

2022 **ACTIVITY  
REPORT**



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ANTOINE FLAMARION AND MATHIEU CHABRAN  
CO-FOUNDERS OF TIKEHAU CAPITAL

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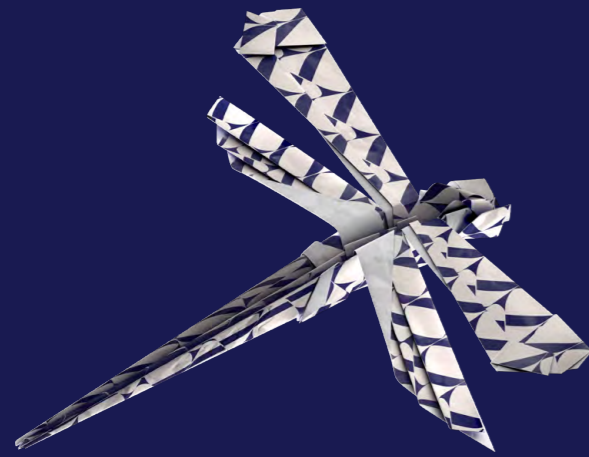
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# 2022 Highlights

## CONTINUED REINFORCEMENT OF THE IMPACT PLATFORM

In 2022, Tikehau Capital reinforced its impact platform across all its business lines. In Private Equity, the Group launched the third generation of its growth equity fund focused on companies with sustainable objectives, a new regenerative agriculture fund, launched in partnership with AXA Climate and Unilever, as well as a fund dedicated to green assets. In Real Assets, Tikehau Capital launched the second vintage of its European value-add real estate fund, which is evolving into an impact strategy.

## Successful fundraising for fifth generation of direct lending strategy

Tikehau Capital raised a record €3.3 billion for the fifth generation of its direct lending strategy, up nearly 60% compared to the previous vintage. The fundraising was supported by major international institutional investors, more than 35% of which are based outside Europe.

## Continued international development

Tikehau Capital strengthened its multi-local platform in 2022, opening offices in Tel Aviv and Zurich. The Group now has 14 offices globally. In 2022, 71% of inflows\* came from international investor-clients, demonstrating their growing interest in Tikehau Capital's strategies.

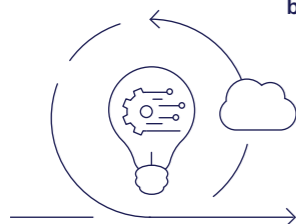
\* Inflows from third-party investors (excluding amounts committed by Tikehau Capital's balance sheet) and excluding Sofidy.



## Strengthening the offering to individual investors

In 2022, the Group signed a partnership with iCapital, a global platform promoting access to investments in private assets and launched the Opale Capital platform, which facilitates the access of wealth managers to investment opportunities offered by private markets.

In addition, 2022 was marked by the continued success of the innovative private debt life insurance unit-linked product. Launched in April 2021 in partnership with MACSF, this solution provides retail investors with the opportunity to contribute to the financing of the real economy, by investing in the private debt of French and European mid-sized companies, an asset class that until now been reserved for institutional investors.



## Inaugural issue of a sustainable US private placement (USPP)

In February 2022, Tikehau Capital successfully issued its first sustainable US private placement for an amount of \$180 million. This transaction reflects the confidence of US investors in the Group's credit quality and long-term growth strategy. As at 31 December 2022, 65% of the Group's debt was linked to sustainable criteria.



## Sofidy recognised for its expertise

Sofidy received three awards in early January 2023, including Company of the Year, from *Gestion de Fortune* magazine during the 30<sup>th</sup> edition of the *Palmarès des Fournisseurs*:

**1<sup>st</sup>**  
place in  
the SCPI category  
(AuM over €1bn)



**3<sup>rd</sup>**  
place  
in the SCI  
category

**Company of the Year** prize which, for the first time since its creation, was awarded to an independent management company specialising in the real estate savings market.

