

2021 ACTIVITY REPORT



TK TIKEHAU
CAPITAL

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Antoine Flamarion



Mathieu Chabran

CO-FOUNDERS, TIKEHAU CAPITAL

“

The diversity of our talent, our ability to constantly innovate and our commitment to sustainable growth will enable us to stand out as a Group that creates value for all of its stakeholders.”

Following on from previous years, 2021 proved to be another outstanding year for Tikehau Capital. Inflows reached a record high of around €6.4 billion. Total assets under management leapt by more than 20% to stand at €34.3 billion, ahead of the targets we set. In terms of deployment, our funds have never been so active with investments totalling €5.5 billion. Because we are entrepreneurs and our purpose is to finance economic players, we actively pursue our growth in order to have a greater impact on society in general. With this aim, we again invested massively in our asset management platform, with the arrival of new talent and experienced

employees in Europe, the US and Asia, and the opening of a new office in Germany in particular.

We entered 2022 confidently with our goals confirmed and determined to continue using the ingredients that have forged the success of Tikehau Capital since its inception: a strong entrepreneurial culture and a solid balance sheet, both of which are genuine growth catalysts. We will continue to rely on the diversity of our talent, our ability to constantly innovate and our commitment to sustainable growth, to stand out as a Group that creates value for all of its stakeholders.

Admittedly, this good news is not enough to mask the dramatic current situation in relation to health, geopolitics and the climate. On 4 April 2022, the Intergovernmental Panel on Climate Change (IPCC) published its latest report, the results of which were damning to say the least. If current policies are not strengthened, the world is heading towards a temperature increase of 3.2°C by the end of the century, with the UN general secretary admitting this would make it “unlivable”. Faced with this prospect, there is no longer a choice: the fight against global warming must be pursued relentlessly, and amplified. There are less than 3,000 days left to act. Thereafter, the Earth’s carbon credit will have run out.

As we know, navigating through the coming months will remain complex, given the extent of the challenges we are facing. Apart from the war in Ukraine, inflation has taken off on both sides of the Atlantic, prompting the main central banks, led by the Fed and the ECB, to normalise their monetary policy. The direct consequences have been a rapid rise in interest rates and renewed volatility in financial markets. In this context, agility and selectiveness are the name of the game. Faced with the climate emergency, we must collectively do more, and more quickly. Tikehau Capital alone has committed more than €1.5 billion to climate change over the past 10 years through private equity, private debt, real assets and capital market strategies. Our philosophy is testament to this commitment. “To be sustainable, companies must be profitable. To be profitable, they must be sustainable”. Environmental, social and governance (ESG) factors have the same importance in our investment policy as economic, financial and operational factors. By 2025, even larger amounts will be mobilised

with the aim of stepping up the necessary transition to a carbon-free economy.

To achieve all this, we must constantly aim higher, which is why in this 2021 Activity Report, we would like to share our new signature with you: “Level Up”, which we are set to roll out in a few months’ time. Level Up is above all an order that we are giving ourselves, to further develop our efforts to contribute to an ever more virtuous development in terms of our impact on society. It is also the promise that we make to our clients to constantly work to provide them an ever better quality of service. And finally, it is a compass for the entrepreneurs, founding families and company managers that we support as shareholders or lenders to reach their long-term targets and create sustainable value. In this respect, our unique business model, which stands out for its ability to allocate capital, especially in our businesses, enables us to approach our activity in a flexible way. By investing shareholders’ equity in its various strategies, Tikehau Capital thereby creates the conditions for a clear and unrivalled alignment of interests between its balance sheet and the investments made by its clients-investors. This approach is central to building relations based on trust with our stakeholders.

Our future successes depend on our ability to look at our company, our clients, our partners and our future with deep humility, at all times. We must also remain agile, bold, ambitious and innovative, while maintaining our ability to go against the tide. It is this mindset that will continue to set us apart and allow us to climb mountains. It is this mindset that will enable us to remain faithful to our purpose: to provide relevant solutions to the economic and societal challenges of tomorrow.

We are entrepreneurs

Tikehau Capital is a major player in alternative asset management and has been developing and cultivating its pioneering vision since its creation in 2004. Majority-owned by its management and employees, the Group relies on its entrepreneurial spirit to anticipate the needs of tomorrow and step up positive changes in the real economy through financing solutions that have an impact. In this respect, we provide our clients sustainable and innovative financing solutions, taking a responsible investor approach. Combining the search for profitability, an approach that strictly respects ESG issues and support for companies, our daily actions consist of collecting global savings to direct them towards the financing needs of players in the real economy.

With offices in Europe, North America and Asia, our teams of experts closely follow our clients' interests with four business lines: private debt, real assets, private equity and capital market strategies. We strive to adopt a unique approach in each of these areas, driven by an atypical way of thinking and an alternative vision. Our independent mindset and analysis means that we can offer conviction-based management, underpinned by a strong alignment of interests between shareholders, management and clients.

Our profitable and sustainable development model is built on a solid equity base, selective investments, successful strategies and strong growth. This approach, combined with our entrepreneurial DNA and the mutual trust and interest of shareholders, management and clients, makes Tikehau Capital a unique player in the asset management industry.

€34.3 billion

ASSETS UNDER MANAGEMENT
+ 20.3% VS 2020

€3 billion

GROUP SHAREHOLDERS' EQUITY
+ 8.7% VS 2020

683

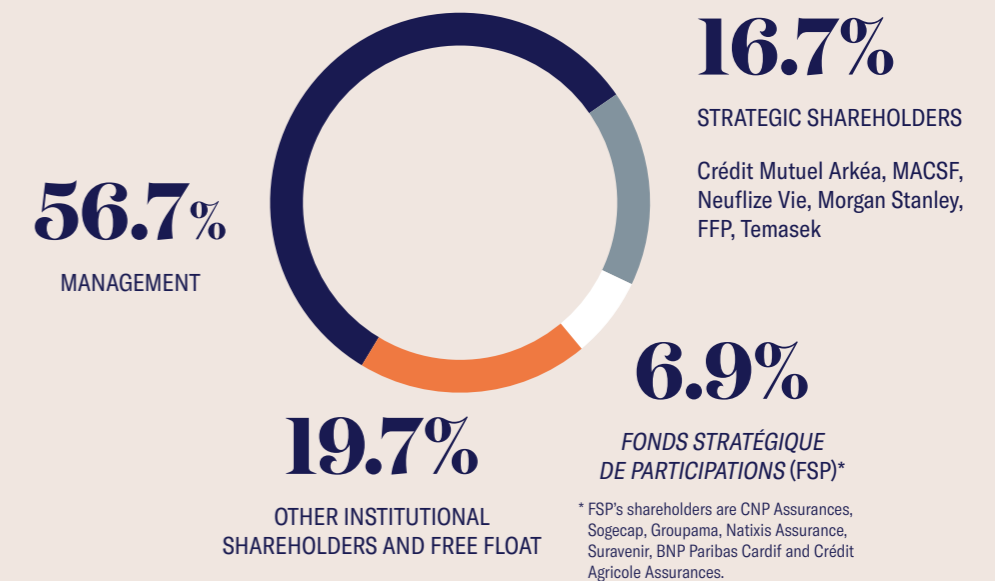
EMPLOYEES

12 OFFICES

Amsterdam, Brussels, Frankfurt, London, Luxembourg, Madrid, Milan, Paris, New York, Singapore, Seoul, Tokyo
Tel-Aviv office opened in March 2022.

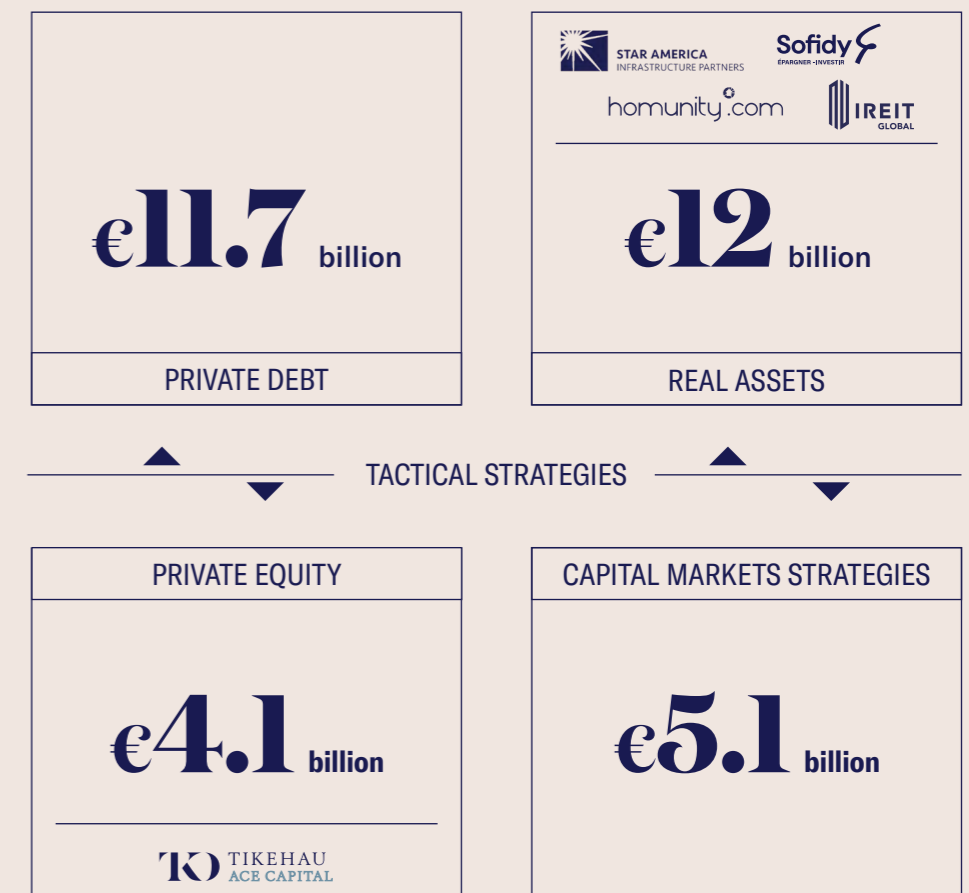
As of 31 December 2021

A ROBUST AND DIVERSIFIED SHAREHOLDING STRUCTURE



A DIVERSIFIED AND PROVEN MODEL

based on 4 complementary business lines and cross-sector expertise.



Shared viewpoints

Antoine Flamarion and Mathieu Chabran
CO-FOUNDERS, TIKEHAU CAPITAL



“
**The search
for short-term
growth does
not work.**”

AFTER THE HISTORIC RECESSION IN 2020 CAUSED BY THE COVID-19 PANDEMIC, 2021 WITNESSED A SPECTACULAR REBOUND IN THE GLOBAL ECONOMY. DID THE STRENGTH OF THE RECOVERY SURPRISE YOU?

Antoine Flamarion_ Yes, admittedly, and at first, we could only be pleased about it. However, a more thorough analysis of the drivers behind the rebound revealed a less positive situation. The ultra-accommodating monetary policies adopted over the past decade are above all what have helped lower the cost of financing for governments, in turn enabling the roll-out of aggressive budgetary policies to deal with the health crisis. While this unprecedented policy mix alone explained the speed of the economic recovery in 2021, it has also had undesirable effects causing a surge in public and private debt, an increase in the number of “zombie” companies* and tension in supply chains, while also fuelling inflationary pressure and strengthening bubbles in the financial markets. While the approach taken by the public authorities and the monetary institutions was commendable, and even necessary, this quest for a rapid return to growth may well prove costly.

Mathieu Chabran_ I would even say that it is clear that the boom generated by an economic model based solely on the search for short-term growth does not work. Indeed, it is now (largely) common knowledge that the model generates a misallocation of capital, has a growing and negative impact on biodiversity and climate change, and increases social inequalities.

BUT CAN WE CHANGE THIS MODEL?

M. C._ The time when we could still question the utility of changing it, or not, is over. Now, the answer is clear for everyone: we have no choice but to change it! The latest reports from the IPCC clearly show this. If we do not reverse our greenhouse gas emissions as of now, the prospect of a “sustainable future” for the planet will be seriously threatened. In this context, we must radically change our consumption and production patterns, collectively. We must also step up the decarbonisation of our economies. This need implies gigantic investments and therefore provides a central role to financial players.

*A “zombie” company is characterised by its lack of profitability. More specifically, it is a company that does not generate sufficient profits to cover the interest charges on its debt

“

Since its stockmarket flotation in 2017, Tikehau Capital has tripled its assets under management and continuously exceeded its targets.”

HOW IS TIKEHAU CAPITAL POSITIONED TO MEET THIS CHALLENGE?

A. F._ Firstly, the Group has been committed to sustainable development for a long time. For many years, we have developed an investment framework placing environmental, social and governance criteria at the heart of our processes, at the same level as purely financial criteria. This approach is embodied in one of our mottos: “To be sustainable, companies must be profitable. To be profitable, they must be sustainable”. We were also amongst the first alternative asset managers to launch thematic and impact funds, which means that we now have around 70% of our assets under management (excluding real assets) classified under Articles 8 and 9 of the European Sustainable Finance Disclosure Regulation (SFDR). Tikehau Capital's financial strength has also grown steadily over the years, with equity of €3 billion at

31 December 2021. As such, we have the means to achieve our goals.

M. C._ Since its IPO in 2017, Tikehau Capital has expanded massively, tripling its assets under management and continuously exceeding its targets. This exceptional performance is a credit to our talented and committed teams. In 2021 alone, we markedly strengthened our profitability, liquidity and equity. Against this backdrop, we are now embarking on a new chapter involving accelerated growth and profitability, with ambitious new targets for 2026. We aim to double our assets under management, grow our platform and continue to expand our geographic footprint, while maintaining strong performance and creating value for our investors and shareholders. In this respect, ESG will be our compass.

