorp's commitment to its technology sector recognises that the country is home to some of the fastest growing 'unicorn' technology companies in the world. Everbright's fund provides the opportunity to capitalise on the ongoing economic transformation, innovation, and technological revolution currently taking place in China.

Investcorp's Executive Chairman, Mohammed Alardhi, explained the investment as part of the wider expansion strategy: "Investcorp continues to execute its global expansion strategy in order to provide its clients, partners and stakeholders with access to a wider range of attractive investment opportunities worldwide. We continue to innovate and carefully adapt our investment strategies to meet the evolution of both the international marketplace and our clients' needs. Today, China is a pivotal pillar of the world economy and a critical component of a balanced global asset allocation strategy."

Hazem Ben-Gacem, Co-Chief Executive Officer of Investcorp, added: "As a global investor in technology, we are pleased to announce this partnership with Everbright who we believe, with its on-the-ground expertise, is an ideal partner for Investcorp in the Greater China region. We look forward to working with Everbright's CEO, Chen Shuang, and his team."

Investcorp Technology Partners Acquired Berlin-Based Softgarden

Interview with Gilbert Kamieniecky



Gilbert Kamieniecky

*Managing Director, Private Equity – Technology
Investment*



In September, Investcorp Technology Partners acquired Berlin-based Softgarden, a fast-growing Human Resources (HR) software provider. Founded in 2005, Softgarden offers an innovative recruitment technology platform to a diversified set of German middle-market and enterprise customers.

In an interview with Gilbert Kamieniecky, London-based Managing Director, Private Equity – Technology Investment focused on Investcorp's technology investments in Europe, he provided additional details on Investcorp's decision to invest in Softgarden.

What attracted you to Softgarden and the recruitment sector more broadly?

The HR software market is very appealing, particularly in the German middle-market. At the moment Germany is essentially at full employment. This underlines the level of competition for high quality candidates and how efficient companies need to be in their recruiting processes in order to attract the best people. Currently, companies spend on average 42 days to fill positions, yet the top 10% of candidates find a job within 10 days. That's the mismatch that we are trying to address. You effectively have good candidates finding jobs immediately whilst many companies are taking too long to process applications via legacy technology solutions and processes, including



“pen-and-paper”, which is still more common than one may think. Softgarden is looking to help employers reduce time and costs while giving candidates a better experience, delivering a clear return on investment to both customers, candidates and their employees.

We had reviewed several different opportunities in the HR space before deciding to invest in Softgarden, which we think has one of the most innovative and complete technology products in the European market. They have also performed very strongly financially - growing over 35% annually while being EBITDA positive – which has given us a lot of comfort in this investment.

How do you plan to support the business? What is your investment thesis?

Our immediate focus is on organic growth opportunities. The total market for HR software in the DACH region is around €1 billion, with the middle-market segment expected to experience double-digit growth in the coming years. We will work with the management team to consolidate Softgarden’s leading market position and further accelerate growth with a focus on Germany, Austria and Switzerland.

In Germany in particular, the market is highly fragmented, and we have already identified some potential acquisition opportunities. At the right time in the future, we will also explore international expansion opportunities.

Softgarden is the fourth investment by our Tech Fund IV. Our first three investments from the Fund have already made seven add-on acquisitions in the last two years.

What makes an Investcorp Technology Partners investment and how does Softgarden exemplify your approach?

We focus on investing in European lower middle-market technology companies offering proven products in established markets. Within technology, we focus on several sub-sectors including payments, cybersecurity, vertical application software as well as companies with data-centric business models. All of these sub-sectors are characterized by attractive end market dynamics and long-term sustainable growth drivers. Generally, we only consider investments in profitable business-to-business companies and have a strong preference for founders to

stay involved following our investment.

We enjoy working closely with business founders and for three of the four investments from Tech Fund IV, the founders are still actively involved in the senior management of their respective companies. Entrepreneurs are highly driven and energetic, but acknowledge that at some point their business has reached an inflection point where they need to bring in a partner who can help them scale further. Much of our involvement with our portfolio companies includes helping them to put in place the right processes, people and infrastructure to take the company to the next level. In many cases, this also involves helping them expand internationally and / or execute add-on acquisitions.

Investcorp has actively invested in the technology sector for a number of years. What are the most interesting sub-sectors in this space at the moment and why?

We have a strong track-record of investing in fast-growing business-to-business technology companies that are highly data-driven.

