

PRESS RELEASE

Paris, 30 July 2020

Tikehau Capital in the first half of 2020

- **€1.1 bn net new money in asset management**
- **€25.7 bn in assets under management as at 30 June 2020**
- **€1.6 bn additional assets under management in July 2020**
- **Confirmation of targets set for 2022**

- The Group's assets under management as of 30 June 2020 amounted to €25.7 billion, up by 9.8% in twelve months, and up by 1.2% during the second quarter;
- The Group maintained good business momentum despite the difficult context, with resilient net new money of +€1.1 billion for the asset management activity in the first half, bringing assets under management in this activity to €24.0 billion at 30 June 2020 (an increase of 13.2% in twelve months, and 2.6% up on the second quarter);
- All Tikehau Capital's asset classes contributed positively to net new money in the first half, with continued ramp-up of real estate and private equity;
- In the private debt area, Tikehau Capital has been selected to manage Novo 2020, a new French institutional fund designed to provide financing solutions to French medium-sized enterprises;
- The Group kept actively managing its portfolio, and took advantage of market conditions to dispose of 54% of its stake in DWS, while both groups remain fully committed to pursuing their strategic partnership;
- In July 2020, Ace Management was selected to exclusively manage the fund to support the aerospace sector, with an initial closing of €630 million;
- On 29 July 2020, the Group successfully raised €220 million as part of the first closing of its fifth-generation of Direct Lending fund and finalized the acquisition of Star America Infrastructure Partners, representing a major step forward in the Group's expansion in North America.

Tikehau Capital's assets under management to 30 June 2020 amounted to €25.7 billion, up by 9.8%¹ in a year, an increase of €2.3 billion. In the second quarter of 2020, assets under management rose by €0.3 billion (up 1.2%).

The Group's assets under management to the end of June 2020 break down into €24.0 billion for the asset management activity and €1.7 billion for the investment activity.

Antoine Flamarion, co-founder of Tikehau Capital, stated: "*Tikehau Capital demonstrated its resilience and ability to maintain its growth momentum in the second quarter of 2020 despite the unprecedented global impact of the Covid-19 pandemic. The strength of our balance sheet and our entrepreneurial spirit enabled us to embark upon and pursue new initiatives despite the major economic slowdown. Fundraising remained at a high level in the first half, thanks to the unwavering commitment of our teams. Our global platform and the investment strategies we offer to our institutional and private clients are more relevant than ever in this uncertain economic situation. We continued our investments during the first half and consolidated our position as a financing provider for medium-sized enterprises in France and Europe.*"

Mathieu Chabran, co-founder of Tikehau Capital, added: "*Economic uncertainty and volatility will most probably remain in the second half of the year. Against this backdrop, the specific characteristics of our product range, our bespoke approach to investments and the flexibility of our teams will be key differentiating factors. Tikehau Capital is on track to achieve its targets to reach over €35 billion in assets under management for the Group and generate over €100 million in net operating profit from asset management activities by 2022.*"

Asset Management activity: net new money of €1.1 billion in the first half of 2020

As at 30 June 2020, assets under management in Tikehau Capital's asset management business amounted to €24.0 billion, up by €2.8 billion in twelve months (up 13.2%). In the second quarter of 2020, assets under management increased by 2.6%, (+€600 million), taking their growth over the entire first half of the year to 1.7% (+€400 million). This growth was due to:

- **Resilient net new money** of €1,100 million, of which €580 million raised in the second quarter. This strong performance, despite the critical economic and health situation, reflects the appeal of the Group's model and investment strategies to investors. It also reflects structurally favorable tailwinds in favor of the market segments where the Group is positioned. Robust commercial performance over the first six months of the year was mostly due to strong momentum in real estate and private equity, which attracted around 80% of net new money for the half-year, which improves the Group's business mix and revenue generation.

¹ The figures shown have been rounded for presentation purposes, which in some cases may result in rounding differences.