COULD THE RECENT DETERIORATION IN THE MACROECONOMIC ENVIRONMENT NEVERTHELESS MAKE THINGS MORE COMPLICATED FOR YOU?

A. F._ Tikehau Capital is positioned in a high-growth market that enjoys structurally buoyant trends.

The alternative asset management market grew at an average pace of 11% a year over 2015-2020 and is expected to continue expanding rapidly until 2025. Investors looking for diversification and an attractive risk/return trade-off should continue to allocate resources to private markets. In addition, current tensions are likely to make some of the megatrends in which the Group has built increasing exposure in recent years even more important, especially the energy transition, cybersecurity and the wide range of impact investment strategies. Together, these contribute to sustainable growth and resilience.

OUR ROADMAP UP TO 2026

Societal and environmental contribution

A Sustainability by design approach in our four business lines and launch of a **platform dedicated to impact** to step up the post-Covid recovery.

The goal is to approach the climate emergency holistically, with the launch of the Climate Action Centre, a platform that aims to offer competitive returns while investing in the decarbonisation of key sectors such as energy efficiency, low carbon mobility, clean energy and regenerative agriculture. By 2025, Tikehau Capital intends to manage at least €5 billion dedicated to the climate and biodiversity.

Targets out to 2026

To reach > €65 billion in assets under management

To generate > €250 million in fee-related earnings⁽¹⁾

To generate financial profitability of around 15% on average over 2022-2026⁽²⁾

(1) fee-related earnings or FRE: correspond to management fees and other fees less operating costs in the asset management business.

(2) Financial profitability is calculated by dividing net profit, Group share, by shareholders' equity.

OUR KEY RESOURCES

A MULTILOCAL PLATFORM



New York
London
Amsterdam
Brussels
Frankfurt
Luxembourg
Paris
Milan
Madrid
Tel-Aviv
Seoul
Tokyo
Singapore

AuM stemming from a global base of **investor-clients and savers**

Multilocal *sourcing* of **investment opportunities**

€34.3 billion
GROUP ASSETS UNDER MANAGEMENT ⁽¹⁾

DIVERSE AND VARIED TEAMS

683 partners and employees

37 nationalities

14 years of experience on average

43% more women in the workforce

A ROBUST BALANCE SHEET

Shareholder's equity, Group share

€3 billion

Consolidated cash position

€1.1 bn

Financial rating ⁽²⁾

BBB-/STABLE

ENTREPRENEURIAL DNA

Leading institutional shareholders with a long-term commitment.

A LONG-TERM FINANCIAL PARTNER

4 ASSET CLASSES

We finance the economy through our four business lines

PRIVATE DEBT

€11.7 bn

REAL ASSETS

€12 bn

PRIVATE EQUITY

€4.1 bn

CAPITAL MARKETS STRATEGIES

€5.1 bn

ASSETS UNDER MANAGEMENT ⁽⁵⁾

A VIRTUOUS MODEL

Tikehau Capital is defined by its entrepreneurial mindset. Our mission is to direct global savings towards **innovative and tailored financing solutions that create value** for all stakeholders and accelerate positive change for society.

A LONG-TERM FINANCIAL PARTNER

96%

of assets under management in closed-ended funds committed for 3 years or more

ALIGNMENT OF INTERESTS BETWEEN SHAREHOLDERS, CLIENTS-INVESTORS AND MANAGEMENT

57% of capital controlled by management and employees

TO CREATE SUSTAINABLE VALUE

3 DRIVERS TO CREATE FINANCIAL VALUE

- MANAGEMENT FEES
- PERFORMANCE FEES/ CARRIED INTEREST
- DIVIDENDS/ COUPONS/ CAPITAL GAINS

SOCIETAL AND ENVIRONMENTAL CONTRIBUTION

Sustainability by design in our four business lines and launch of a dedicated platform.

Goal to have more than €5 billion in assets under management by 2025 **exclusively dedicated to the climate emergency.**

Creation of a Climate Action Centre, aimed at mobilising expertise and innovation and to coordinate the global climate strategy of Tikehau Capital.

TARGETS UP TO 2026

To reach **> €65 billion** in assets under management

To generate **> €250 million** in fee-related earnings ⁽³⁾

To generate financial profitability of around **15%** on average over 2022-2026 ⁽⁴⁾

A significant portion of our balance sheet (75%) is invested in the Group's strategies alongside our investor-clients.

Figures as of 31 December 2021.

(1) Of which €1.3bn in assets under management for the Investment activity.

(2) BBB-rating with a stable outlook from Fitch Ratings and confirmed in January 2022 and by S&P Global Ratings in March 2022.

(3) Fee-related earnings or FRE: correspond to net revenues from the Asset Management activity excluding performance fees and carried interest, less operating expenses of the Asset Management activity.

(4) Financial profitability is calculated by dividing net profit, Group share, by shareholders' equity.

(5) Assets under management of the Asset Management activity.

Highlights

February 21

Tikehau Capital raises more than €1 billion for the private equity strategy dedicated to the energy transition (T2 Energy Transition Fund).

* The fund is reserved for professional investors only. Subscriptions are now closed.



March 21

Opening of a Frankfurt office, Tikehau Capital's 12th, allowing the Group to expand its private debt and private equity platform.

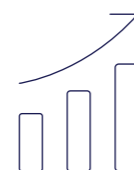
Placing of an inaugural €500 million sustainable bond issue due in 2029. The sustainable bond is the first in the asset management industry to be based on an innovative Sustainable Bond Framework.

May 21

The Group finalises the reorganisation of its structure and shareholders to simplify and enhance value creation for Group shareholders.

July 21

Strengthening of the partnership with Augmentum Fintech, the only UK listed investment company in the fintech sector, to support its growth in Europe.



September 21

Sofidy continues its European investment strategy with its third acquisition in the heart of London.

October 21

Creation of a Climate Action Centre with a target to manage €5 billion in assets related to the climate and biodiversity by 2025.

December 2021

Listing of a second SPAC in Amsterdam, Pegasus Entrepreneurs, which targets high-growth European entrepreneurial companies, alongside Financière Agache, Pierre Cuilleret (its CEO), Jean-Pierre Mustier and Diego De Giorgi, with €210 million raised. A merger agreement with FL Entertainment is concluded in May 2022, a global entertainment group specialising in the production and distribution of content as well as online sports betting.

Tikehau Capital is chosen by the Belgian government to manage the Belgian Recovery Fund.

January 22

Singapore listing of Pegasus Asia, a third SPAC sponsored by Tikehau Capital and Financière Agache, which raised S\$170 million to invest in technology-enabled sectors including consumer, finance, real estate, insurance, healthcare and digital services.



Feb. 22

Inaugural issue of a \$180 million private placement bond in the US market (USPP).

March 22

A second financial rating is obtained from S&P Global Ratings. With a stable outlook, the investment grade rating (BBB-) confirms the strength of Tikehau Capital's financial profile.

Launch of Tikehau Green Assets (TGA), a new strategy that buys, finances, builds and operates small decentralised assets that reduce the carbon footprint of their end users.

April 22

The Group's 13th office is opened, in Tel-Aviv in Israel.



May 22

Tikehau Capital, AXA and Unilever launch a partnership for the creation of an impact fund dedicated to regenerative agriculture to support the transition of the agricultural world towards sustainable and environmentally beneficial practices.

Review of 2021, strategy & outlook

€3 billion

SHAREHOLDERS'
EQUITY
AS OF 31/12/2021
UP 8.7% VS 2020

€1.1
billion

GROSS CASH
AS OF 31/12/2021

€34.3 bn

IN ASSETS UNDER
MANAGEMENT
+ 20.3% OVER 12 MONTHS

For Tikehau Capital, 2021 was marked by extremely dynamic activity in terms of investment and fundraising, and very positive performances in all our businesses. This maximises value creation for our customers and shareholders.

TIKEHAU CAPITAL'S
PORTFOLIOS HAVE
VERY LITTLE EXPOSURE
TO RUSSIA.

Key figures

Assets under management



Asset management net new money

€6.4 billion

- an amount 50% higher than the average annual inflows recorded over the past three years

- private debt and real assets represented around three quarters of the funds raised

Gross cash

as of 31 December 2021*

€1.1 billion

*Made up of the aggregate of cash, cash equivalents (consisting mainly of marketable securities) and cash management financial assets.

€2.7BN: investment portfolio, 75% of which invested in strategies managed by Tikehau Capital, thereby strongly aligning the Group's interests with those of its clients.

The funds managed by Tikehau Capital deployed a total of €5.5 billion in 2021, or an 83% increase relative to the average annual deployment level of €3 billion seen over the past three years.

Dividend

€1 per share

(double the amount proposed last year), including a reference dividend of 60 cents (up 20%) and a special dividend of 40 cents linked to the strong value creation achieved in 2021.

Dry powder

as of 31 December 2021*

€6.2 billion

* Available capital that can be used by funds to quickly seize market opportunities.

Shareholders' equity

as of 31 December 2021

€3 billion

+8.7% VS 2020.





INTERVIEW

An extremely solid balance sheet

Henri Marcoux,
Deputy CEO, Tikehau Capital

WHAT SHOULD WE NOTE FROM TIKEHAU CAPITAL'S OPERATING PERFORMANCE IN 2021?

2021 was a year of growth for Tikehau Capital. We demonstrated the relevance of our virtuous model focused on investment performance. Firstly, investment momentum has been very strong. Our closed-end funds deployed a total of €5.5 billion while remaining selective and disciplined as shown by our exclusion rate, which was maintained at 97%. This high level of selectivity enabled all of our funds to deliver strong performances in 2021. As a result, net new money reached a record level of €6.4 billion in 2021 bringing our assets under management to €34.3 billion at the end of year, up 20% relative to the previous year.

Finally, the return on our balance sheet portfolio increased significantly in 2021. On the one hand, we actively rotated the portfolio, while on the other, we benefited from the rising contribution from investments we made in our own funds.

HOW WOULD YOU DESCRIBE YOUR FINANCIAL PERFORMANCE IN 2021?

On the financial side, our results reflect the performance of our profitable growth model and thus show solid progress at all levels. Net income totalled €319 million in 2021. Growth was driven by an almost 50% increase in operating profit in our asset management activity to €114 million and a very solid performance by our investment portfolio, with revenues of €387 million.

“
Our growth model is bearing fruit in all its components.”

Finally, our balance sheet remains strong and liquid, with shareholders' equity of €3 billion and consolidated cash of €1.1 billion compared to €845 million at the end of December 2020. These robust results enabled us to propose a dividend of €1 per share to our General Meeting in May 2022 (double the amount proposed last year), including a reference dividend of 60 cents and a special dividend of 40 cents related to the strong value created in 2021.

CAN YOU EXPLAIN WHAT DROVE THE NEAR 50% INCREASE IN OPERATING INCOME IN THE ASSET MANAGEMENT ACTIVITY?

Firstly, management fees generated in 2021 reached €264 million. The 33% increase relative to 2020 was primarily driven by two factors:

- 22% growth in our fee-paying AuM from the record net inflows I mentioned, combined with a sustained pace of deployment across our strategies.
- the average management fee rate increased by 10 basis points to 102 basis points at the end of December 2021, reflecting our improved product mix.

As a result of this strong revenue growth, our fee-related earnings (FRE)*, a key indicator of our profitability, increased by 35% to €95 million. This reflects the strong operational leverage that characterises our business model. In addition, performance-related revenues reached €19 million in 2021, three times the amount recorded in 2020, with a strong contribution from our UCITS funds. Thanks to these factors operating profit from our asset management activity therefore rose by 49% in 2021 to €114 million, representing an operating margin of 40%.

* Fee-related earnings (FRE): operating income from asset management excluding performance and carried interest fees.