Today, the world is generating more data than ever before, which creates immense opportunities for businesses that are able to analyse, use and monetize data in a smarter and more efficient way than their competition. Conversely, there is also a need to securely host and defend these vast amounts of new data sets against online attackers, which makes the cybersecurity space particularly attractive in our view. Calligo, the first Investment of Tech Fund IV, which provides secure and privacy-focused cloud hosting solutions has benefitted tremendously from this trend as companies are increasingly looking for trusted technology providers that can provide holistic data solutions and services.

We are also observing that certain traditional verticals such as Education, Professional Services and Human Resources are still at relatively early stages of digitalization and a number of companies are emerging to address the need for technology solutions as they undergo this transformation. This theme has been a major driver in the investment strategy of Tech Fund IV, including our investments in Ageras (marketplace for professional service providers), Impero (online safeguarding for students) as well as Softgarden, the most recent addition to our portfolio.



Investcorp Enters **Private Banking** Sector



Hazem Ben-Gacem

Co-Chief Executive Officer



Investcorp has acquired a strategic minority investment in Banque Pâris Bertrand Sturdza (the “Bank”), an independent, Swiss-regulated private bank based in Geneva and Luxembourg.

The investment is the latest milestone in Investcorp’s ambitious growth strategy to reach \$50 billion of AuM over the medium term. The Bank has experienced strong growth since its establishment in Geneva in May 2009, growing its AuM at an average yearly growth rate of 35% to CHF 5.3 billion (US\$5.4bn) as of June 2018. It provides independent investment advice and customised investment solutions to over 400 high-net-worth individuals, family offices and institutional clients mainly from Switzerland and Europe, with plans to further expand its geographical reach.

The Bank will be renamed “Banque Pâris Bertrand SA” (PB) and will remain operationally independent. Investcorp will provide PB with additional support to advance its growth strategy, enabling it to further broaden and enhance its commercial offering to clients. Equally, the investment is in line with Investcorp’s strategy to selectively partner with

companies that complement and grow both its existing client offering and international footprint. It brings the additional capability of offering Investcorp’s clients access to PB and its independent investment advice.

Commenting on the investment, Mohammed Alardhi, Investcorp’s Executive Chairman said: “We are delighted to be working with PB and its associates, who represent excellence in the field of private banking through their high-quality service offering and high-performance investment solutions. Investcorp, which benefits from 35 years of direct investments in Europe and the US, has developed a specialist expertise in private equity, real estate and alternative investments, which perfectly complements the offering of PB. The synergies between the two institutions will be significant and mutually beneficial for both parties.”

Pierre Pâris & Olivier Bertrand, Co-Founding Partners of PB, said: “We are excited to welcome our new partners, who, without doubt, will contribute to the Bank’s development across multiple markets, strengthening our global reputation.”

Acquisition of ICR



Investcorp has partnered with global advisory and strategic communications firm ICR to focus on accelerating the company's organic growth, identifying complementary acquisitions and expanding the business globally.

Founded in 1998, ICR helps companies manage credibility and reputational risk to optimize shareholder value. Ranked as a top 5 independent communications firm in 2018 by O'Dwyer's, ICR specializes in investor relations, public relations, crisis and special situations communications, digital/social media, and capital advisory solutions. The firm has 186 team members and works with more than 550 clients across its five offices in the US and China. The senior leadership team at ICR will retain a significant ownership stake in the firm.

ICR's deep industry knowledge across more than twenty sectors and differentiated pairing of capital markets and communications professionals makes it perfectly positioned to broaden its service offerings to meet the growing needs of current and prospective clients. Investcorp looks forward to driving the business's next stage of growth and success through the partnership.

Co-Founder & CEO of ICR Tom Ryan commented on the value of the partnership going forward: "For the past 20 years, we have successfully grown our business by creating true partnerships with our clients and advising them when the stakes are the highest. In today's world, this is becoming even more important given the adverse consequences associated with poor stakeholder communications. That said, this environment has created new opportunities for ICR to expand its services and reach as well as elevate the standards of client engagement. We are thrilled to partner with Investcorp on these efforts, which in turn, will help us better serve our clients and the dynamic challenges they face each day."





Steve Miller

*Managing Director, Private Equity
North America*

Acquisition of KSI Trading

In April 2018, Investcorp announced its acquisition of KSI Trading Corp., a leading distributor of aftermarket auto body parts across the U.S.

KSI is an industry-leading distributor of quality replacement auto body parts servicing more than 10,000 collision repair shop customers across 25 locations in 14 states. As well as providing top quality products, KSI has succeeded in providing superior customer service, rapid order turnaround and competitive pricing over the last thirty years. Headquartered in South Plainfield,

New Jersey, KSI has over 600 employees across the U.S.