- **Distributions** of -€500 million over the first half, mostly for private debt activities.
- **Market effects** of -€200 million, due to severe macroeconomic downturn caused by the Covid-19 pandemic. Capital markets strategies bore the brunt of these impacts.

At end-June 2020, Tikehau Capital has a level of **dry powder** of €4.7 billion within the funds it manages, which allows the Group to remain positioned alongside portfolio companies and to be able to seize investment opportunities.

Private debt: €8.3 billion in assets under management at 30 June 2020

Assets under management in **private debt** amounted to €8.3 billion at the end of June 2020, compared to €8.4 billion one year earlier. In the second quarter of 2020, private debt assets under management remained stable, with net new money of €100 million, offset by distributions of -€150 million, mostly in relation to direct lending activities. Market effects on private debt activities were positive at around +€70 million over the second quarter.

Already in charge for managing the Novo2, Novi1 and Novo 2018 French *fonds de place* (fund sponsored by institutional investors), Tikehau Capital was selected during the second quarter to manage a new fund (Novo 2020), designed to support French medium-sized enterprises over the long term, by providing tailored senior financing solutions against the backdrop of the current pandemic. Through this initiative, spearheaded by insurers under the aegis of the FFA (French Insurance Federation) and by the *Caisse des Dépôts et Consignations*, Tikehau Capital collected around €60 million over the first half and over €110 million to date, consolidating its position as a key player in financing the real economy.

Tikehau Capital also successfully completed a second closing for over €40 million as part of the initiative launched in partnership with Fideuram in Italy designed to provide investment solutions on European private markets to the Italian private bank's private clients.

Real Estate: €9.6 billion in assets under management at 30 June 2020

Tikehau Capital's assets under management in **real estate** grew 4.3% (+€400 million) in the first half, reaching €9.6 billion at the end of June 2020. After a very buoyant first quarter, assets under management were stable in the second quarter (+0.3%, or €27 million).

Net new money amounted to around €520 million in the first half, with Sofidy continuing to perform well and the completion, on 28 February 2020, of the final closing of the Group's first pan-European discretionary real estate fund, which was launched in 2018 and raised a total of €560 million. **Distribution** and **market effects** respectively amounted to -€65 million and -€70 million over the first half, mostly relating to Sofidy.

On 6 April 2020, Tikehau Capital increased its investment in IREIT Global, a real estate firm listed in Singapore focusing on the European real estate market. This transaction was completed under highly favourable financial conditions for the Group, with IREIT Global's stock price rising by 51% since the transaction².

Private equity: €2.3 billion in assets under management as at 30 June 2020

The Group has been successful in achieving growth in **private equity**, a promising asset class, in which assets under management rose by over 53% during the last twelve months, reaching €2.3 billion at the end of June 2020. Assets under management increased by around €300 million compared to 31 December 2019 (+15.0%), of which €200 million over the second quarter (+9.5% growth).

As a leading player in financing the European economy, Tikehau Capital is convinced that its alternative financing solutions, particularly in equity, will be more crucial than ever in financing economic recovery and the energy transition.

Net new money performed well, reaching €350 million over the half-year (of which €250 million in the second quarter), driven by the success of the second generation fund for special situations, managed by the Tactical Strategies team set up during the fourth quarter of 2019.

The private equity fund dedicated to the **energy transition** continued to fundraise in the first half. This fund, launched in 2018 in partnership with Total, aims to offer high returns while accelerating the transition to a low-carbon economy. It reflects the Group's strong conviction that investing in equity is well suited to the current environment, and an effective approach, which places companies at the heart of a successful energy transition.

In addition, the French government, following the submission of a report by Mr Philippe Tibi, launched at the end of 2019 an initiative aimed at **improving the financing of French technology companies**. As part of this initiative, major French institutional investors have committed to dedicate more than €6 billion by December 31, 2022 to enable these companies to finance their growth. On July 29, 2020, Tikehau Capital's energy transition fund was declared eligible for this initiative and thus confirms the relevance of its positioning.