\* The *Palmarès des Fournisseurs* winners are identified each year by *Gestion de Fortune* magazine after a rigorous study (both quantitative and qualitative) conducted among 4,000 independent wealth management advisors located throughout France who rate the relevance of the range of products, commercial availability and back office quality of their preferred suppliers.



## Launch of the Tikehau University for all employees

In December 2022, Tikehau Capital launched the Tikehau University, a platform dedicated to environmental, social and governance (ESG) training programmes. To have a fully integrated approach to sustainability, we need to upskill all teams, businesses and functions in order to embed ESG risks, opportunities and measurement in their day-to-day roles. In addition, to support and accelerate Tikehau Capital's sustainability-themed and impact platform around climate, nature & biodiversity, cybersecurity and resilience, it is vital to build tailored knowledge and develop best practice.





# Shared viewpoints

**MATHIEU  
CHABRAN**

**ANTOINE  
FLAMARION**

CO-FOUNDERS OF TIKEHAU CAPITAL

**“It is our ability to innovate that makes it possible to fulfil the requirements of our institutional and private clients.”**

Since Tikehau Capital's inception, we have never stopped thinking big. This is undoubtedly why major changes and profound transformations do not frighten us but guide our action and our ability to offer solutions and anticipate needs. 2022 brought numerous challenges, particularly in terms of geopolitics, health and energy. Incidentally, it provided a catalyst for a profound paradigm shift on the economic front. After years of accommodating practices, the normalisation of the monetary policies implemented by the main central banks has significantly shaken the financing foundations of many players. As a result, in just a few months, financing has ceased to be a commodity and has become a high value-added tool. Once more, liquidity has value; once again, credit bears a cost. It marks the end of ready-to-invest and ready-to-finance, with the renewal and resurgence of tailor-made products and their requirements.

In light of current market conditions - unseen for decades - the fundamentals of financial analysis, "corporate finance 1.0", are resurfacing.

While the price of an asset is the price that the marginal buyer is willing to pay, the value of an asset, on the other hand, remains the present value of its future cash flows, discounted at a risk-free rate, plus a risk premium. For several years, we have highlighted excessive valuation and leverage. In 2023, both will appear increasingly starkly. We come prepared.

However, our high standards and selectiveness do not prevent us from meeting the emerging needs of companies by offering tailor-made financing solutions, as demonstrated by the successful deployment of our funds across our four business lines. Moreover, it is our ability to innovate that makes it possible to fulfil the requirements of our institutional and private clients.

Against this economic backdrop, Tikehau Capital is particularly well positioned, thanks to a robust financial structure (€3.1 billion in shareholder's equity and €1.3 billion in short-term resources) and a profitable and sustainable development model, which is underpinned by buoyant fundamentals and continually produces solid results.

Profitable and sustainable growth is the only way to reconcile the short- and long-term challenges. The same can be said for the companies we finance and the projects in which we invest. Performance measurement must integrate financial and non-financial criteria at the same level to ensure the investment capacity and sustainability of the system. With our impact funds dedicated to decarbonisation, nature & biodiversity, cybersecurity and resilience, we actively participate in the transition and necessary transformation of value chains on a large scale.

Our purpose is clear. Guided by our entrepreneurial DNA, we anticipate tomorrow's needs and create meaningful financial solutions to accelerate positive change for society at large.

We are entrepreneurs. Tikehau Capital is a unique brand that has upheld high values of excellence, independence and commitment for 18 years. These values run through our 14 offices, on three continents, across all our teams and across all our business lines. We encourage our teams to be ambitious, curious, and attentive to challenges and opportunities in order to offer solutions tailored to our clients. We align our interests with those of our clients by investing our own capital in our strategies. Our ability to support major transformations at the right pace by aligning the interests of all stakeholders is of vital importance. Indeed, it is the one and only key to success.

Level Up!