Investcorp has a strong history of investments in the automotive and related markets, and with this acquisition, it sees an opportunity for KSI to grow through geographical expansion with the opening of greenfield locations, pursuing acquisitions and establishing stronger relationships with insurance companies and multi-shop operators. KSI will be led by Christopher Patti, the company's newly appointed Chief Executive Officer, who brings experience in both privately-held as well as publicly-traded companies.

Steve Miller, Managing Director, Investcorp's Private Equity North America said: "We are excited to partner with KSI, as they have proven their ability to successfully execute through various market cycles. We have been extremely impressed with the quality and dedication of the

employees who built the company. We look forward to working with Chris and the entire KSI team and we are confident in the company's ability to continue to deliver results, increase market share and accelerate growth over the long term."

Mr. Patti said "I am thrilled to join the best-in-class team at KSI. With Investcorp as a partner, KSI is well-positioned to continue to deliver both strong growth and exceptional customer service."



Sale of Veco Precision, a Division of SPGPrints



Andrea Davis

Managing Director, Private Equity Europe



Investcorp has sold Veco Precision, a Netherlands-based manufacturer of high-precision metal components for a broad range of applications, to Gilde Buy Out Partners and Management.

Veco has been carved out of and sold by its parent company SPGPrints Group B.V, the leading global provider of integrated solutions for rotary screen and digital printing for textiles and industrial applications, which Investcorp acquired in July 2014.

Alongside the management team, Investcorp supported Veco in identifying and establishing Joost Smits' leadership as the Company's Chief Executive Officer, and helped the business grow organically and through add-on acquisitions, thus building scale and enabling the Company to establish itself as a standalone business. Throughout this period, Veco has maintained a track record of innovation and has built a strong pipeline that supports its leading market position and future growth. It has approximately 350 full time employees and serves more than 1,500 customers across approximately 85 countries worldwide from its sites in The Netherlands, United Kingdom, Germany and India.

Andrea Davis, Managing Director, Private Equity Europe at Investcorp said: "Veco is an enormously successful subsidiary of SPGPrints, with a proven track record of innovation and is now well-positioned as a standalone company. By identifying the growth potential in key applications and new clients, through successful add-on acquisitions and significant investments into Veco's technology, we have seen the business prosper. Joost Smits and his team have done an excellent job in preparing Veco for its next phase of growth as an independent business and we wish them every success in the future."

Veco Chief Executive Officer Joost Smits added: "We have greatly enjoyed our partnership with Investcorp and their valuable support in realizing significant growth. There is a solid foundation to continue our journey as a standalone business. We remain committed as a management team to our ambitious growth strategy and look forward to the opportunities that lie ahead with our new partner."



Sale of Nobel Learning Communities



Maud Brown

*Managing Director, Private Equity
North America*



Investcorp has completed the sale of Nobel Learning Communities, one of the leading providers of private education in the U.S. to Spring Education Group, the leading PreK-12 private school operator in the U.S. and portfolio company of Primavera Capital Group, a leading Asia-based investment firm.

Since acquiring Nobel Learning in 2015, Investcorp has worked closely with the company to achieve significant growth, acquiring 25 schools, opening 9 greenfields, and driving organic enrolment, thereby collectively achieving EBITDA growth of over 50 percent during its period of ownership.

Maud Brown, Managing Director, Private Equity North America, Investcorp said: "We are pleased to have helped consolidate Nobel Learning's leadership in the industry by investing further in the schools and their programs. Nobel Learning enjoys a stellar reputation for excellence in the industry and it has been a pleasure to work

alongside CEO George Bernstein, the management team and the Nobel Learning community over the past three years. We congratulate them on their achievements."

George Bernstein CEO of Nobel Learning Communities said "One of the critical factors in our success has been the wonderful relationship that our management team had with Investcorp and the strong board they built. The Investcorp team was always supportive and yet challenged us to improve our strategy and measurements in a way that helped generate increased value. Investcorp took the time to understand our business, schools and culture and became a true partner to our management team."

Investcorp has an experienced history of investment in the education sector and is dedicated to continuing to invest in education companies, utilizing the team's experience, expertise and resources to create value in its portfolio companies.

Full Exit from Gulf Cryo

Investcorp's Gulf Opportunity Fund 1 ("GOF1") has completed a successful sale of its remaining 15.65% equity shareholding in Gulf Cryo Holding Company K.S.C.C., to other shareholders of the Company.