In April 2020, the Group also launched its first **European Long-Term Investment Fund (ELTIF)** for private clients of Banca March in Spain, which will replicate the Group's energy transition fund. Thanks to this initiative, the Group raised €59 million over the first half, in an extremely difficult health and economic situation. Tikehau Capital has thereby confirmed the relevance of its private equity strategy and continues to expand its customer base toward private clients.

² Based on a unit price for IREIT Global of SGD0.74 on 29 July 2020.

Finally, new money in the private equity segment also benefited from an allocation in the first half from the multi-asset strategy launched at the end of 2019 in partnership with Fideuram.

Distributions had an impact of -€120 million on assets under management in private equity in the first half of 2020, while **market effects** had no significant impact on assets under management during the same period.

Capital markets strategies: €3.8 billion in assets under management at 30 June 2020

The **capital markets strategies** business proved resilient in a highly turbulent market during the first half. Assets under management increased by 0.7% (+€25 million) since 31 December 2019, with growth of 8.6% (+€300 million) in the second quarter.

Net new money amounted to €150 million in the first six months of the year, driven by strong second-quarter performances in fixed income as well as in flexible and equity strategies. Negative **market effects** amounted to -€120 million over the half-year, with the second-quarter markets rebound largely offsetting the negative impacts of the first quarter.

Investment activity: assets under management amounted to €1.7 billion at the end of June 2020

Assets under management from **investment activities** amounted to €1.7 billion at the end of June 2020, compared to €2.2 billion at the end of December 2019.

This **€500 million** decrease recorded over the first half of 2020 was principally due to the following elements:

- Tikehau Capital has committed around **€140 million** to its funds, in line with its strategy of alignment of interests;
- The impacts of dividend payments amount to approximately **€80 million**;
- Negative market effects on the Group's direct investment portfolio amounted to around **-€70 million** over the half-year (mostly as a result of listed investments), a negative impact of around 8%, of which -€170 million in the first quarter, followed by a positive impact of €100 million in the second quarter. The positive market effects recorded in the second quarter were offset by a negative impact **-€165 million** related to the financial instruments set up by the Group as part of its risk management policy, at a time when the global economy was facing a major systemic risk. These instruments can be regarded as hedging tools for the Group's investment portfolio, particularly for its listed component, in the face of uncertainty levels which remain very high in light of the future development of the health crisis and financial markets over the coming quarters. The costs relating to these instruments will have a negative impact on the Group's financial statements to 30 June 2020, in line with the impact on its assets under management.

Active rotation of the investment portfolio in the first half

With a total of 210 investment lines as at 30 June 2020, Tikehau Capital's **consolidated portfolio** benefits from a high level of diversity in terms of asset types, a high level of granularity and increasing exposure to its own asset management strategies.

At the end of June 2020, **65%** of Tikehau Capital's portfolio was exposed to its own funds (compared to 61% at the end of December 2019), in line with the Group's targets. This approach has a dual advantage for the Group, as it aligns its interests with those of its investor clients, and it provides more recurring revenue streams. As such, the impact of the fair value adjustments to the Group's investments in its funds was limited to around -3% over the first six months of the year, despite a particularly difficult and volatile market environment.

Since January 1st, Tikehau Capital has also actively pursued the rotation of its direct investment portfolio. Thus, the Group took advantage of market conditions to sell 54% of its stake in the German asset management company **DWS**, generating total proceeds of €110 million. Meanwhile, Tikehau Capital and DWS are also continuing to roll-out their strategic partnership, the spirit and nature of which remaining unchanged, with several joint projects and initiatives currently under development.

In addition, the Group has been informed by **Conforama**, a major player in household equipment in Europe, of the upcoming repayment of the €115m loan it provided to the company in early 2018, partly funded by Tikehau Capital's balance sheet and partly by several funds managed by the Group.