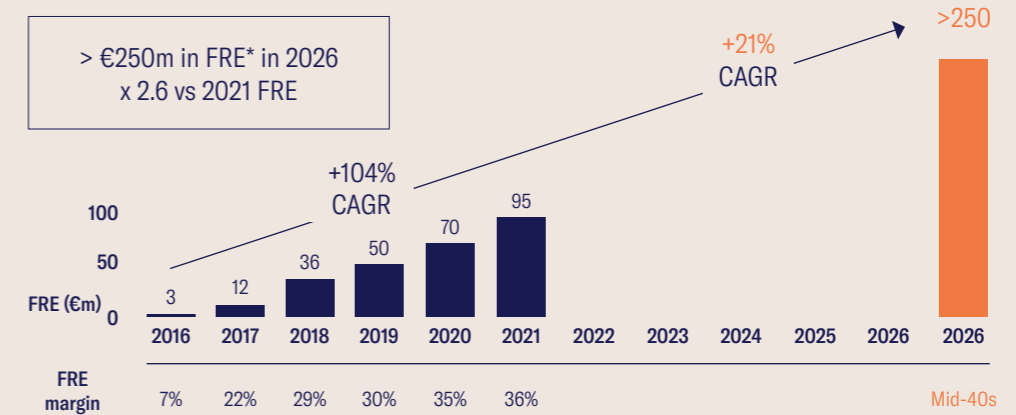
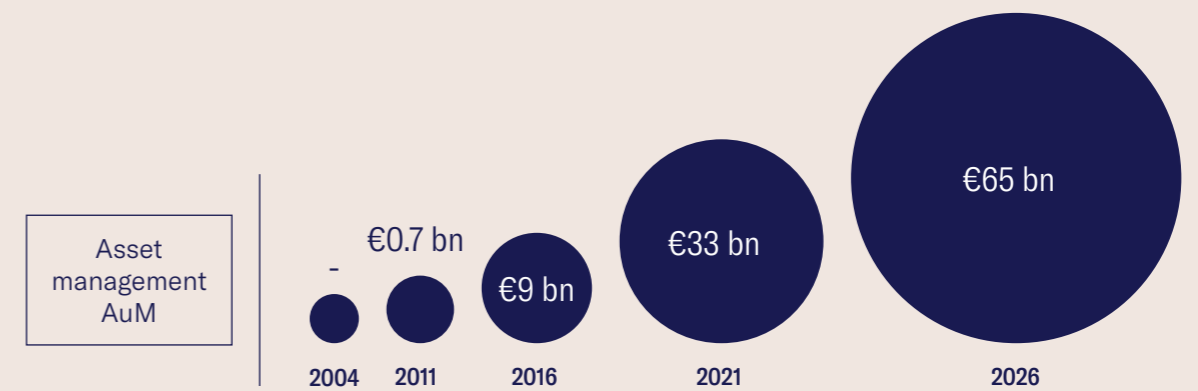
HOW DID THE TIKEHAU CAPITAL INVESTMENT PORTFOLIO PERFORM IN 2021?

Our investment portfolio of €2.7 billion at the end of December 2021 recorded very solid performance, with €387 million in revenues, compared to €85 million in 2020. It should be noted, in particular, that the Group's asset management strategies contributed €156 million to this revenue, an amount 2.7 times higher than the level seen in 2020, which again shows that our funds are generating strong performance. In addition, the realized revenues jumped from €134 million to €243 million in 2021, as a result of an active and value-creating rotation of our investment portfolio, particularly in listed assets. I would also like to point out that 75% of our portfolio was already invested in our own funds at the end of December 2021, which represents around €2 billion. Our growth model is therefore bearing fruit in all its components, and demonstrates year after year its ability to create value for our shareholders.

COULD THE WAR IN UKRAINE AND SIGNIFICANT ECONOMIC AND GEOPOLITICAL UNCERTAINTIES PROMPT THE GROUP TO REVISE ITS TARGETS DOWNWARDS?

The environment has indeed changed massively. In 2021, risk assets reached record levels, driven by strong economic growth, favourable fiscal stimulus and accommodative monetary policies. However, these positive factors have recently reached an inflection point, and we are now faced with a triptych of inflation, stagflation and dispersion. We remain confident nevertheless. On the one hand, Tikehau Capital's portfolios have very little exposure to Russia. On the other hand, our investment policy has always been prudent, which is an advantage in the face of more volatile financial markets. To illustrate this point, only 3% of the opportunities analysed in 2021 were invested in, even though the number of operations studied increased by 29%. We entered 2022 in a strong position with €3 billion in shareholders' equity and €1.1 billion in cash. We had already achieved more than 95% of our 2022 targets, which were set in 2019, during 2021. We are therefore in a very good position to exceed them. For example, our target of exceeding €35 billion in assets under management at the end of 2022 was exceeded in the first quarter of the year. In this context, Tikehau Capital has announced new ambitious yet realistic targets for 2026, namely more than €65 billion in assets under management, more than €250 million in fee-related earnings and a return on equity close to 15%.

SUSTAINABLE GROWTH SET TO ACCELERATE





INTERVIEW

The Group is particularly well positioned



Thomas Friedberger, Deputy CEO, Tikehau Capital

Frédéric Giovansili, Deputy Chief Executive Officer, Tikehau IM

HOW DID THE ASSET MANAGEMENT ACTIVITY EVOLVE IN 2021?

Thomas Friedberger_ Last year, Tikehau Capital's assets under management increased by more than 20% to end 2021 at €34.3 billion. The asset management activity recorded similar momentum, reaching €32.9 billion. These excellent results stem partly from the fact that the assets and companies in which the Group's funds invested enjoyed strong levels of growth and value creation over the past year, as shown by the positive market effects experienced over the period. The Group was also able to seize attractive disposal opportunities and thereby crystallise robust performances for its clients. However, the figures were above all driven by a record high net new money of

around €6.4 billion, which was 50% higher than the average annual inflow recorded over the past three years. Once again, this performance confirms the relevance of our asset management platform, which attracts an ever higher number of investors.

WHAT STRATEGY DID YOU IMPLEMENT?

Frédéric Giovansili_Tikehau Capital continued to extend its client base, generating €1.3 billion of AuM in strategies focused on private investors. As an example, two unit-linked products were successfully launched in France, one in private debt and the other in private equity, attracting a total of more than €200 million in commitments as of 31 December 2021 within the space of just a few months.

“**Fundraising reached a record high of around €6.4 billion.**”

TF_ These initiatives add to growth at Sofidy, the Group's two listed real estate companies and credit.fr operated by Tikehau Capital and place the Group in a strong position to capture rising demand from private investors seeking access to alternative assets. In addition, inflows stemming from international clients-investors reached €12.1 billion, representing an increase of 30.6% over the year, faster than growth in assets under management.

DOES THE NET INFLOW APPLY TO ALL ASSET CLASSES?

FG_ The Group's entire asset management platform recorded net inflows as was already the case last year. The breakdown of net inflows by asset class in 2021 reflected the mix of strategies currently being raised. As such, private debt represented 50% of net inflows in 2021, firstly

thanks to the Group's historical direct lending strategy, and secondly thanks to its recently launched impact lending and secondary private debt strategies. After that come real assets (which accounted for 27% of net inflows), capital market strategies (13%) and private equity (10%). Apart from the robust performances recorded by our various funds, significant client demand in all asset classes is also a result of our constant ability to innovate, our strategy guaranteeing an alignment of interests with our clients and our ability to provide an offer that matches current trends, as shown by funds focused on the cyber-security (Brienne III) and energy transition (T2 Energy Transition¹) themes, the biggest in their category in Europe.

¹The fund is reserved for professional investors only. Subscriptions are now closed.

International

37%

OF ASSETS IN
THE ASSET
MANAGEMENT
ACTIVITY
+3 POINTS VS 2020

53%

OF NET ASSET
INFLOWS
+19 POINTS VS 2020

€12.1 bn

INTERNATIONAL ASSETS
UNDER MANAGEMENT
+ 30% VS 2020
x5.8% VS 2016

International activity has always been an integral part of Tikehau Capital's development model. As geographic expansion becomes a major focus of its strategic roadmap, the Group took further steps in 2021, opening a new office in Germany and strengthening its presence in other global markets, particularly in North America and Asia.

THE ENERGY TRANSITION
IS SET TO GENERATE GROWTH
AND CREATE JOBS IN EUROPE,
AS WELL AS IN THE US AND
CHINA.

International Advisory Board

To develop its international strategy, since 2019 Tikehau Capital has been supported by an advisory board made up of nine experts from various economic and political spheres.



Chairman:
Sir Peter Westmacott,
former UK Ambassador
UK



Mr Stéphane Abrial,
former Chief of Staff
of the French Air Force
and former Supreme
Commander of NATO
France



Mr Jean Charest,
former Prime Minister
of the Government of
Quebec
Canada



Mr Fu Hua Hsieh,
Chairman of ACR Capital
and former Chairman
of Temasek Holdings
Singapore



Ms Margery Kraus,
Founder and President of
APCO Worldwide
USA



Lord Peter Levene,
former Lord Mayor of
London and former
Chairman of Lloyd's
UK



Mr François Pauly,
CEO of Edmond
de Rothschild, Chairman
of Compagnie Financière
La Luxembourgeoise
Switzerland



Mr Kenichiro Sasae,
for ambassador of Japan
in the US
Japan



**Mr Fernando
Zobel de Ayala,**
Chairman and COO
of Ayala Corporation
Philippines



Country/ regional managers



NORTH AMERICA – New York
Regional manager: **Timothy Grell**
See Focus p. 31.



GERMANY – Frankfurt
Regional manager: **Dominik P. Felsmann**



BENELUX Amsterdam, Brussels and Luxembourg
Regional manager: **Édouard Chatenoud**

Extension of the Group's private debt and private equity activity with the opening of an office in Frankfurt

Tikehau Capital serving the Belgian state
Tikehau Capital was chosen by the Belgian federal authorities to manage the Belgian Recovery Fund, which is set to allocate up to €350 million to finance Belgian companies affected by the Covid-19 crisis. Over the next five years, the vehicle is set to grant subordinated and/or convertible loans to companies active in Belgium.



ASIA/AUSTRALIA/NEW-ZEALAND
Regional managers:
Bruno de Pampelonne – Director for Asia
Jean-Baptiste Feat – Co-Chief investment officer,
Co-director for Asia
Neil Parekh – Director for Asia, Australia
and New Zealand
See Focus p. 32-33



ISRAËL – Tel-Aviv
Regional managers:
Rudy Neuhof and Asaf Gherman
Office opened in April 2022

**ITALY** – Milan

Regional managers:

Luca Bucelli and **Roberto Quagliuolo**

- New private equity investments in Ecopol and Mint, two fast-growing Italian SMEs active in sustainable packaging and digital advertising automation, with the TGEII fund.
- €230 million invested in 10 private equity transactions

**SPAIN & PORTUGAL** – MadridRegional manager: **Carmen Alonso**

- Tikehau Capital was mandated by the Spanish government to manage “Ace Aerofundo IV”, a capital investment fund that will invest in small and mid-sized companies active in the aeronautics and defence sector in Spain.
- Financing of the acquisition of Legalitas by Portobello Capital.
- Acquisition of a portfolio of residential assets located in Portugal. The management strategy for this portfolio consists of creating a core rental portfolio of high quality and well located properties, especially around Lisbon and Porto.

**UNITED KINGDOM** – LondonRegional manager: **Carmen Alonso**

- Financing of £21 million was set up for Rogue City Hotel Group to continue building two new hotels in Glasgow and Cambridge (through the Tikehau Special Opportunities 2 fund).
- Acquisition of a majority share of 83-85 Pall Mall in London through TREO 2018, Tikehau Capital's value-add property fund.
- Completion of three Direct Lending deals (Opus 2, Sideshow Group and DA Language).
- Ramp-up in the CLO activity.

NORTH AMERICA, DIVERSIFICATION STRATEGY STILL UNDERWAY

North America is a strategic market for Tikehau Capital and continues to offer significant value creation for the Group. After significant development in secondary private debt, high yield bonds and infrastructure, 2021 saw yet another reinforcement of our local platform, notably through the launch of a new collateralised loan obligation (CLO) activity.

Recent developments

- Integration of US High Yield expertise
- Acquisition of an infrastructure project management platform (Star America Infrastructure Partners)
- Development of the CLO activities in North America with the creation of Tikehau Structured Credit Management.
- Inaugural issue in February 2022 of a US private placement bond (USPP) of \$180 million

Our projects for coming months

- Development of the CLO business.
- Real estate.
- Further fund raising for the North American decarbonisation fund.

+ 50 INVESTORS

**NEARLY \$3 BILLION IN ASSETS
UNDER MANAGEMENT
APPROXIMATELY \$2 BILLION
IN BALANCE SHEET LIABILITIES**

Star America Infrastructure Partners closed its second fund with amounts raised totaling €615 million, 133% more than the previous vintage (which raised €300 million from North American investors in 2016, now deployed in 13 investments).

This second vintage welcomes 50% North American investors, 25% European investors and 25% international investors, mainly pension funds, insurers, large institutions or family offices. Star America Infrastructure Partners Fund II intends to make investments in the transport (roads, bridges, tunnels, railways, etc.), social infrastructure (student housing and hospitals), environment (water and waste management and treatment, public lighting) and communications (optical fibre) sectors.

ASIA, THE GROUP IS STEPPING UP ITS DEVELOPMENT

Since opening its Singapore office in 2014, Tikehau Capital has significantly expanded its presence in Asia through strategic investments and partnerships. While its activity in the region is mainly focused on private equity and Capital Markets Strategies, the Group is also involved in the real estate sector through its subsidiary IREIT Global (in partnership with City Development Land). This momentum is set to continue given the many opportunities that still exist in the region.

3

OFFICES IN SINGAPORE, SEOUL AND TOKYO

23

PROFESSIONALS

Our latest achievements A strengthened platform

- Considerable expansion of IREIT Global, the real estate company listed in Singapore and focused on the European real estate market, nominated as the "Overall Winner of the REIT Category" by The Edge Singapore Centurion Club in 2021
- Acquisition in July 2021 of Foundation Private Equity (a company specialised in secondary private equity in Asia).
- Listing in January 2022 of the Pegasus Asia SPAC, with fund-raising of \$170 million. Successful final closing of the Tikehau Asia Opportunities 1 fund, which had almost €119 million in commitments as of 31 December 2021 and deployed €110 million in 12 companies and funds.
- Simon Jeong, former CEO of Samsung Life joined the Korean office as Senior Advisor.