Established in 1953 in Kuwait, Gulf Cryo is a leading manufacturer, distributor and service provider of industrial gases in the MENA and Turkey region. Investcorp has been an equity partner since 2009 and has assisted in delivering several notable achievements, such as institutionalizing Gulf Cryo and supporting its regional expansion plan both organically and through a series of acquisitions.

Commenting on the exit, Head of Private Equity MENA, Walid Majdalani said: "The sale of Gulf Cryo marks an important addition to Investcorp's successful exits in the region. We are very proud to have worked alongside our equity partners, namely the Al Huneidi family as the founder and majority shareholder. Our achievements are testament to the success of Investcorp's business model and our extensive experience supporting the growth of local and regional businesses, while creating value to our investors."

Amer Al Huneidi, Gulf Cryo's Chairman, said: "Our partnership with Investcorp started as we were looking for a value-added partner to help Gulf Cryo achieve its full potential. Today, we want to thank the Investcorp team for their contributions and commitment to support Gulf Cryo by accelerating its growth plan in the GCC and beyond, strengthening management and improving corporate governance."



Buy-and-Build Strategy in German Healthcare Sector

In May of this year, Investcorp launched a platform to enter the highly fragmented German dental sector.

Through its new platform, Investcorp has acquired Schloss Schellenstein GmbH (PSS), a renowned center for implantology and dental surgery in North Rhine-Westphalia and Acura Kliniken, a licensed hospital in the Zollernalbkreis city of Albstadt.

Investcorp intends to make further investments in the German dental market as part of a wider consolidation strategy. With a 30-year track record of building and growing quality

businesses, a key tenet of the strategy is a commitment by Investcorp to fund future investment in accessible and quality care delivered across the dental market across Germany.

Germany is one of Investcorp's core markets in Europe. Having followed the development of the retail healthcare sector for a number of years, Investcorp believes it is now the ideal time to invest in the sector. Investcorp plans to build a sizeable dental business in Germany through a buy-and-build strategy, and its acquisitions of PSS and Acura Kliniken have been ideal starting points to launch the initiative.



Acquisition of **Two** Office Campuses in Germany



Neil Hasson

*Managing Director, Real Estate
Investment Europe*

Investcorp has entered the German real estate market with the acquisition of two modern office campuses for a combined total of approximately €166 million. The two acquisitions form part of Investcorp's broader pan-European real estate strategy following its initial focus on UK industrial and logistics assets.

In April 2018, Investcorp acquired Bürocampus Wangen, a modern office campus situated in the commercial area of Stuttgart, Germany for approximately €80 million. The office campus is comprised of several mixed-use buildings totalling approximately 500,000 square feet and houses well-known tenants, predominantly technology-driven and automotive companies.

Commenting on Investcorp's debut real estate investment in Germany, Mohammed Alardhi, Executive Chairman of Investcorp, said: "This transaction represents the first investment in Germany by Investcorp and is testament to our ongoing European real estate investment strategy and business."

In September 2018, Investcorp announced its second real estate investment in Germany with the acquisition of the KO Campus for approximately €86 million.

The newly renovated KO Campus is a modern office campus situated in Eschborn, Germany, part of the Frankfurt Rhein-Main urban area. It is comprised of three office buildings totalling

approximately 40,000 square meters and is home to some high-profile tenants across the manufacturing, retail and technology sectors. The campus also features state-of-the-art research and development, data and design centres.

Commenting on the acquisition of KO Campus, Rishi Kapoor, Co-CEO at Investcorp, said: "Our European Real Estate team continues to ramp up its momentum in sourcing attractive deals for our clients. This transaction represents an important milestone in our European real estate focused growth initiative and is testament to our confidence in the German market's viability."

Neil Hasson, Managing Director in Investcorp's Real Estate Investment division in Europe, added: "Germany's real estate market is thriving, and demand for office space from local businesses is booming. KO Campus is ideally located in the centre of the Frankfurt urban area, one of the top three real estate markets in Germany and is anchored by well-established tenants who represent a diverse portfolio of industries."

Strategic Partnership with Shoals Capital Management

In March 2018, Investcorp announced its strategic partnership with Shoals Capital Management (“Shoals”), a US-based hedge fund which currently manages approximately \$160 million.

Investcorp and other institutional investors, including a large U.S. pension plan, are providing strategic capital to Shoals. The partnership has significantly bolstered Investcorp’s Hedge Funds Partnership platform, which was launched in December 2004 to provide investors access to select investment talent with the backing of an institutional platform. Through this program, Investcorp works with select partners to provide initial seed and acceleration capital, and distribution capabilities to emerging managers with proven track records and differentiated strategies.