Outlook

Tikehau Capital is fully up and running to achieve its 2022 targets to reach over €35 billion in assets under management for the Group and to generate more than €100 million in net operating profit from asset management.

Throughout July 2020, the Group has continued to deliver on its strategy and has achieved major commercial successes. This has enabled Tikehau Capital to recognize €1.6 billion of additional assets under management since the end of June 2020, of which €1.1 billion organically, an amount equivalent to net new money for the entire first half of the year, and €0.5 billion in external growth:

- In the field of **private equity**, Ace Management, a private equity firm and a subsidiary of Tikehau Capital specialising in the industrial and technological sectors, recorded a major success in July 2020. Following a call for tender process organised by the leading aerospace players (Airbus, Safran, Thales, Dassault Aviation) with the support of the French State, in particular through BPI France, Ace Management was selected to exclusively manage a fund to support the aerospace industry. The aim of this fund will be to shore up the equity of all key subcontractors in the industry and to facilitate the consolidation of a sector of excellence of the French industry. A first €630 million closing of

the fund already took place. Tikehau Capital has invested €230 million via its balance sheet as part of this fund's first closing, in line with its alignment of interests strategy;

- In the field of **private debt**, the Group successfully raised €220 million of commitments as part of the first closing of the fifth generation of its Direct Lending fund. In line with its strategy to align interests with its investor clients, Tikehau Capital contributed to this first closing, committing €60 million via its own balance sheet. As a pioneer in Europe on the private debt market, the Group is an expert in the European Direct Lending segment. The fourth-generation fund raised a total of €2.1 billion, over three times higher than the previous generation. The fifth-generation fund will provide Tikehau Capital and its investor-clients with renewed resources to support European SMEs, by offering them a wide range of tailored financing solutions.
- In addition, a French institutional investor also granted Tikehau Capital a €150 million management mandate to invest in several strategies developed by the Group, principally in **private debt**. This mandate takes the form of a closed-ended evergreen fund, i.e. one with an unlimited lifespan, a first for Tikehau Capital in the field of private debt.
- Tikehau Capital also raised an additional € 55 million as part of the **Novo 2020** fund, which the Group had obtained management during the first half of the year.
- Lastly, on 29 July 2020 the Group finalised the acquisition of 100% of the share capital of Star America Infrastructure Partners, an independent US asset management company which develops and manages medium-sized **infrastructure** projects in North America with c.\$600 million (€535 million³) of assets under management. This acquisition enables Tikehau Capital to diversify its assets under management towards a new promising asset class and boost its strategy to expand in North America. The acquisition price has been paid partly in cash and partly in shares. The terms of the transaction also include the payment of a potential earn-out in 2021.

Given the ongoing extremely depressed global economic situation and high levels of uncertainty, Tikehau Capital remains very prudent with regards to market developments in the coming quarters. The Group believes that the current financial market levels do not fully reflect the profound impact that the Covid-19 pandemic will have on the real economy in the short and medium terms. There remains a high degree of uncertainty as to how the pandemic will develop, and major risks will continue to weigh heavily on global economic growth and companies' health over the coming quarters.

In this context, Tikehau Capital's **business model sets it apart**, and is based on high levels of shareholders' equity, invested as a priority in its various asset management

³ Based on a \$/€ exchange rate of 0.89 as of 30 June 2020.

strategies, alongside its investor clients. In addition to ensuring an unparalleled alignment between the interests of the Group and those of its investor clients, this approach gives the Group firepower to cope with adverse market conditions.

Share buyback programme

Tikehau Capital is extending until 17 September 2020 the mandate granted to an investment services provider for the repurchase of shares under its buyback programme authorised by the Annual General Meeting of Shareholders of 19 May 2020.

The shares repurchased will be used for external growth, merger, spin-off or investment transactions, within the limit of 5% of the share capital in accordance with the law.