## TO 2026 Roadmap

### Societal and environmental contribution

For Tikehau Capital and its portfolio companies, working on a decarbonisation trajectory, on cybersecurity solutions or on the promotion of diversity are essential areas of focus. To enhance Group performance even further, we have adopted a "Sustainability by Design" approach to assess the ESG maturity of portfolio companies, as well as the risks and opportunities related to their business models. We deploy our significant efforts to reinforce our sustainable and impact investment platform which reached €3 billion in assets under management at end-2022, of which €2.3 billion is dedicated to climate and biodiversity. Between now and 2025, Tikehau Capital intends to manage at least €5 billion dedicated to climate and biodiversity.

### Our 2026 ambitions

Reach more than **€65 billion** in assets under management for the asset management activity

Generate more than **€250 million** in Fee-Related Earnings<sup>(1)</sup>

Reach a return on equity of around **15% by 2026**

(1) Fee-Related Earnings or FRE: relates to management fees and other commissions less operating costs of the asset management activity.



# Our key assets & resources

## A MULTILOCAL PLATFORM

**14** OFFICES ON 3 CONTINENTS

Assets under management from a global base of investor-clients and savers

**€38.8bn**

GROUP ASSETS UNDER MANAGEMENT<sup>(1)</sup>

Multilocal sourcing of investment opportunities

## DIVERSE AND EXPERIENCED TEAMS

**742** employees

**48** nationalities

**14** years of experience on average

**43%** women

## A ROBUST FINANCIAL STRUCTURE

**€3.1bn**

Shareholders' equity, Group share

**€1.3bn**

Short-term financial resources

**BBB-STABLE**

Financial rating<sup>(2)</sup>

Our values

**Excellence,**

**independence, commitment.**

## DOUBLE EXPOSURE TO THE ALTERNATIVE ASSET MANAGEMENT MARKET



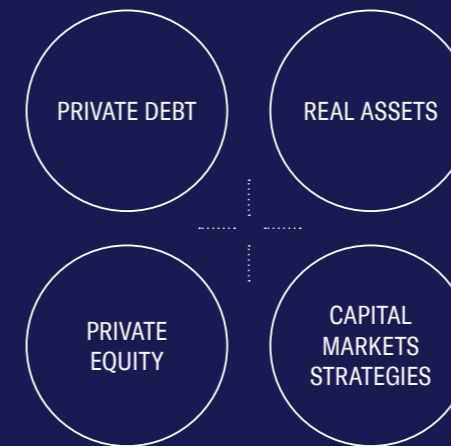
### Asset Management

4 asset classes  
89% of assets under management in closed-end funds

### Investment portfolio

€2.3bn invested in Tikehau Capital's strategies

## 4 BUSINESS LINES AND CROSS-FUNCTIONAL EXPERTISE TO FINANCE THE ECONOMY



TACTICAL STRATEGIES

## A UNIQUE ALIGNMENT OF INTERESTS AT THREE LEVELS

**57%** of the share capital controlled by the management and employees of Tikehau Capital

**79%** of Tikehau Capital's investment portfolio invested in the Group's strategies, alongside its investor-clients

**>80%** of the asset management EBIT paid each year to shareholders

## SUSTAINABILITY FULLY INTEGRATED IN THE BUSINESS MODEL

# Creating sustainable value

**60%**

of assets under management in Article 8 and 9 funds

**20%**

of variable compensation linked to climate and human resources targets

**65%**

of the Group's debt linked to sustainability criteria

## SUSTAINABILITY-THEMED AND IMPACT PLATFORM



**€3bn**

in assets under management of which €2.3bn dedicated to climate and biodiversity.

## RECOGNISED COMMITMENT

MORNINGSTAR SUSTAINALYTICS



Figures as at 31 December 2022.

(1) Including €1.0bn in assets under management for the Investment activity.

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



# Review of 2022

2022 was marked by a robust performance, driven by growth and innovation.