Lionel Erdely, Head and Chief Investment

Officer of Investcorp’s Absolute Return Investments, said of the partnership: “We were excited to announce our investment with Shoals, as we believe it is one of the very few managers that measures the evolving regulatory framework’s impact on fundamental investment analysis across asset classes to inform portfolio decisions.”

Jeffrey Hinkle, Chief Investment Officer and Managing Partner of Shoals Capital Management was equally enthusiastic about the partnership, stating: “We are at an interesting point when deregulation will intersect with late stages of the credit cycle, amplifying winners and losers. Our multi-strategy approach and expertise across credit and equities will help us capitalize on this and uncover unique opportunities for our investors.”



Lionel Erdely

*Head and Chief Investment Officer of
Investcorp’s Absolute Return Investments*



“Opportunities in Credit” - White Paper

In June 2018, Investcorp published a white paper titled “Opportunities in Credit”, co-authored by its Credit Management and Absolute Return Investments teams.

At first glance, generally low long-term yields and significant compression of credit spreads over the last few years may lead investors to believe credit markets are bereft of opportunity in the near-term. Equally, with the U.S. Federal Reserve in its second year of a rate hike cycle with such cycles typically pre-staging a pick-up in credit defaults by one to three and a half years, it's natural that investors may not see this as an obvious environment for traditional carry-based or spread narrowing gains across typical corporate credit. Instead, it would seem the market has its share of potentially asymmetric risks to the downside should the cycle turn.

However, upon closer inspection, Investcorp's Credit Management and Absolute Return Investments teams have identified several credit-related sub-strategies that currently offer investment themes that are not significantly market dependent, but instead potentially provide attractive idiosyncratic returns and margins of safety. These include; U.S. Residential Mortgages, Callable Legacy Residential Mortgage Backed Securities (RMBS), Distressed Middle Market Credit, Italian Non-Performing Loans, Senior Secured Loans and Collateralized Loan Obligations (CLOs). Together, these investments offer a fertile landscape of opportunities that may help investors extract a meaningful return in the current credit environment.

Investcorp Wins Four Achievement Awards from EMEA Finance



Investcorp won four award categories at the 2018 EMEA Finance Achievement Awards in London, highlighting the firm's continued ability to deliver strong returns across a growing product portfolio to its global investor base.

Investcorp was the recipient of awards in the following categories:

- Best private equity house in EMEA
- Best private equity investment in EMEA: Investcorp buys 3i Debt Management
- Best private equity exit in EMEA: Investcorp sells Esmalglass

- Best private equity fund raising in the Middle East: Investcorp's fourth Technology Fund

The awards, which recognise stand-out dealmakers and notable transactions in the region, are nominated by Investcorp's peers and other active participants in the EMEA capital markets.

These accolades reflect the consistent hard work of the Investcorp EMEA team and the effort, skill and dedication of its staff. Whilst serving clients is at the core of the business, Investcorp is pleased to be recognised in this way as a leading

player by other industry participants.

Rishi Kapoor, Co-Chief Executive Officer said: "Receiving these four awards is a great achievement for the firm and demonstrates our ability to deliver on key strategic international growth initiatives, whilst producing robust results for our investors. The past year was transformative for the firm and a year in which we continued to diversify our offering both, geographically and product-wise. We are very proud of our people and look forward to many successes ahead in the coming years."