The terms of the share buyback programme remain unchanged. A description of the share buyback programme (which appears in paragraph 8.3.4 of the Tikehau Capital Registration Document filed by the *Autorité des marchés financiers* (French Financial Markets Authority) on 14 April 2020 under number D. 20-0290) is available on the Company's website under the "Regulatory information" section.

(<https://www.tikehaucapital.com/fr/shareholders/regulatory-information>).

Calendar

17 September 2020 – 2020 half-year results

5 November 2020 – Assets under management at end-September 2020

Detail of change in assets under management for asset management activities⁴

<u>First half 2020 (€m)</u>	Net new money *	Distributions	Market effects ⁵	AuM change	AuM as at 30/06/2020 (€m)
Private debt	+65	(307)	(62)	(304)	8,329
Real Estate	+520	(67)	(70)	+383	9,560
Capital Markets Strategies	+153	(10)	(117)	+25	3,836
Private Equity	+351	(120)	+50	+281	2,296
Total asset under management	+1,089	(504)	(200)	+386	24,021

*The net new money by business line takes into account internal reallocations from multi-asset strategies, in particular funds raised through the partnership with Fideuram, which were initially recognised as private debt and have been progressively deployed across the Group's different asset classes. Therefore, in the first half, the impacts are: -€91 million in net new money in private debt, +€45 million in real estate and +€46million in private equity.

<u>Q2 2020 (€m)</u>	Net new money *	Distributions	Market effects ⁵	AuM change	AuM as at 30/06/2020 (€m)
Private debt	+103	(148)	+71	+26	8,329
Real Estate	+81	(30)	(23)	+27	9,560
Capital Markets Strategies	+148	(9)	+182	+321	3,836
Private Equity	+250	(120)	+76	+206	2,296
Total asset management	+582	(306)	+306	+581	24,021

*The net new money by business line takes into account internal reallocations from multi-asset strategies, in particular funds raised through the partnership with Fideuram, which were initially recognised as private debt and have been progressively deployed across the Group's different asset classes. Therefore, in the first half, the impacts are: -€5 million in net new money in private debt and +€5 million in private equity.

⁴ The figures shown are the Group's best estimates to the end of June 2020 and may change slightly. They have been rounded for presentation purposes, which in some cases may result in rounding differences.

⁵ Including non-material scope changes.

Breakdown of assets under management as at 30 June 2020⁶

	Assets under management as at 30/06/2020		Change compared to 30/06/2019		Change compared to 31/12/2019	
	Amounts (€m)	Weight (%)	In %	In €m	In %	In €m
Private debt	8,329	32%	-1%	-80	-4%	-304
Real Estate	9,560	37%	19%	1,511	4%	383
Capital Markets Strategies	3,836	15%	15%	506	1%	25
Private Equity (a)	2,296	9%	58%	839	14%	281
Asset management activity	24,021	93%	13%	2,775	2%	386
Investment activities* (b)	1,683	7%	-20%	-424	-23%	-490
Total assets under management	25,704	100%	10%	2,351	0%	-104

Total Private Equity (a+b)	3,979	15%	12%	415	-5%	-209
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* For own account

About Tikehau Capital:

Tikehau Capital is an asset management and investment group with €25.7 billion of assets under management (as at 30 June 2020) and shareholders' equity of €3.1 billion (as at 31 December 2019). The Group invests in various asset classes (private debt, real estate, private equity, capital markets strategies), including through its asset management subsidiaries, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs more than 530 staff (as at 31 December 2019) in its current offices in Paris, London, Amsterdam, Brussels, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo.

Tikehau Capital is listed on the Euronext Paris regulated market, Compartment A (ISIN code: FR0013230612; Ticker: TKO.FP).

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⁶ The figures shown are the Group's best estimates to the end of June 2020 and may change slightly. They have been rounded for presentation purposes, which in some cases may result in rounding differences.

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