Future developments...

- Development of our secondary private equity strategy
- Launch of a new strategy dedicated to investing in Private Equity funds and co-investments in Asia. The fund aims to invest in growth assets whose management teams are in Asia.

IREIT Global

IREIT Global is the first listed real estate company in Singapore to invest solely in strategic assets in Europe, targeting office, retail, industrial and logistics properties. Since 2020, IREIT Global has introduced an ESG clause in its standard leases, inspired by French green leases, in order to gain transparency on building consumption levels (energy, water, waste) and to identify areas for improvement. After strong growth in recent years, 2021 again saw a number of developments. Among its flagship transactions, it invested in a portfolio of 27 assets in France under a sale and leaseback agreement with Decathlon, the world's leading distributor of sports and leisure products, and in an office building in Barcelona, Spain. It also sold the Darmstadt carpark for a selling price 10.5% above the latest estimated price. At end-2021, IREIT Global had €975 million in assets under management, up 35.4% over one year.

€2.2 bn

IN ASSETS UNDER MANAGEMENT IN THE REGION

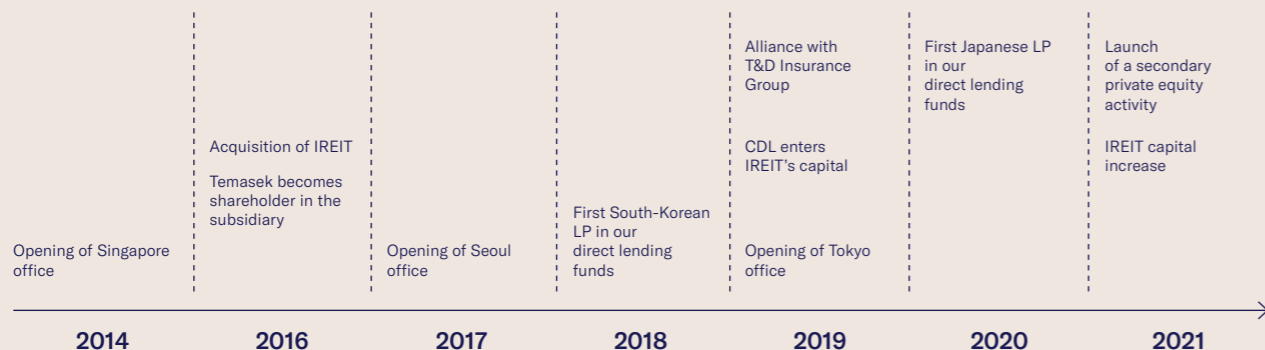
"During 2021, IREIT collected 100% of its rents and this reflects the quality of its portfolio".

Louis d'Estienne d'Orves,
Chief Executive Officer IREIT Global

In 2021, IREIT was named as "overall winner of the REIT Category" by The Edge Singapore Centurion Club.

On 14 July 2021, IREIT completed a capital increase of S\$126.7 million, or nearly €79 million, that was 151% oversubscribed.

Since 17 August 2021, IREIT has set up a dual currency listing in Singapore dollars and in euros.



Sustainable development

63%

OF THE GROUP'S DEBT IS INDEXED TO CSR CRITERIA

80%

OF ASSETS UNDER MANAGEMENT IN THE PRIVATE EQUITY BUSINESS ARE CLASSIFIED UNDER ARTICLES 8 AND 9 OF THE SFDR

100%

OF INVESTMENT OPPORTUNITIES ARE ANALYSED THROUGH ESG FILTERS

In line with its purpose, which is based on its ability to “provide relevant solutions to the challenges of tomorrow’s economy and society”, Tikehau Capital has developed a singular approach to sustainable development, on which its strategy is based.

THE INVESTMENT STRATEGY IS BASED ON FIVE PILLARS, ALL OF WHICH ARE ESSENTIAL: INTENTIONALITY, ADDITIONALITY, IMPACT MEASUREMENT, ALIGNMENT OF INTERESTS, WHICH IS PART OF OUR HISTORICAL COMMITMENT TO OUR INVESTOR CLIENTS, AND INDEPENDENT EVALUATION BY AN EXTERNAL BODY.



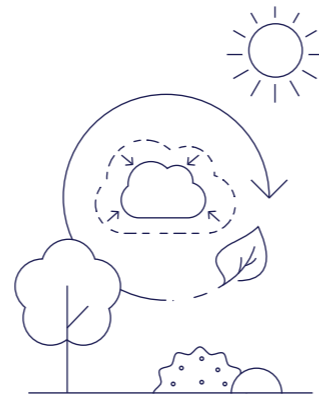
INTERVIEW

€2 billion in assets under management dedicated to climate and biodiversity

Cécile Cabanis,
Deputy CEO, Tikehau Capital

ACCORDING TO THE LATEST REPORTS FROM INTERNATIONAL SCIENTISTS, THERE ARE LESS THAN 3,000 DAYS LEFT BEFORE THE PLANET USES UP ITS ENTIRE CARBON CREDIT. WHAT ROLE CAN FINANCE PLAY IN THIS CONTEXT?

At Tikehau Capital, we believe, and this is not new, that it is our responsibility as an asset manager to invest the world's savings to accelerate the transition to a more resilient



“
Our capital allocation includes sustainability criteria.”

and inclusive economy, and create sustainable value for all stakeholders. On the climate front more specifically, we are convinced that the role of finance is essential in this sprint to carbon neutrality. As an example, the International Energy Agency has indicated that approximately \$4 trillion per year needs to be invested in the clean energy value chain, which according to our analysis implies a reallocation of global savings of 3% per year. We must therefore redirect this and institutional capital towards the private sector, which bears 75% of the responsibility for creating the systemic change needed to move to 'net zero' by the 2030 deadline. To do this, we need to strengthen the balance sheet of companies that reduce the carbon footprint of others, and finance companies that make the effort to reduce their emissions. Finance has the ability to create solutions across all value chains by taking the necessary time for transition. We need to invest to enable the transition from incremental to scale.

WHAT INVESTMENT STRATEGY HAS TIKEHAU CAPITAL IMPLEMENTED TO MEET THESE CHALLENGES?

The notion of sustainable finance appeared in 2014 at Tikehau Capital, with the strong conviction that we had the capacity and the duty to anticipate trends in order to build innovative, relevant and adjustable solutions to support the real economy, and accelerate positive changes for society in general. In doing so, the Group has developed an approach called "Sustainability-by design". Under this framework, our capital allocation includes sustainability criteria, both in the analysis and in the decision-making process. To address the critical challenges of the climate emergency, biodiversity conservation and society as a whole, we have also built an "Impact Platform" with dedicated thematic funds, guided by four priorities that serve as guidelines for building our financing solutions in our different strategies: climate and biodiversity; innovation; economic development and social inclusion; and health.



WHAT METHODOLOGICAL FRAMEWORK GOVERNS THE OPERATION OF THIS IMPACT PLATFORM?

Although the resurgence of high inflation rates and the sharp rise in interest rates on both sides of the Atlantic are tending to increase uncertainty, fundamentals in the private debt activity remain robust. Already, demand for alternative assets from both professional and retail investors is growing. In addition, our strategies are positioned on themes with a strong ESG dimension, which are structurally buoyant. The same applies to the secondary private debt market. Indeed, we are seeing increasing regulatory pressure on private equity assets globally, prompting large institutional investors to exploit secondary markets to rebalance their exposure.

Our investment strategy is based on five pillars that are all essential. The first, intentionality, determines what we would like to change. The second is additionality. Here, we engage with the management teams of the companies we invest in so they can better apprehend sustainability issues and integrate them into their roadmaps. The third concerns measuring impact, which is key. Indeed, we cannot manage an impact fund without measuring its actual impact! The fourth pillar is the alignment of interests, which is part of our historic commitment to our investors-clients, and which we honour with more than 75% of Tikehau Capital's balance sheet committed to its own funds. The fifth pillar reflects credibility in the form of independent evaluation by an external body.

“
To be sustainable,
growth must be profitable.
To be profitable, growth
must be sustainable.”

FOR WHAT CONCRETE RESULTS?

We have already committed over €2 billion to climate issues through our various asset management strategies. Today, more than 70% of Tikehau Capital's assets under management* are classified as Article 8 and 9 under SFDR regulations, and more than 80% in our private equity business. These performances are not only the result of the proactive stance taken by the management team (20% of the variable remuneration of employees is based on a climate and human target, 63% of Tikehau Capital's debt is backed by sustainability criteria, etc.), but also the result of an organisation that is as original as it is efficient: instead of opting for a centralised team, our CSR experts are deployed within the commercial and investment teams to ensure proximity, agility, increased skills and, above all, action!

WHAT ARE YOUR GOALS FOR THE COMING YEARS?

Aware of the need to go even further, in 2021, we pledged to invest €5 billion over the next four years in strategies exclusively focused on the fight against climate change. To do this, three new private equity strategies were added to our impact platform in 2021-2022: one focused on decarbonisation in North America, one focused on financing small decentralised assets that help to reduce the carbon footprint of their end-users, and one focused on regenerative farming, in partnership with Axa and Unilever. With the help of specialists in a Climate Action Centre (see page 42), we will continue to use our expertise and capacity for innovation to promote decarbonisation.

* Excluding the "real assets" business.

TIKEHAU CAPITAL, A LONG-TERM COMMITMENT TO SUSTAINABLE DEVELOPMENT



A STRUCTURED ORGANISATION

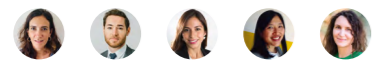
An organisation structured to assist our sustainable development goals, backed by a diversified team and strong governance.

Talent

A team of senior managers at group level



An ESG team for each business sector



A Climate Action Centre

All team members integrate sustainability into their fundamental analysis



Governance

At Group level

Governance and sustainable development committee, assisting the Supervisory Board

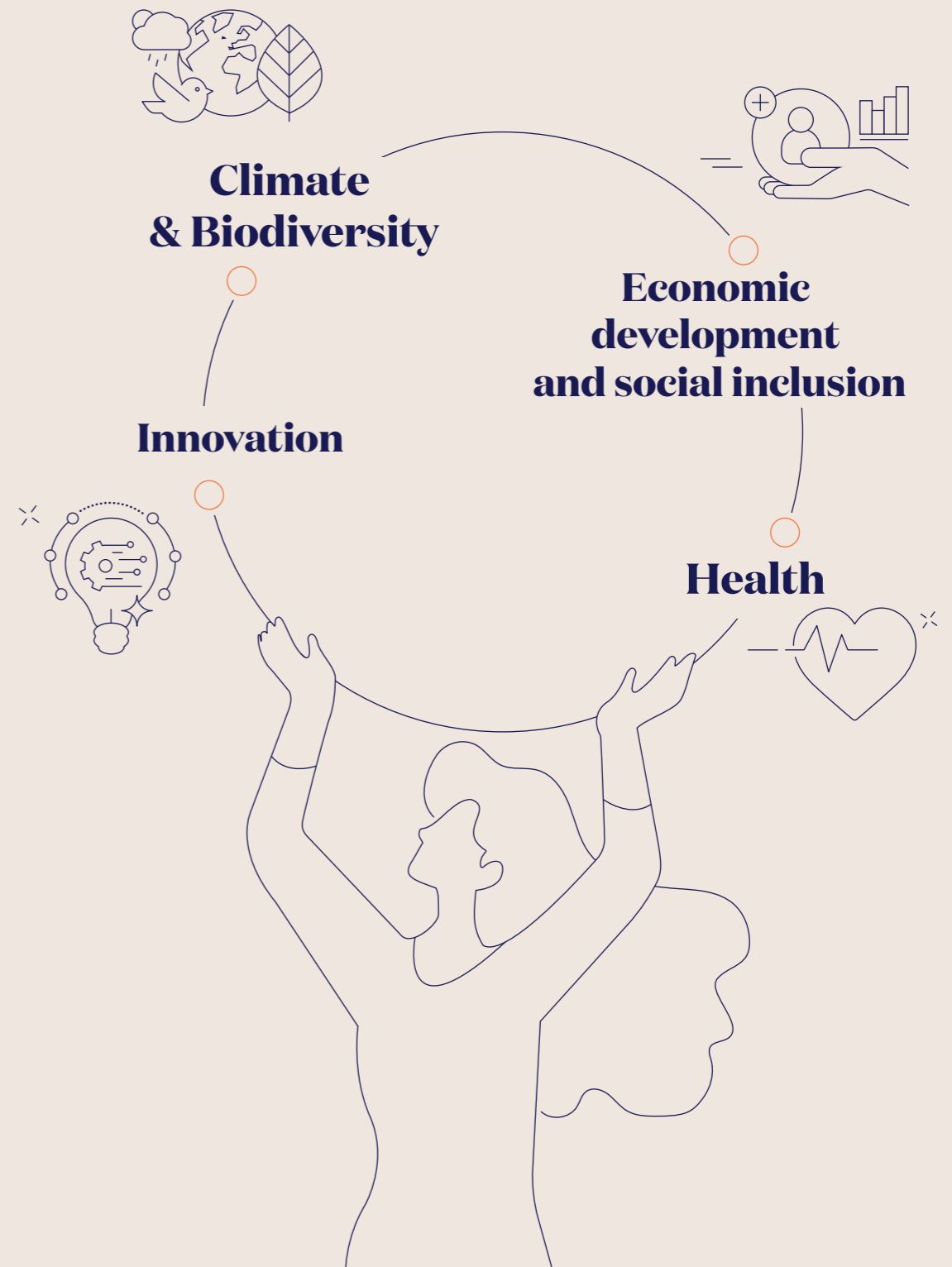


Sustainable Development Strategy Steering Committee⁽¹⁾, which guides the Climate Action Centre

At the investment level

Sustainable Bond Allocation Committee⁽²⁾
 Impact Committee dedicated to impact funds⁽³⁾

OUR 4 PRIORITIES



At end-June 2022.