Dr Ann-Kristin Achleitner Joins Our International Advisory Board

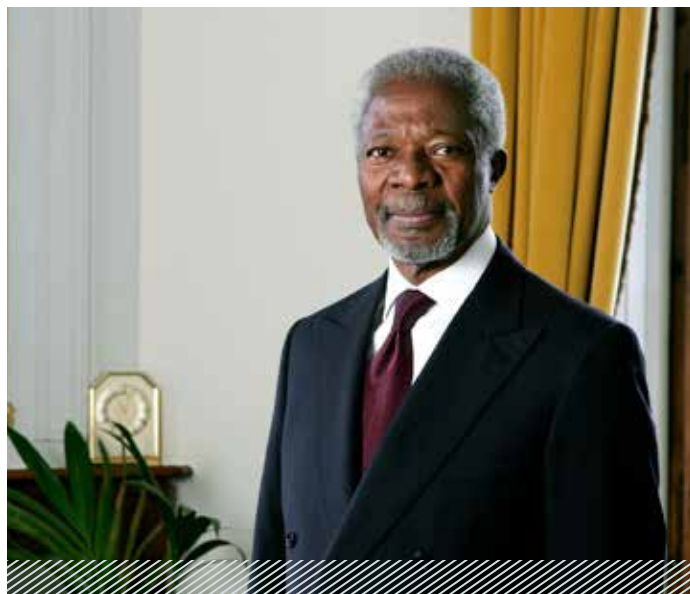


In July 2018, Investcorp welcomed Dr. Ann-Kristin Achleitner to its International Advisory Board. Dr. Achleitner is a well-known German business economist and a high-profile researcher in entrepreneurial finance. She brings specialist expertise of the financing of innovation, venture capital, private equity, family businesses, social entrepreneurship and financing for social enterprises.

Dr Achleitner is currently the Scientific Co-Director at the Center for Entrepreneurial and Financial Studies and Chair of Entrepreneurial Finance at the Technical University of Munich, Germany. Prior to this, she was a Professor of banking and finance at the European Business School in Oestrich-Winkel, Germany.

"I am pleased to be joining the International Advisory Board at Investcorp. In recent years, Investcorp has driven a successful growth strategy that has seen it double its AUM, expand its geographical footprint and broaden its product offering. I look forward to contributing to this exciting story and the next phase of growth", said Dr Achleitner.

Dr Achleitner is a member of the supervisory boards of Deutsche Börse, Linde, Munich RE and serves on the board of directors of ENGIE SA.