LEVEL UP  
IT'S ABOUT ANTICIPATING  
MAJOR TRANSFORMATIONS  
AND ADDRESSING THEM





# interview

From left to right: Henri Marcoux, Thomas Friedberger and Cécile Cabanis.

## HENRI MARCOUX

GROUP DEPUTY CHIEF EXECUTIVE OFFICER,  
TIKEHAU CAPITAL

## THOMAS FRIEDBERGER

GROUP DEPUTY CHIEF EXECUTIVE OFFICER,  
TIKEHAU CAPITAL

## CÉCILE CABANIS

GROUP DEPUTY CHIEF EXECUTIVE OFFICER,  
TIKEHAU CAPITAL

**Between the health, geopolitical and energy crises, 2022 turned out to be a very complicated year.**

**How has Tikehau Capital evolved in this delicate and uncertain context?**

Thomas Friedberger\_ 2022 was marked by a profound paradigm shift. At the end of the year, capital and liquidity had a cost once again. The level of interest rates and the value of risky assets are no longer negatively correlated. In terms of investment, these changes indicate that economic value creation is now about selection rather than allocation. Thus, within companies, the era of efficiency where activity is over-optimised by producing in low-cost countries, favouring jurisdictions with low taxation and operating with low capital cushions to maximise returns, has now been replaced with the era of resilience. In this new environment, only the best-managed companies with the best positioning are likely to perform. Thanks to our highly selective approach, the diversity of our asset classes and geographies, our locally based sourcing teams

**“The need to move to a sustainable growth model has never been so pressing. Ignoring this would be losing a right to operate in the future. Integrating it enables the acceleration of necessary transitions.”**

**Cécile Cabanis**

and investment discipline, Tikehau Capital has the tools to overcome these upheavals, to benefit from a more demanding market and to continue to expand.

Henri Marcoux\_ The 2022 backdrop enabled us to appreciate the strength and relevance of our sustainable and profitable growth model. Tikehau Capital benefitted fully from a virtuous circle, the outcome of work carried out in recent years. Today, we are therefore well positioned in a high-growth market that capitalises on buoyant structural trends. Indeed, even though the current situation may weigh on the pace of investment inflows in the short term, most investors and savings managers plan to maintain their allocations in medium-term alternative investments, and those who plan to increase them, will do so within the next three years<sup>(1)</sup>. As such, between 2021 and 2026, alternative assets under management should enjoy average growth of 8% per year<sup>(2)</sup>, representing 19% of global assets under management and 51% of revenue<sup>(2)</sup>. Tikehau Capital is therefore clearly positioned in the most profitable and buoyant segment of the asset management market. As for

our operating performance, we continue to report a solid performance. In asset management activity, income amounted to €304 million, (+7% compared to 2021), driven by strong investment inflows which enabled us to increase our assets under management by 15%. Our investment portfolio, which amounted to €3.5 billion at end-December 2022 delivered a robust performance with €298 million in revenue and Group asset management strategies contributing €171 million.

**In early 2022, we underlined the strong causality link between profitability and sustainability. Did you succeed in meeting such sustainable development commitments against the current backdrop?**

Cécile Cabanis\_ Our investment policy is focused on performance and sustainable value creation. This is why we integrated risk monitoring and ESG opportunities in our decisions. We truly support a new model. In 2022, this led to the strengthening of an ecosystem dedicated to sustainable development, notably including the Impact Committee and reinforced governance with ESG contacts for each sector of activity. Our commitment is also reflected in the development of innovative products – sustainable and impact funds, which represent 8% of our assets under management and are based on several pillars: decarbonisation, nature & biodiversity, cybersecurity and resilience. Our thematic approach enables us to act in a focused manner with all of the players in each of the value chains, a necessary condition to enact systemic change and transition on a large scale. To reach our 2030 transformation ambitions, we must not only innovate with technology but also find new support solutions, new ways of working and new means of collective governance.