(1) Sustainable Development Strategy Steering Committee: Mathieu Chabran (Co-founder), Cécile Cabanis (Deputy CEO) and up to 10 other internal and external members.

(2) Sustainable Bond Allocation Committee: Cécile Cabanis (Deputy CEO), Henri Marcoux (Deputy CEO), Antoine Onfray (CFO), Laure Villepelet (Head of ESG).

(3) Impact Committees dedicated to impact funds: Cécile Cabanis (Deputy CEO), Thomas Friedberger (Deputy CEO), Laure Villepelet (Head of ESG) and other key experts, when necessary.

Implementation

ESG criteria are based on a simple observation: for growth to be sustainable, it must be profitable. For it to be profitable, it must be sustainable. That is why we take into account environmental, social and governance factors as well as financial factors. This is our right to operate.



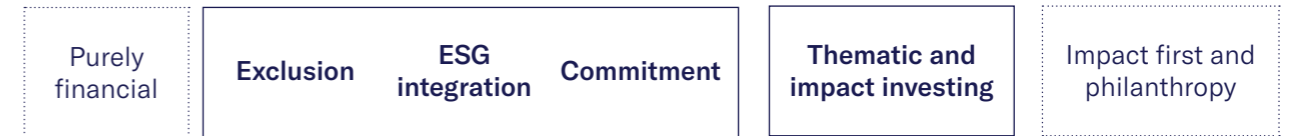
We have built a system that is not sustainable. And to change that, we find ourselves in a genuine race against the clock. At Tikehau Capital, we talk about impact when we actively participate in the transition through our solutions. This is essential and necessary, but companies face obstacles: (i) the value chain is fragmented and shared between different actors and (ii) the transition is counted as a cost and not as an investment, because we have a short-term vision and the transition is a long time. Our role is to propose solutions that reconcile these different tensions to enable the necessary collective action.

At Tikehau, we have defined four key priorities to start developing thematic and impactful strategies: **climate and biodiversity; innovation; economic development and social inclusion; and health.**

We leverage our multi-asset platform to create tailored solutions at all levels of a company's capital structure.

As part of our Impact platform, we have dedicated an increasing proportion of our investments and funding to climate strategies in order to address the urgency of climate change and meet the targets set by the Paris Agreement.

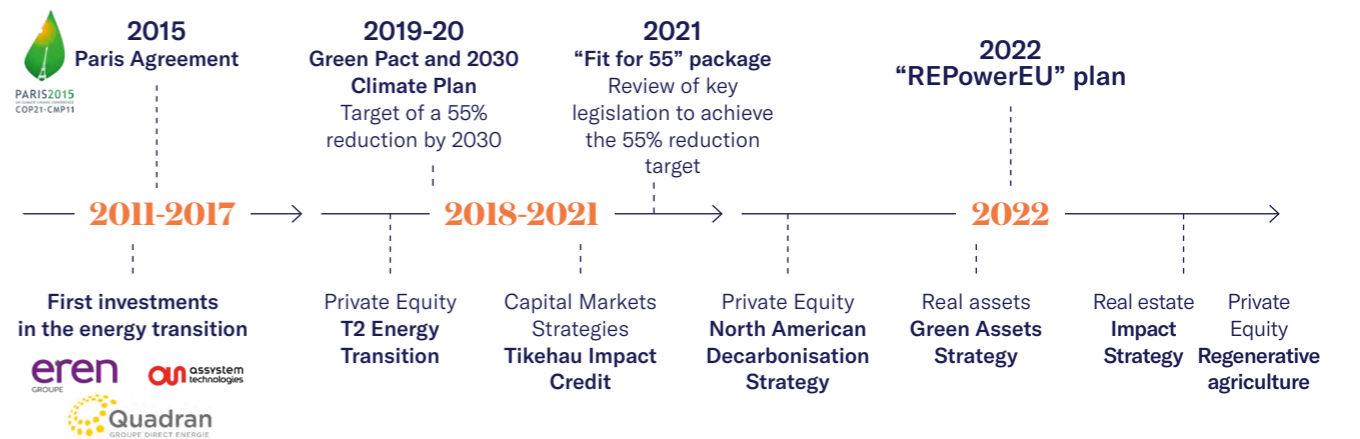
A STRICT SUSTAINABILITY BY DESIGN APPROACH AND IMPACT FRAMEWORK



OUR IMPACT PLATFORM IS SUPPORTED BY A SPECIFIC IMPACT FRAMEWORK INTEGRATING FIVE PILLARS



A PLATFORM FOCUSED ON CLIMATE AND BIODIVERSITY



T2 ENERGY TRANSITION IS A UNIQUE GLOBAL PLATFORM LAUNCHED WITH TOTAL ENERGIES*

* The fund is reserved for professional investors only. Subscriptions are now closed.

Launched in 2018 alongside TotalEnergies at the same time as our private equity strategy for the energy transition, T2 Energy Transition Fund is a unique platform in the world aimed at stepping up growth in European SMEs that provide a response to the climate emergency and help the transition to a low-carbon economy. Fundraising was completed in February 2021 at a record of more than €1bn. T2 Energy Transition has already invested some €423 million in around 10 small and mid-sized European companies active in clean energy production, low-carbon mobility and energy efficiency improvement (see Focus on T2 Energy Transition Fund in Private Equity section).

€1.1_{BN}
RAISED

FIRST UNIT-LINKED PRODUCT PROVIDING INDIVIDUALS WITH ACCESS TO PRIVATE EQUITY

Creation, in partnership with CNP Assurances, of the first unit-linked product providing individuals with access to private equity in the energy transition sector.

Investors can finance the real economy by supporting companies picked carefully by Tikehau Capital for their growth potential and their active contribution to the fight against climate change.



PRIVATE EQUITY INTRODUCES A NEW GREEN ASSETS IMPACT INVESTMENT STRATEGY

Dedicated to green assets, our Green Assets impact strategy (within the meaning of Article 9 of the SFDR) is part of the Group's goal to accelerate its contribution to the fight against the climate emergency. This vehicle supports companies promoting decarbonisation solutions or companies engaged in ambitious decarbonisation plans. Green Assets is a new strategy to buy, finance, build and operate small-scale decentralised assets aimed at reducing the carbon footprint of their end users. It focuses on energy efficiency in buildings and industrial sites, low-carbon mobility, sustainable agriculture, the circular economy and clean energy production. Commitments for the fund's first close stood at over €100 million. As such, Tikehau's Green Assets strategy promotes the adoption of green assets in the real economy, helping to reach the European Union's 2030 targets.

€100 MILLION IMPACT LENDING MANDATE IN THE NETHERLANDS

Launched in December 2020, Tikehau Capital's impact lending strategy aims to contribute to a sustainable European economy, while offering competitive returns to investors.

Investments are primarily in SMEs that contribute to the transition to a sustainable economy through their product offering, resource management or processes. Pensioenfonds Detailhandel, the pension fund of the Dutch retail sector, selected the Group to manage a €100 million impact private debt mandate, following on from its decision to allocate approximately 1% of its assets to three managers active in the impact investing space. Tikehau Capital was selected for its know-how and pan-European presence, as well as for its impact investment platform and its recognised expertise in the sector.

TIKEHAU CAPITAL INNOVATES ON THE BOND MARKET

In March 2021, the Group successfully placed an inaugural sustainable bond. For a total of €500 million, maturing in 2029, this sustainable bond is the first in the asset management industry to be based on an innovative Sustainable Bond Framework, which allows Tikehau Capital to invest the proceeds directly in sustainable assets (social or environmental) or in sustainability-themed funds aligned with the Group's priority sustainability objectives.

Human Capital

Tikehau Capital has grown, but we remain as attached as ever to our original values, which have played such an important part in the company's success: cohesion, team spirit, a love of entrepreneurship, agility and freedom of initiative. Diversity and inclusion are key priorities of the Group's HR policy.

37

NATIONALITIES

43%

WOMEN, REPRESENTING 24.5% OF MANAGING DIRECTORS AND EXECUTIVE DIRECTORS

683

EMPLOYEES

WE HAVE 37 NATIONALITIES IN OUR TEAMS REFLECTING OUR INTERNATIONAL PRESENCE.

INTERVIEW



People first

Emmanuelle Costa,
Head of Human Capital

TIKEHAU CAPITAL CONTINUED TO GROW AT A STEADY PACE IN 2021, INCLUDING STEPPING UP SOME ACTIVITIES AND OPENING A NEW OFFICE IN FRANKFURT. HOW DID STAFF NUMBERS CHANGE OVER THE YEAR?

We had 683 employees at the end of 2021. The number of nationalities represented within the Group rose from 26 to 37, further highlighting its increasingly international footprint. But the most important point is that the human values that have been the strength of Tikehau Capital since its inception remain fully anchored, despite this change in dimension: among them, I would underscore cohesion, team spirit, entrepreneurial spirit, agility and freedom.

IN MARCH 2020, THE GROUP SET ITSELF AMBITIOUS TARGETS TO IMPROVE THE GENDER BALANCE IN SENIOR MANAGEMENT. WHAT IS THE POSITION NOW?

We have made good progress in this area. While the proportion of women in our teams increased by two percentage points over the year to 43%, the proportion of women Managing Directors and Executive Directors rose to 24.5% by the end of 2021, compared to an initial target of 22%. Management has since set a target of 26% by the end of 2023, 28% by the end of 2025, and 30% by the end of 2027. Developing the number of women in the workforce is even part of the CSR criteria integrated in the €700 million bank credit line

“
We have 37 nationalities in our teams.”

refinanced in July 2021. In this context, various initiatives were implemented throughout the year, such as workshops aimed at raising managers' awareness of the sexist biases that can be expressed notably in the context of recruitment, the particular attention paid to work/life balance, a proactive policy enabling us, for example, to recruit 60% of women in our graduate programme, and the strengthening of links with associations promoting gender equality within the financial sector and in the academic world.

WHAT ARE YOUR PLANS IN THIS AREA FOR 2022?

We plan to step up our efforts and roll out new actions aimed at:

- reducing discrimination at the hiring stage
- identifying high-potential female employees

- through our “Talents 2022” plan
- getting the “Women at Tikehau” circle up and running with workshops and training
- organising professional networking events for women
- preparing career development and mobility plans
- establishing succession plans for senior management including women in the short, medium and long term.

However, this commitment to gender diversity is only one aspect of our broader human capital policy to promote diversity and inclusion. Innovation was the hallmark of our efforts in 2021 (see opposite) and we plan to continue in that vein in the years to come.

Culture and inclusion driving growth

Diversity in all its forms, gender, culture, profile, talent, experience and clients, is at the heart of Tikehau Capital's concerns. Its growth will only be sustained by promoting diversity and inclusion. Performance, innovation, responsibility and openness to the world will be key in the years to come.

WE ARE ON THE BALL

WE MAKE IT HAPPEN

We raise the standards

WE WALK THE TALK

We think BIG

WE KEEP THINGS SIMPLE

We connect the dots

We get out of our comfort zone

WE ARE CONTRARIAN

WE CREATE, RATHER THAN COMPETE

WHAT WE DID IN 2021

Raising awareness

across the Group to put gender and diversity front and centre: we organised information sessions, including one led by a renowned neurobiologist, Ms Dominique Vidal, on how biology and the sociocultural environment determine cultural attitudes and identity, and another led by Mr Jason Lamin, founder and CEO of Lenox Park Solutions in the US, on diversity and inclusion.

Establishment

and promotion of flexible working conditions (part-time work, parental support, paternity leave, etc.), including the introduction of "Ma Bonne Fée" in France, a tool offering parenting and emergency childcare solutions.

Partnership

with organisations that promote diversity and inclusion, including #10000 Blackinterns in the United Kingdom. In France, our Human Capital Department partnered with the Institut de l'Engagement to meet and support young people who have worked for their community or voluntary groups. One successful candidate was recruited on a permanent contract in 2021.

Launch

of "Women at Tikehau", an internal network aimed at improving equality, parity, inclusion, hiring and retention of female talent in the workplace.



Private Debt

34%

OF ASSETS
UNDER
MANAGEMENT
BY THE GROUP

67

EMPLOYEES

€11.7 bn

ASSETS UNDER
MANAGEMENT + 25.8% VS
2020

- Financing solutions at all levels of the capital structure
- Senior and stretched senior debt, unitranche financing, mezzanine debt and preferred equity, PIK financing
- Main companies targeted:
 - Revenue: €30m-€2bn
 - Value: €50m-€2bn
 - All sectors in Europe

AS PART OF ITS PRIVATE DEBT ACTIVITY, TIKEHAU CAPITAL OFFERS A WIDE RANGE OF COMPLEMENTARY SOLUTIONS, INCLUDING DIRECT LENDING, CORPORATE LENDING, LOAN FUND AND CLO ACTIVITIES.