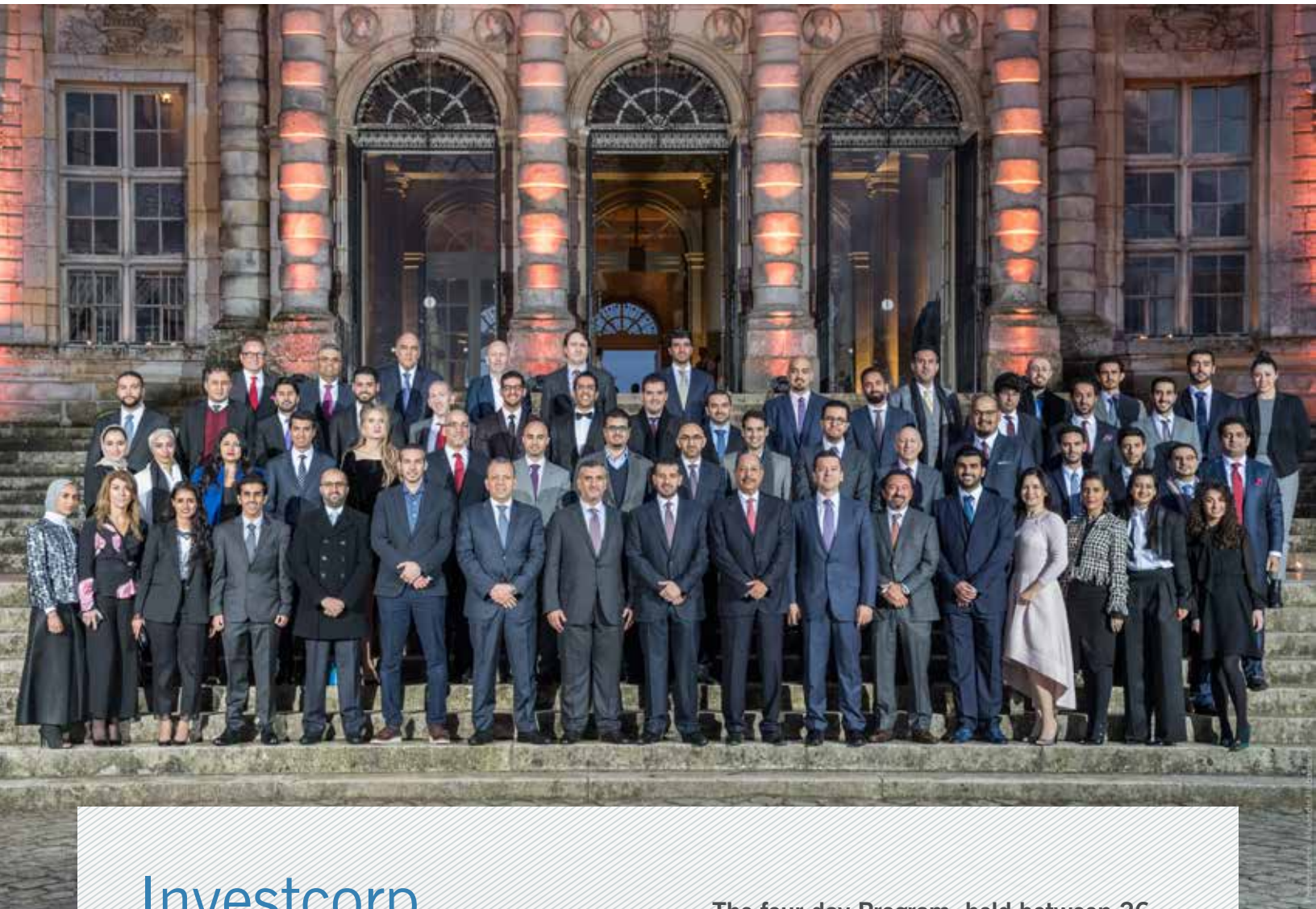
A Tribute to Kofi Annan

Kofi Annan, former UN Secretary-General, was one of the world's most celebrated diplomats and charged with the unenviable duty of safeguarding international peace and security. Kofi was also a respected colleague and friend of Investcorp.

As well as the decades that Kofi dedicated to international diplomacy, he also led a full and rewarding life which touched many millions of people around the world in so many ways. From his efforts to bring peace to the world, to tackling AIDS, or the creation of the Millennium Development Goals, his service was unrelenting. The awarding of the Nobel Peace Prize to recognize his work to create a better organised and more peaceful world was so very well-deserved.

Despite the vast amount of time he dedicated to world issues, Kofi also gave much of his precious time to Investcorp, providing us with a global view, sound advice and wise counsel from which many of our clients have benefitted.

He will be remembered for his balanced, human and insightful guidance, always delivered with a smile and with passion. We will reflect on Kofi's counsel as the firm continues to grow and develop.



Investcorp Hosts its **2018** Leadership Program in France at **INSEAD**

The four-day Program, held between 26 and 29 March on INSEAD's campus in Fontainebleau, France, was attended by over 40 future leaders from across the GCC region. It was uniquely designed to provide participants with a platform, from which to develop their leadership skills and enhance their capabilities to navigate the increasingly challenging global marketplace.

Investcorp organized at INSEAD, one of the world's leading business schools, the 2018 edition of its exclusive Investcorp Leadership Program.



Participants attended sessions focused on leadership and entrepreneurship. Seasoned entrepreneurs at Station F – the world's largest start-up campus located in Paris – shared their experiences of working on disruptive ideas with innovative management approaches. Several of Investcorp's senior leaders delivered talks, sharing insights from Investcorp and its experience as a global investment firm. Loïc Sadoulet and Randel Carlock, Affiliate Professors at INSEAD, also hosted several sessions.

The evening concluded with an exclusive gala dinner, which was held at the Château de Vaux-le-Vicomte. The gala featured a keynote speech from George de Lama, president of Eisenhower Fellowships, as well as a performance by

renowned pianist and Eisenhower Fellow, Claire-Marie Le Guay. The program concluded with a certificate distribution ceremony.

Commenting on the Program, Mohammed Alardhi, Investcorp's Executive Chairman said: "The Investcorp Leadership Program has become a significant milestone in the Firm's business calendar. Every year we try to engineer the best platform for the bright business minds of this region to come together and enhance their strategic thinking skills through world-class education. We see a lot of potential in the rising leaders in the GCC, and we remain committed to equipping them with the necessary tools to progress in their respective careers."

GCC Board of Directors Workshop

Investcorp hosted the 2018 GCC Board of Directors Institute ("GCC BDI") "Foundations of Directorship Workshop". Attendees consisted of 26 participants from leading Bahraini and Saudi Arabian companies, who enjoyed networking and the opportunity to enhance their knowledge and skill sets.

As one of the GCC BDI founders, Investcorp hosted the institute's 2018 workshop which focused on board effectiveness, good corporate governance and best practices in directorship. GCC BDI's vision closely aligns with

Investcorp's long-term ambitions. The event represents a valuable platform to share knowledge and discuss a range of issues and challenges facing the Gulf region. Through the sharing of real world experience, businesses can understand the importance of good governance, a crucial element that supports sustainability and investment appeal of companies.