With this in mind, in 2022, we completed the first closing of our impact strategy dedicated to financing green assets for SMEs and launched, with AXA Climate and Unilever, a private equity strategy dedicated to accelerating the transition to regenerative agriculture.

To ensure that our sustainability-themed and impact performance is managed in the same way as our financial performance, our impact funds launched since 1 January 2022 have a share of their performance fees linked to reaching their impact objectives.

(1) Global Alternative Fund Survey – EY, 2022.

(2) BG Global AM 2022 and 2017 reports.



**T. F.\_** We are entering an era of lower growth, where the resilience of our models and economies will be key. Against this backdrop, megatrends are emerging - the energy transition, cybersecurity, digitalisation and the transformation of real estate assets - which will continue to generate strong growth. The energy transition, as well as tackling the climate issue head-on, is also becoming a competitive advantage for companies who must offset, thanks to energy savings, the increase in their costs following the relocation of their production bases. By investing in the energy efficiency of their buildings, and production processes, etc., companies foster resilience and develop the means to remain competitive. Non-financial criteria are finally becoming important in the generation of long-term financial performance.

**Beyond that, what other trends do you anticipate in 2023?**

**T. F.\_** The significant dispersion observed in markets offers value creation opportunities, particularly in segments or sectors with strong recovery potential, such as aeronautics, for example. Provided, of course, that you have enough capital to be disruptive. The backdrop is also extremely buoyant for our secondary strategies in Private Debt and Private Equity but also our special opportunities strategy which enables us to seize opportunities requiring agile, tailor-made financing structures and opportunities in certain liquid market segments, notably credit. Thanks to its positioning and above all its local presence, Tikehau Capital is able to identify the best opportunities to deploy its capital in 2023.

**C. C.\_** In 2023, the need to invest in decarbonisation, nature

& biodiversity, cybersecurity and resilience will accelerate with regulations which are set to continue evolving. The system which contributed to over-optimising value chains by globalising them has reached its limits. It has shown signs of fragility and caused damage to environmental, social and governance (ESG) issues. We must act even though regulations are not yet stabilised and not all data is available or reliable. In the months and years ahead, the challenge for the regulator will be to find the balance between ensuring transparency of investment products and putting an end to attempts at greenwashing, without standing in the way of progress, avoiding rules too far removed from the reality of situations and challenges and fostering initiatives from investors who wish to play an active role in the transition. This necessitates an exit from a business model solely founded on the pursuit of short-term growth and profit. Teams must learn to measure performance beyond a single Excel spreadsheet and assist companies in creating sustainable value. It will be necessary to reconcile these time horizons by allocating patient capital to enable the transition. Alternative assets are a solution and this is what we strive to do.

**“Our profitable growth model will continue to demonstrate its relevance.”**

**Henri Marcoux**

**On that point, how do you see Tikehau Capital's performance in the long-term?**

**H. M.\_** For several years, we have warned of excessive valuation and leverage and we now anticipate pressure on these issues. We come prepared, as our approach, which is based on a unique entrepreneurial model and harnesses a strong alignment of interests, ensures we are prepared thanks to its rigorous analysis and the selectiveness it imposes. Therefore, we embark on the complex cycle unfolding with notable financial strength and greater peace of mind than many of our peers. In an unpredictable market, this is valuable and reassuring for our investor-clients who place their trust in us.