FOR THE FOURTH YEAR IN A ROW, THE GROUP WAS RANKED 2ND IN 2021 IN THE ALIX PARTNERS (MID MARKET DEBT REPORT H1 2021) RANKING FOR THE NUMBER OF PRIVATE DEBT TRANSACTIONS COMPLETED.

INTERVIEW



Structurally buoyant themes

Cécile Mayer-Lévi,
Head of Private Debt, Tikehau Capital

“
Private debt attracted 50% of new capital raised.”

WHAT IS YOUR ASSESSMENT OF THE PRIVATE DEBT ACTIVITY IN 2021?

While Tikehau Capital witnessed record high net inflows in its asset management business, private debt attracted 50% of new capital raised. Activity in the business line was buoyant. Private debt funds were the main contributors to the Group's investments in 2021, accounting for 65% of the total, which was itself significantly higher. Performance was primarily driven by the rapid ramp-up of Tikehau Capital's flagship strategies, as evidenced by Tikehau Direct Lending V, the Group's flagship direct lending fund, which had already attracted close to €2bn in commitments as of end-December 2021. On the strength of our track record and

our recognised and award-winning expertise, we were also chosen by leading governments and institutional investors to manage funds dedicated to the recovery of companies affected by the health crisis, such as in Belgium through the Belgian Recovery Fund and in France with management of the “Obligations Relance” and “Prêts Participatifs Relance” (recovery bonds and participatory loans) schemes. Finally, the record high results generated by the business also stem from our ability to innovate, which remained intact in 2021.

WHAT OTHER INNOVATIONS DID YOU LAUNCH?

We launched a private debt unit-linked product intended exclusively for the life insurance sector, for distribution to MACSF members. The aim is to make this asset class easier to access for individual clients. We then pioneered impact debt through a senior corporate impact debt strategy dedicated to financing the sustainable growth of medium-sized European companies that are committed to contributing to the transition towards a more sustainable economy, focused on three themes: climate, social inclusion and innovative growth. Finally, we accelerated the development of our nascent secondary private debt strategy, including a major asset acquisition in the US.

WHAT IS THE OUTLOOK FOR 2022?

Although the resurgence of high inflation rates and the sharp rise in interest rates on both sides of the Atlantic tends to increase uncertainty, the fundamentals of the private debt activity remain robust. Already, demand for alternative assets from both professional and retail investors is growing. In addition, our strategies are positioned on themes with a strong ESG dimension, which are structurally buoyant. The same applies to the secondary private debt market. We are seeing increasing regulatory pressure on private equity assets globally, prompting large institutional investors to exploit secondary markets to rebalance their exposure.

WE CONTINUED TO DEVELOP OUR NASCENT SECONDARY PRIVATE DEBT STRATEGY, INCLUDING A MAJOR ASSET ACQUISITION IN THE US.

Highlights

A partnership with MACSF to open broader access to private debt

In May 2021, Tikehau Capital launched the very first private debt fund accessible via a French life insurance policy, through the Tikehau Financement Entreprise unit-linked product, permanently accessible to MACSF members. With this initiative, Tikehau Capital intends to make the asset class accessible to a so-called "retail" clientele. Tikehau Financement Entreprises' strategy is to finance the debt of successful and well-established medium-sized companies, especially for acquisitions, refinancing and geographical expansion operations. Since its launch, inflows to the unit-linked product have totalled more than €180m within the MACSF network, reflecting the strong appeal of this asset class among retail clients.



"THE ASSET MANAGEMENT BUSINESS MUST HELP TO ORIENT FRENCH SAVINGS TOWARDS FINANCING BUSINESSES AND THE REAL ECONOMY. THIS PARTNERSHIP WILL PROVIDE THE RESOURCES TO CONTINUE TO GROW, WHILE ALSO GENERATING SIGNIFICANT RETURNS FOR SAVERS."

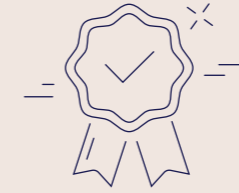
FRÉDÉRIC GIOVANSILI,
DEPUTY GENERAL MANAGER, TIKEHAU IM



A PROMISING START IN THE SECONDARY PRIVATE DEBT MARKET

In October 2020, the Group launched its first secondary private debt fund in the United States in a market that is yet to mature and in which the Group hopes to leverage its recognised expertise in private debt. And the initiative found its audience, since Tikehau Private Debt Secondaries had nearly \$270 million in commitments as of 31 December 2021. In January 2022, Tikehau Capital bought back its shares from an Asian institutional investor in a debt fund managed by a leading US management company. The \$480 million investment, with \$200 million yet to be called, was made by the fund and through Tikehau Capital's balance sheet. This is the 8th investment made by the Tikehau Capital team responsible for the secondary private debt strategy.

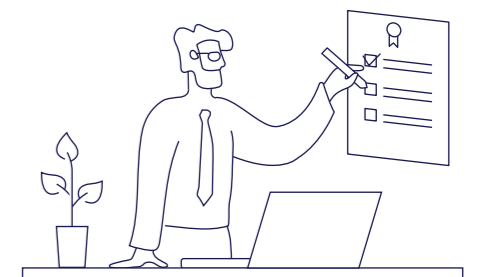
Expertise once again recognised and awarded



In 2021, the private debt team was named "Global Newcomer of the Year for its private debt secondaries team" and "Lender of the year" for Europe by the Private Debt Investor Awards 2020. It was also crowned "Responsible Investor of the Year" by the same organisation in early 2022 for its ESG approach in private debt. In addition, it received Private Equity Magazine's "Lender of the Year" award for the sixth year in a row and topped Capital Finance's ranking of Unitranche lenders. The team was also named "Best Debt Provider-Alternative of the Year" by Private Equity Wire. The Group garnered other awards in Italy and the Netherlands.

THE GROUP AT THE CENTRE OF THE FRENCH RECOVERY PLAN

In April 2021, the French insurance federation, the *Fédération Française de l'Assurance*, selected Tikehau Capital to manage a non-granular tranche of the financing fund intended to acquire equity loans under the *Prêts Participatifs Relance* programme granted by six banks to French SMEs. In November, it was mandated to manage €300 million in the "Obligations Relance" (recovery bond) fund, a €1.7 billion fund. The "Obligations Relance" recovery bonds aim to finance organic growth and acquisitions as well as the transformation and innovation of SMEs, especially those engaged in a transition towards a greener and more sustainable future.



Sustainability by design approach

RAMP-UP OF ESG MARGIN RATCHETS

Since 2018, Tikehau Capital has regularly included clauses requiring borrowers to commit to ESG progress and reporting. In 2020, the private debt team took efforts up a level and introduced ESG margin ratchets in the transactions it structures, positioning the Group as a pioneer in the field. The initiative consists of integrating three to five ESG objectives into the financing documentation. If these targets are met, borrowers are rewarded with a reduction in the interest rate margin of between -5 and -25 basis points. Ultimately, the mechanism could also include a slight increase if the targets are not met. In 2021, the team negotiated around 20 transactions of this type, including Magellan (real estate), Powersport Distribution Group (automotive), Provepharm Life Services (health) and Evolucare (high-tech industry).

Real assets

35%

OF ASSETS UNDER
MANAGEMENT
BY THE GROUP

251

EMPLOYEES

€12 bn

IN ASSETS UNDER
MANAGEMENT
+16% VS 2020

- Investment in all real estate asset categories (offices, retail, logistics, hotels, residential), either existing or to be redeveloped in Core, Core+ or Value Added strategies.
- Improvement in infrastructure in the main sectors in North America

STRONG MOMENTUM FOR OUR SUBSIDIARIES:

- IREIT GLOBAL IS THE FIRST LISTED REAL ESTATE COMPANY IN SINGAPORE TO INVEST IN REAL ESTATE ASSETS IN EUROPE (PRIMARILY OFFICE, RETAIL, INDUSTRIAL AND LOGISTICS).
- SOFIDY, THE FRENCH INDEPENDENT LEADER IN THE MANAGEMENT OF REAL ESTATE SAVINGS.
- STAR AMERICA INFRASTRUCTURE PARTNERS, MANAGER AND DEVELOPER OF INFRASTRUCTURE ASSETS IN NORTH AMERICA.



INTERVIEW

Savers put their money in real estate

Frédéric Jariel, co-Head of Real Estate activity,
Guillaume Arnaud, Chairman of Sofidy's management board

HOW WOULD YOU ASSESS THE REAL ASSETS BUSINESS?

Frédéric Jariel—The business performed very well generating net revenues of €109.7 million in 2021, vs €81.5 million at 31 December 2020. Net revenues were generated on assets managed for an amount of €12 billion at 31 December 2021, up 16.5% over one year. The results are testament to the relevance of our strategy focused on the search for an optimal balance between residential assets and professional assets on the one hand, and the increasing international expansion of our activities (Sofidy, Star America, etc.) on the other, with, on this last point, several outstanding operations undertaken for example in Portugal.

OUR STRATEGY IS BASED ON FINDING THE BEST BALANCE BETWEEN RESIDENTIAL AND BUSINESS ASSETS AND ON GROWING OUR FOOTPRINT IN INTERNATIONAL MARKETS (SOFIDY AND STAR AMERICA).

WHAT IS THE SITUATION SPECIFICALLY FOR SOFIDY, WHICH REPRESENTS ALMOST TWO-THIRDS OF ASSETS UNDER MANAGEMENT IN THE BUSINESS?

Guillaume Arnaud—2021 was also excellent at all levels. Sofidy generated gross inflows of €842 million in 2021 (€688 million net) and investment volumes of €640 million, deployed over 270 rental units, in France and Europe. Sofidy's assets under management reached the symbolic threshold of €7 billion to total €7.6 billion at the end of 2021 (+14% growth over one year), or 22% of assets under management at Tikehau Capital.

At the same time, our funds continued to deliver robust performances stemming from historically well disciplined and cautious management, characterised by a strict selection of high quality and well located assets.

We also crossed a new threshold in our development with the launch of a new European real estate investment company (see Sustainability By Design), while actively pursuing the deployment of our ESG strategy by obtaining three new SRI labels for our funds.

HOW DO YOU EXPLAIN THESE PERFORMANCES?

GA—In line with our forecasts and after a mixed year in 2020 especially due to the health restrictions in place, the commercial real estate market bounced back sharply in 2021. As such,

we were able to continue our counter-cycle targeting of core portfolio assets, namely town-centre shops and prime offices in the main dynamic European cities, while strengthening our diversification through real estate operations in buoyant segments such as urban logistics and assets used for teaching. Elsewhere, we managed to make the most of the low rates environment and rising and persisting interest from consumers for the real estate asset class. With real estate able to offer attractive and resilient yields as well as a degree of protection against inflation, it continues to be favoured by savers. Sofidy's portfolio of around 4,500 very diversified assets is unique in the market—and it boasts a solid 37-year track record.

“
The decarbonisation challenge implies gigantic investments.”

“
We will continue
expanding
in infrastructure.”



Sofidy launched a new European REIT and obtained a SRI label for three of its vehicles.



WHAT OTHER INVESTMENT THEMES IS THE REAL ASSETS BUSINESS SET TO DEVELOP FURTHER IN 2022?

FJ We stand out for our ability to position ourselves upstream in structurally buoyant themes. We will continue expanding in infrastructure, primarily in North America where needs are huge given the ageing of existing equipment, and where our subsidiary Star America is becoming a leading player in public-private partnerships. Similarly, we really believe in the reconversion of real estate assets and the change in uses, especially towards residential and last-mile logistics. The increasing obsolescence of real estate assets created by changing habits such as working from home and e-commerce, as well as the climate emergency, are set to create many opportunities in the coming years." Our Tikehau Real Estate Opportunity (TREO) 2018 fund is really active in this theme for example.

IS THE ENERGY TRANSITION THEME NOT MORE OF A RISK THAN AN OPPORTUNITY?

FJ In the pessimistic projections of the IPCC concerning global warming, certain populated geographical regions in the world are set to become uninhabitable. The built-up banks of some major rivers in cities (including European cities) would also be flooded. In this scenario, the value of the affected real estate assets would fall from several hundred billion dollars to zero. Beyond the human aspect, the financial risk is indeed major. However, it is still possible to reverse the trend, but this decarbonisation challenge implies gigantic investments in the renovation of existing buildings and the construction of new, low or non-energy consuming ones. This is set to create many opportunities, which will increase in the coming years. With its recognised expertise, Tikehau Capital has what it takes to benefit in full.

GA At Sofidy, this issue has been central to our investment criteria for many years, and will remain so. In this context, the company took another step in its development with the launch of a new European real estate investment fund in 2021 (see Sustainability by design section, page 65), while is actively the deployment of its ESG strategy by obtaining the SRI label for three of its vehicles.

Highlights

Multiple awards for Sofidy

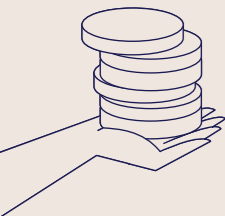


Sofidy garnered a raft of awards and distinctions in 2021. Here are some of them: “Gold” for Best Yield REIT Manager by the Palmarès des SCPI Gestion de fortune; “Gold” in the Best Diversified REIT category for Immorente according to the “Tout sur mes Finances” ranking; “Gold” for Best Overall Performance over 10 years in the Open-ended REIT category of the Commerce category for Sofipierre; and the IFA Award in the Best REIT Company category.