GCC BDI is a non-profit organization founded in 2007 by four leading corporations: Investcorp, Saudi Aramco, SABIC and Emirates NBD. It

is supported by four leading advisory firms: Allen & Overy, Heidrick & Struggles, McKinsey & Company and PwC and regional regulatory authorities including the Emirates Security and Commodities Authority, the Capital Market Authorities of both Saudi Arabia and Oman and the Central Bank of Bahrain. It has been the forerunner in promoting corporate governance in the region for the past 10 years, with a proven track record of program delivery, workshops and board evaluations.

Investcorp Holds its MENA and Turkey CEO Conference in the Gulf for the First Time

This year, Investcorp held its CEO Conference in the Gulf, which gathered over 20 CEOs and c-suite executives from the Firm's portfolio companies to discuss macro trends impacting the global marketplace.

Through its inaugural CEO Conferences, Investcorp aims to provide a regular platform for leaders of its portfolio companies to come together and share best practices on how to tackle challenges facing global businesses today. The conference featured inspiring discussions on the impact of global trends on regional businesses, the increasing need to cope with digital transformation, and the potential challenges that might face the next generation of CEOs in the region. Co-CEO, Rishi Kapoor, gave an update on Investcorp's latest activities and future plans.

Delegates included the CEOs of

several leading companies across the GCC including Saudi Arabia, Kuwait and Turkey. From Saudi Arabia, CEO representatives attended from Bindawood Holding, a supermarket and hypermarket chain; Leejam, an operator of a fitness chain branded "Fitness Time"; Theeb, a vehicle rental business; Al Yusr Industrial Contracting Company (AYTB), a provider of industrial services outsourcing solutions; and L'azurde, a designer, manufacturer and distributor of gold jewellery which was successfully listed on Tadawul Stock Exchange in June 2016. From Kuwait, the attendees represented Automak, an independent vehicle leasing and rental company, and from Turkey, Namet, a food producer; Arvento, a telematics company; Orka Group, a menswear retailer; and Tiryaki Agro, a trader and supply chain manager of agro commodities.



Investcorp Growth Continues with Net Income Rising to \$125 Million

In July, Investcorp announced its Full Year results which saw its assets under management increase by 6% to \$22.6 billion, and continued growth momentum and healthy levels of activity on all dimensions across business lines.

Mohammed Alardhi, Executive Chairman, said, “We are pleased that the Firm has continued to report strong performance across a range of our key indicators, delivering high quality earnings. 2018 has presented numerous geopolitical and economic challenges, particularly in the Gulf region, yet fundraising activity remains high and there is an impressive pace of capital being deployed.”


Underlying performance in the Private Equity business remained solid with healthy levels of investment activity, resulting in three new deals totalling \$406 million. Following full integration, ICM made a significant first full year contribution, reflecting a crystalization of the Firm’s strategy to diversify its product offering and its client base. The Firm’s real estate division performed well in another active year that saw the team execute its first fundraising for European investments. Investcorp’s Absolute Return Investments business produced equally strong returns. AuM increased by 7% to \$3.7 billion, driven by strong performance across its products.


Continued geographical diversification of the Firm’s investor base and product set has helped support record levels of activity in terms of distributions to clients, investment activity and fundraising across all markets.

INVESTCORP

www.investcorp.com

 Investcorp

 @investcorp

 @investcorp

INVESTCORP BANK B.S.C.

Investcorp House
P.O. Box 5340
Manama
Kingdom of Bahrain
T: +973 17 532 000
F: +973 17 530 816

INVESTCORP INTERNATIONAL LTD.

Investcorp House
48 Grosvenor Street
London W1K 3HW
United Kingdom
T: +44 (0)20 7629 6600
F: +44 (0)20 7499 0371

INVESTCORP INTERNATIONAL INC.

280 Park Avenue
New York
New York 10017
United States of America
T: +1 212 599 4700
F: +1 212 983 7073

INVESTCORP SAUDI ARABIA

Al Faisaliah Tower
29th Floor
P.O. Box 61992
Riyadh 11575
Kingdom of Saudi Arabia
T: +966 11 484 7600
F: +966 11 273 0771

INVESTCORP BANK B.S.C. – ABU DHABI

Al Sila Tower – 8th Floor
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 36961
Abu Dhabi
United Arab Emirates
T: +971 2 501 8900
F: +971 2 644 1566

INVESTCORP INVESTMENTS LLC

Qatar Financial Centre
Tower 1
West Bay Area
P.O. Box 24995
Doha
State of Qatar
T: +974 4496 7966
F: +974 4496 7960

INVESTCORP ASIA SERVICES PTE LTD.

Level 24-01, CapitaGreen
138 Market Street
Singapore 048946
T: +65 6679 6032
F: +65 6697 6097