Significant development in Portugal

Tikehau Capital acquired a portfolio of residential assets located in Portugal in June 2021. The management strategy for this portfolio consists of creating a core rental portfolio of high quality properties in good locations, especially around Lisbon and Porto. Tikehau Capital invested in Fair Management Turai especially alongside institutional investors and the value-added TREO 2018 fund.

HOMUNITY COLLECTED MORE THAN €200 MILLION



Homunity topped the symbolic €200 million raised since it was established. An excellent performance for the platform, despite the pandemic.

LARGE TRANSACTION WITH A LEADER IN SPORTS

Through its IREIT Global investment fund, in 2021, Tikehau Capital invested in a portfolio of 27 assets in France under a sale and leaseback agreement with Decathlon, the world's leading distributor of sports and leisure products, and in an office building in Barcelona, Spain.

FINAL CLOSING ABOVE EXPECTATIONS FOR STAR AMERICA



In early January 2022, Star America completed the final closing of its Star America Infrastructure Fund II, focused on greenfield infrastructure.

Capital commitments totalled \$700 million, compared with an initial target of \$600 million.

\$700 m

COMPARED WITH AN INITIAL TARGET OF \$600M

Sustainability by design approach

SOFIDY EUROPE INVEST, A NEW SRI-LABELLED, THEME-BASED REIT

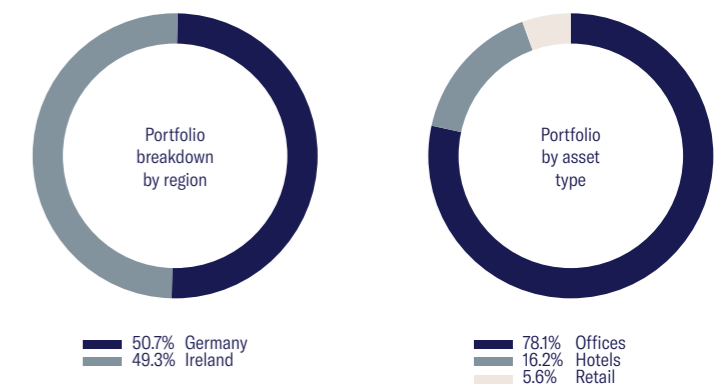
In April 2021, Sofidy launched a new real estate investment trust, Sofidy Europe Invest. This European-themed REIT targets the most buoyant real estate markets in the European Economic Area, the United Kingdom and Switzerland. It invests primarily in corporate rental property in the wider sense of the word: offices, commercial real estate, hotels and leisure facilities, logistics, warehouses and health facilities. It intends to offer a dynamic savings solution, enabling investors to become co-owners in a diversified real estate network, without savers having to handle the management of tenants and buildings.

Sofidy Europe Invest has proved very popular with clients with almost €50 million in inflows within a few months. In 2021, the REIT implemented a €23 million selective investment programme, acquiring three office assets in Dublin (Ireland) and in Essen (Germany), as well as a mixed-use hotel/retail property in Aachen, Germany.

As part of Sofidy's ESG approach, Sofidy Europe Invest obtained the real estate SRI label in December 2021. As such, the fund embeds rigorous Environmental, Social and Governance (ESG) criteria into its investment and asset management strategy.

Portfolio breakdown at 31/12/2021

Based on the appraised value at 31/12/2021 or, if not available, the purchase price before duties and costs.



The average financial occupancy rate was 100% in Q4 2021

The financial occupancy rate is calculated as the ratio of rents billed plus market rental value of the other properties not available for rent to total billable rent if all assets were rented.



Private Equity

12%

OF ASSETS
UNDER
MANAGEMENT
BY THE GROUP

63

EMPLOYEES

€4.1 bn

IN ASSETS UNDER
MANAGEMENT
+18.6% VS 2020

- Supporting the development of unlisted growth companies in Europe, the US and Asia
- Positioned as an active partner (minority or majority) to founders and the management team
- Extensive sector coverage (industry, B2B services, health), with specific expertise in the energy transition, aviation, cybersecurity and digital health
- Significant interest for ESG/climate issues





INTERVIEW

Unrivalled expertise

Emmanuel Lailier,
Head of Private Equity

HOW DID THE PRIVATE EQUITY ACTIVITY PERFORM IN 2021?

Assets under management increased by €600 million, or growth of 19% relative to 31 December 2020. The private equity activity represented around 10% of the total net inflow generated in 2021 (€600 million). In investment terms, results for the year were also very positive with very significant transactions undertaken (Egis, Groupe Sterne, Valgo, Oryx). This confirms the Group's specific nature through its committed partnership capital for entrepreneurs.

DID THE HEALTH CRISIS INCREASE THE NUMBER OF INVESTMENT OPPORTUNITIES?

Admittedly, the pandemic helped shine a light on the extent of capital requirements in certain sectors in which the Group boasts clear expertise, like for example health (biotech/medtech) and aviation. We were selected to manage the support fund for the French aviation industry as part of the call for tenders organised by Airbus, Dassault Aviation, Safran and Thales with the support of the French State. However, the momentum and successes in the private equity business are primarily a reflection of its ability to position itself upstream in themes that are set to become genuine market trends.

“
We offer committed partnership capital for entrepreneurs.”

WHAT ARE YOU REFERRING TO?

I am thinking in particular of the energy transition (see the Sustainability By Design section, page 71), biotech/medtech and digital. In digital, we recently announced the closing of the first French investment fund dedicated to financing innovative cybersecurity companies, exceeding the initial objectives. What is more, as access to private equity increases for individual investors, we have been a pioneer in launching a private equity unit-linked product with CNP Assurances in the energy transition sector via our dedicated fund.

WHAT IS THE OUTLOOK FOR 2022?

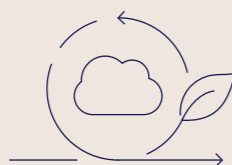
Against a backdrop of historically high valuations for unlisted companies, the combination of high inflation and a significant rise in interest rates will have an impact on the private equity

market. However, in order to remain competitive, companies will have to improve their production tools by investing in digitisation and in the energy transition, two areas where existing technology makes it possible to achieve concrete results. They will need support, as will the companies providing these services to all sectors of activity. In this respect, fundamentals in the private equity market remain structurally sound.



Highlights

Decarbonising in the US



Launch of the North American Decarbonisation Strategy, a private equity strategy dedicated to the transition to a low-carbon economy in North America, with an initial commitment of \$300 million.



\$300 m

INITIAL COMMITMENT FOR THE NORTH AMERICAN DECARBONISATION STRATEGY

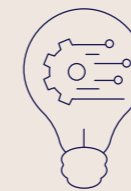
Tikehau Capital supporting the aviation industry

After its launch in 2020 to support French SMEs in the aeronautics sector, the Ace Aéro Partners investment fund has accelerated its deployment. At the beginning of 2021, it raised €100 million with the Crédit Agricole Group, bringing its outstanding loans to more than €750 million at 31 December 2021, and made a series of investments at the same time. Moreover, in June 2021, Tikehau Capital created a fund dedicated to aviation and defence in

Spain with SEPI, Airbus and Indra as investors and strategic partners. The first closing totalled €100 million.

Tikehau Capital is closing its cybersecurity and digital trust fund with €175 million in commitments, exceeding its target of €150 million, making it the largest fund dedicated to cybersecurity and digital trust in Europe.

An innovative unit-linked product for life insurance



Marketing, in partnership with CNP Assurances, of the first unit-linked product providing individuals access to private equity in the energy transition sector.

STRATEGIC ACQUISITION IN ASIA

On 26 April 2021, Tikehau Capital finalised the acquisition of Foundation Private Equity in Singapore. The company offers secondary solutions to fund managers and clients-investors throughout Asia.



“THE AEROSPACE SECTOR WILL RECOVER FROM THIS CRISIS. OUR COMMITMENT TO THE SECTOR IS UNWAVERING AT THE DAWN OF THE POST-COVID ERA. THROUGH THE SECTOR STRENGTHENING FUNDS WE MANAGE IN FRANCE AND SPAIN, WE ARE HELPING TO SAFEGUARD, RESTORE AND STRENGTHEN THE SUPPLY CHAIN OF THIS LEADING INDUSTRY.”

MARWAN LAHOUD,
EXECUTIVE CHAIRMAN, TIKEHAU ACE CAPITAL

Sustainability by design approach

+€1bn

FOR T2 ENERGY TRANSITION

Launched in 2018, T2 Energy Transition Fund (T2) is a private equity fund set up to meet the goals of the 2015 Paris Agreement. It aims to strengthen the equity of companies that contribute to reducing CO₂ emissions. The T2 fund's mission is to help decarbonise the economy through targeted and tailored investments in three main sectors: energy efficiency, clean energy and low-carbon mobility.

In addition to financial support, T2's investment team is positioned as a partner to help managers embed ESG and climate considerations. The result is impact roadmaps to support the sustainable development of companies.

In March 2021, T2 finalised a funding round with over €1 billion raised. As of 31 December 2021, the fund had made nine investments.

Environmental expert ERM estimates that the nine companies (the entire portfolio at 31/12/2021) in the T2 fund emitted approximately 1.9 million tonnes of CO₂ in 2021 in scopes 1, 2 and 3. Over the last 12 months or more, six companies in the portfolio avoided 267,000 tonnes of CO₂ emissions on projects installed during the year and which could avoid more than 4 million tonnes of CO₂ over their lifetime.

The fund is reserved for professional investors only. Subscriptions are now closed.

Capital Markets Strategies

- CREDIT: High yield, investment grade corporate and subordinated instruments, mostly European
- EQUITIES: Selection of all-cap “quality” stocks

OUR INVESTMENT PHILOSOPHY: CONVICTION-BASED, LONG-TERM MANAGEMENT BASED ON FUNDAMENTAL FINANCIAL AND NON-FINANCIAL ANALYSIS. WE INVEST IN A LIMITED NUMBER OF COMPANIES IN WHICH WE BELIEVE AND WHICH WE ANALYSE THOROUGHLY. OUR OBJECTIVES ARE TO FINANCE THE REAL ECONOMY, ESPECIALLY BY FINANCING SMALL AND MEDIUM-SIZED ENTERPRISES, AND CONTRIBUTING TO THE ENERGY TRANSITION THROUGH THE DEVELOPMENT OF AN IMPACT INVESTMENT PLATFORM.

14

EMPLOYEES

15%

OF ASSETS UNDER MANAGEMENT BY THE GROUP

€5.1 bn

IN ASSETS UNDER MANAGEMENT +23% VS 2020



INTERVIEW



Decisions that paid off

Raphaël Thuin,
Head of Capital Markets Strategies

“
We have
developed
our impact
platform.”

HOW DO YOU SEE 2021?

After the unprecedented health crisis in 2020, economic activity picked up strongly in 2021, thanks mainly to the ultra-accommodating monetary policies implemented by central banks and the fiscal stimulus provided by governments. While this was clearly welcome, the rebound has been accompanied by a series of undesirable effects, including tension in production lines leading to shortages and the start of a sharp rise in inflation from the summer of 2021, forcing monetary institutions to implement more restrictive policies. Although equity indices performed strongly last year, financial markets have become far more volatile in these conditions. The situation is all the more uncomfortable for investors in that the massive liquidity injections seen over the past years have caused bubbles to emerge in all asset classes.

WHAT ARE THE IMPACTS OF THIS CHANGE IN BACKDROP ON YOUR MANAGEMENT?

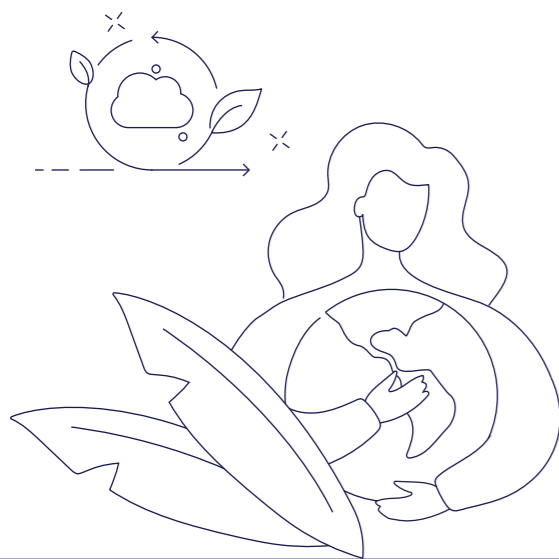
The Capital Markets Strategies funds are very sensitive to market variations meaning that our teams were obliged to make arbitrage moves, as they do regularly depending on the financial environment. These moves helped our various vehicles record positive performances in bond management as well as diversified and equities management. They also contributed to the increase in our assets under management, which leapt 23% over one year to €5.1 billion. But the essential lies elsewhere. It seems increasingly clear that an economic model based solely on seeking short-term growth does not work. It not only has an ever sharper impact on biodiversity and climate change but also widens social inequalities and generates poor capital allocation. Even though an ESG approach has been integrated into Tikehau Capital's investment strategy since its beginnings, we have decided to go even further. More specifically, we have extended our impact platform with the launch in July 2021 of Tikehau Impact Credit. This high yield impact credit fund is focused on reducing the carbon footprints of companies, thereby contributing to the transition towards net zero.

WHAT ARE YOUR EXPECTATIONS AND APPROACH FOR THE REST OF 2022?

We are taking a very cautious view of the markets across all regions, given the events playing out on the geopolitical stage, the sustained upturn in inflation and the slowdown in the global economy. Added to the pressure of higher input prices on margins for many companies, the sharp increase in interest rates on both sides of the Atlantic is likely to have consequences for valuation multiples, which despite the recent correction, are still generally high, especially in some segments such as growth stocks. As such, we believe there is a risk that the current correction could intensify. With the prospect of stagflation looming larger, our priority is to target stocks that demonstrate not only resilience in this type of environment (solid profitability, strong price-setting capacity, low asset base, etc.), but also a discount of some sort. In this way, we favour investments in companies that we consider of the best quality but with a still reasonable price, especially since the current market dislocation offers many opportunities. All while ensuring we apply rigorous non-financial criteria.

Sustainability by design approach

Tikehau Impact Credit (TIC) sets out to offer impact investments in the high-yield segment of the bond market



A new impact vehicle

In July 2021, the Group launched Tikehau Impact Credit (TIC), a new high yield fund to round out the Tikehau Capital Impact Platform. The vehicle aims to open impact investing to the bond market, a key stage in the struggle to accelerate the green transition and help to reach the goals of the Paris Agreement. This launch is a major step for Tikehau Capital's global Impact Platform, which has a decarbonisation strategy in Europe and North America as well as an impact lending fund. TIC's mission is to finance and actively engage with companies in various sectors with the potential to promote the transition towards a net zero carbon economy. To do this, it focuses on three categories of investments and/or issuers: green or sustainability bonds and pure-players already involved in the energy transition (pocket A); issuers who have signed an international commitment to climate change (pocket B); and issuers in all sectors with the potential to significantly reduce CO₂ emissions (pocket C). TIC sets key impact targets based on the highest industry standards such as:



- a 30% reduction in carbon intensity compared to the ESG High Yield Index;
- a minimum investment of 25% in issuers belonging to sectors defined as priorities by the European taxonomy, which must accelerate their transition and whose impact can be significant (manufacturing industry, agriculture, transport, etc.);
- an annual self-decarbonisation target for the fund of 5% per sector;

In accordance with its robust policy of aligning interests, Tikehau Capital has committed €30 million of initial capital to the fund.

€30 m
OF INITIAL CAPITAL IN THIS FUND

Ever more ambitious portfolio decarbonisation targets

After four years of measuring the carbon footprint of its core portfolios, the Capital Markets Strategies team has set a goal of outperforming benchmarks in CO₂ emissions by early 2021. Thus, the main portfolios concerned are aiming for a 20% outperformance in Scopes 1* & 2* to start with. When data on Scope 3* CO₂ emissions is available at the pre-investment stage, it will also be proactively monitored and included in the non-financial outperformance objective.

* Scope 1: greenhouse gases emitted directly by companies from their fixed or mobile installations controlled by the organisation;
Scope 2: indirect emissions related to energy consumption to produce their goods and services;
Scope 3: other indirect emissions occurring upstream or downstream in the value chain.

Tactical Strategies

- Special situations funds: tailor-made financing solutions, implemented throughout the capital structure, addressing contexts or situations characterised by scarcer liquidity
- Tikehau Special Opportunities I, launched in 2016,
- Tikehau Special Opportunities II, launched in 2019
- Multi-asset funds and mandates: asset allocation solutions through the construction of diversified and tailored portfolios in the private asset universe

AS OF 31 DECEMBER 2021

11

THE NUMBER
OF PROFESSIONALS
IN THE TACTICAL
STRATEGIES TEAM

€140_m

THE SIZE OF
THE TSO I FUND

€617_m

THE SIZE OF
THE TSO II FUND

€380_m

AMOUNT INVESTED BY THE TACTICAL
STRATEGIES TEAM IN 2021





INTERVIEW

Opportunist and flexible investment solutions

Maxime Laurent-Bellue,
Head of Tactical Strategies

WHAT DOES THE TACTICAL STRATEGIES BUSINESS INVOLVE?

In 2019, Tikehau Capital set up a team dedicated to cross-asset class management strategies, called "Tactical Strategies". Its mission is to offer differentiated investment solutions through the group's broad platform. Our expertise in Tactical Strategies is based on two fundamental principles: flexibility and the ability to deploy capital in all market environments across different asset classes. Our investment universe encompasses the entire credit market – private debt and liquid fixed income – real estate and

private equity. This means we are anchored at the heart of Tikehau Capital's four main business lines, investing alongside, through or in a complementary manner with the group's various strategies.

HOW IS YOUR OFFER MADE UP?

Firstly, it includes special situations funds. Here, we offer tailor-made capital solutions in situations characterised by a lack of liquidity in the primary and secondary markets. Using a contrarian investment approach and a 360° mandate, we are able to identify situations with an extremely attractive risk/return profile. This is an opportunistic credit strategy, focusing on corporate/LBO and real estate finance in Western Europe. We operate in the private and public markets depending on the market environment to extract the best risk/return ratio for our investors.

Multi-asset solutions also round out the offer. Here we provide investment and allocation solutions covering different asset classes, that are mainly unlisted. Our aim is to make access to private markets more widespread, allowing institutional and private investors to access our products as part of a holistic approach. Through the construction of diversified portfolios in all respects, as well as direct investments and via our flagship funds, we ensure tactical allocation and rapid deployment, regardless of the environment. This innovative investment proposal takes full advantage of the entire Tikehau Capital platform.

“
The strategy was recently reoriented towards real estate and corporate credit.”

**FLEXIBILITY AND THE
CAPABILITY TO DEPLOY
CAPITAL IN ALL MARKET
ENVIRONMENTS THROUGH
A RANGE OF DIFFERENT
ASSET CLASSES.**

WHAT IS YOUR ASSESSMENT OF 2021?

The outcome was very positive as the Tactical Strategies team successfully closed the second generation of the European special situations strategy (Tikehau Special Opportunities II, "TSO II"), with a total of €617 million raised. The amount not only exceeded the original target of €500 million, but was also more than four times higher than the previous fundraising round launched in 2016. This success demonstrates the relevance of Tikehau Capital's special situations strategy, developing opportunistic and flexible investment solutions. The Tactical Strategies team deployed approximately €450 million over the past two years through its various vehicles, completing 20 mainly bilateral and proprietary transactions.

To date, TSO II has deployed more than 70% of its commitments through investments and firm commitments. The pace of deployment accelerated markedly in 2020 as the Covid-19 pandemic spread. Since the launch of the fund, the team has constantly rotated between private and public markets as opportunities arise, illustrating the agility and speed of the strategy. At the same time, the multi-asset business has accelerated sharply in terms of both deployment in existing vehicles and commercial momentum. We hold many discussions with institutional investors and family offices to build tailor-made

strategic allocation partnerships in the private assets that form the core expertise of the Tikehau Capital group.

**WHAT IS YOUR OUTLOOK
FOR THE COMING YEAR?**

Special situations are part of the alternative financing universe and complement traditional private debt. Given the prevailing uncertain environment, it is reasonable to expect that special situations and capital solutions strategies will be the focus of attention, both in terms of the overall asset allocation strategy of LPs and their contribution to the various liquidity and funding needs.

We have not yet witnessed a dislocation as such in the markets, but some idiosyncratic situations are arising and sentiment has certainly weakened recently. There is currently an accumulation of risk factors with various supply chain disruptions affecting industrial sectors in particular, major inflationary pressures and high geopolitical uncertainty, all of which make for a potentially very dangerous cocktail. Central banks and governments have already signalled a change of paradigm, heralding the end of a long and accommodating cycle. Finally, we note an increased risk of recession, which would not fit well with often excessive debt levels.



Sponsorship & partnerships

Tikehau Capital supports urgent causes as well as initiatives and projects that align with its values through its partnership and sponsorship policy. Health, young people, climate and biodiversity are all priorities for partnerships with associations working in these fields.



HEALTH

RESEARCH

After supporting research on Covid-19 in March 2020 by making a significant donation to Assistance Publique-Hôpitaux de Paris (AP-HP), Tikehau Capital became a Major Sponsor of the AP-HP Foundation in 2021, with a view to supporting innovation in health, the accessibility of healthcare for all and the teams of the AP-HP's 39 hospitals.

Tikehau Capital has committed to supporting the Philosophy Chair at the hospital until 2024. This is a teaching and research programme that combines theory and practice for carers, patients, students, those working in the health system and the general public.

In 2021, Tikehau Capital supported three causes in particular:

- the Institut Curie Research Center in the United States to promote research on cancer;
- the Helebor association, which offers palliative care and improves the lives of people in France who are seriously ill;
- the Paratonnerre association, which brings together the families of children affected by febrile infection-related epilepsy syndrome (FIRES).

MUTUAL ASSISTANCE

In June 2011, Tikehau Capital and the CARAC Savings, Pensions and Personal Protection Mutual Fund joined forces to promote the independence of the most fragile members of society by offering a community-focused savings product via the Tikehau Entraid'Épargne Carac (TEEc) fund.

+ €550,000
IN DONATIONS IN 2021



YOUNG PEOPLE

PREPARING FOR THE FUTURE

Since 2019, the Institut de l'Engagement has provided personalised support to thousands of young people who have carried out volunteering work, aimed at developing their future civic engagement. Under this partnership, Tikehau Capital's teams help to select future beneficiaries in the initial phase of reviewing applications and in the oral interview phase. The Group also promotes participation in the Institut de l'Engagement at the time it hires interns.

MUTUAL ASSISTANCE

Tikehau Capital supports the Rugby French Flair association, which provides development support to the Zazakely orphanage that seeks to improve living conditions for disadvantaged children. Rugby French Flair allocates the donations it receives to local organisations that look after young people. The aim is to provide support to these children, who are often orphans, and to help them escape the violent aspects of their living conditions (trafficking, prostitution, recruitment by armed groups) against a backdrop of extreme poverty (Madagascar, Senegal, Colombia, Cuba and Panama).

TRAINING

Two associations in Spain, the Fundación Exit and Junior Achievement, seek to tackle school dropout rates and provide local apprenticeship centres where young people receive help in finding their way into work.

Since 2021, Tikehau Capital has supported the development of Espérance Banlieues and has contributed to the construction of new premises in Cours Charlemagne in Argenteuil (France). The Espérance Banlieues network applies an innovative school model, focusing on the prevention of school dropouts and the social and cultural integration of young people. It is based on the individual monitoring of pupils, which is possible due to the small number of children involved, apprenticeships focused on fundamentals (reading, writing and counting) and the close involvement of parents in the educational approach.

INCLUSION

Life Project for Youth develops solutions aimed at the professional and social integration of young people between the ages of 17 and 24 who live in extreme poverty and victims of exclusion in 13 countries in Asia, the Middle East, Europe and the Americas.



CLIMATE AND BIODIVERSITY

ASSISTANCE

In Autumn 2021, the Titicaca challenge took place, involving three high-level athletes: Théo Curin, a young Paralympic swimmer, Malia Metella, Olympic silver medallist in swimming and Matthieu Witwoet, an eco-adventurer. Théo Curin, who came up with the idea, had all four of his limbs amputated following a devastating bout of meningitis at the age of six. He overcame his disability by swimming. At the end of 2021, the three athletes swam across Lake Titicaca, a 122-kilometre-long lake located between Peru and Bolivia and over 3,800 metres above sea level, completely independently, using a specially designed raft. Beyond the sporting challenge, this expedition highlights the predicament of Lake Titicaca, which is threatened by urban development and global warming, and provides assistance to disadvantaged local communities.

Tikehau Capital has decided to sponsor the initiative of Romain Pilliard, skipper of the trimaran "Use It Again", which began a westabout attempt to sail around the world in December 2021, against the winds and the dominant currents. The trimaran has been renovated more than 15 years after its maiden voyage, with a focus on the choice of materials and with a view to transforming or recycling obsolete materials. This expedition is seeking to produce the first global map of ocean sounds to support the work of a scientist who specialises in the sounds made by cetaceans and ocean noise pollution.

CHALLENGE

In early 2021, Tikehau Capital made a five-year commitment to the Océan Polaire association founded by the doctor and explorer, Jean-Louis Etienne, linked to his Polar Pod expedition. Océan Polaire organises expeditions and educational and scientific trips in the polar regions. Polar Pod is both an extraordinary maritime exploration expedition and a technological challenge that involves studying the Southern Ocean, which surrounds Antarctica. The Southern Ocean is a major contributor to the climate system, as its cold waters are one of the world's principal carbon sinks. The Southern Ocean also enjoys rich biodiversity. As it is non-motorised, Polar Pod will be silent and carry out an unprecedented survey of underwater life. This expedition, which is to begin in 2023, will seek to gather data and collect long-term observations that will be sent to partner researchers, oceanographers, climatologists and biologists. Around 43 scientific institutions and 12 different countries are already involved in the project.

INSERTION

Since 2018, the Entrepreneurs du Monde association has been supporting the economic integration of people living in very precarious conditions by offering them microfinance services. In 2021, Tikehau Capital supported their programme in the Philippines on providing the poorest populations with access to clean, affordable and modern energy.

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