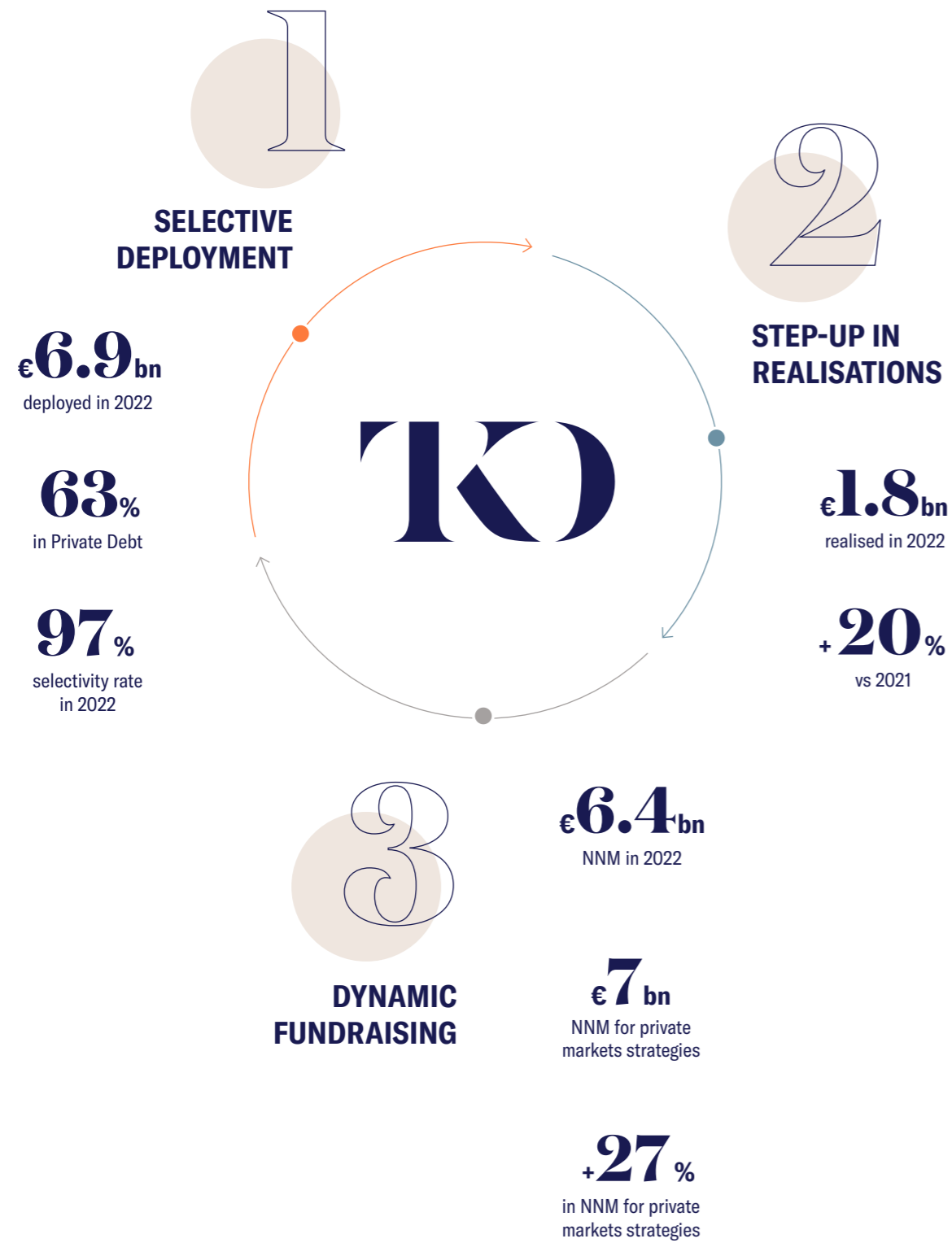
For this reason, Tikehau Capital confirms its objectives for 2026. We remain mobilised to reach more than €65 billion in assets under management for our asset management activity, i.e., double our assets under management as at 31 December 2022. This vigorous growth, together with increased operating leverage resulting from our ability to generate scale effects, should enable the Group to multiply its *Fee-Related Earnings* (FRE) by around 2.6x compared with 2022, thereby reaching €250 million by 2026.

We are convinced that our profitable growth model in the alternative asset management market will continue to demonstrate its relevance. Thanks to these powerful earnings drivers, Tikehau Capital therefore sets itself the objective of a mid-teen (15%) return on equity by 2026, up from 10% in 2022.

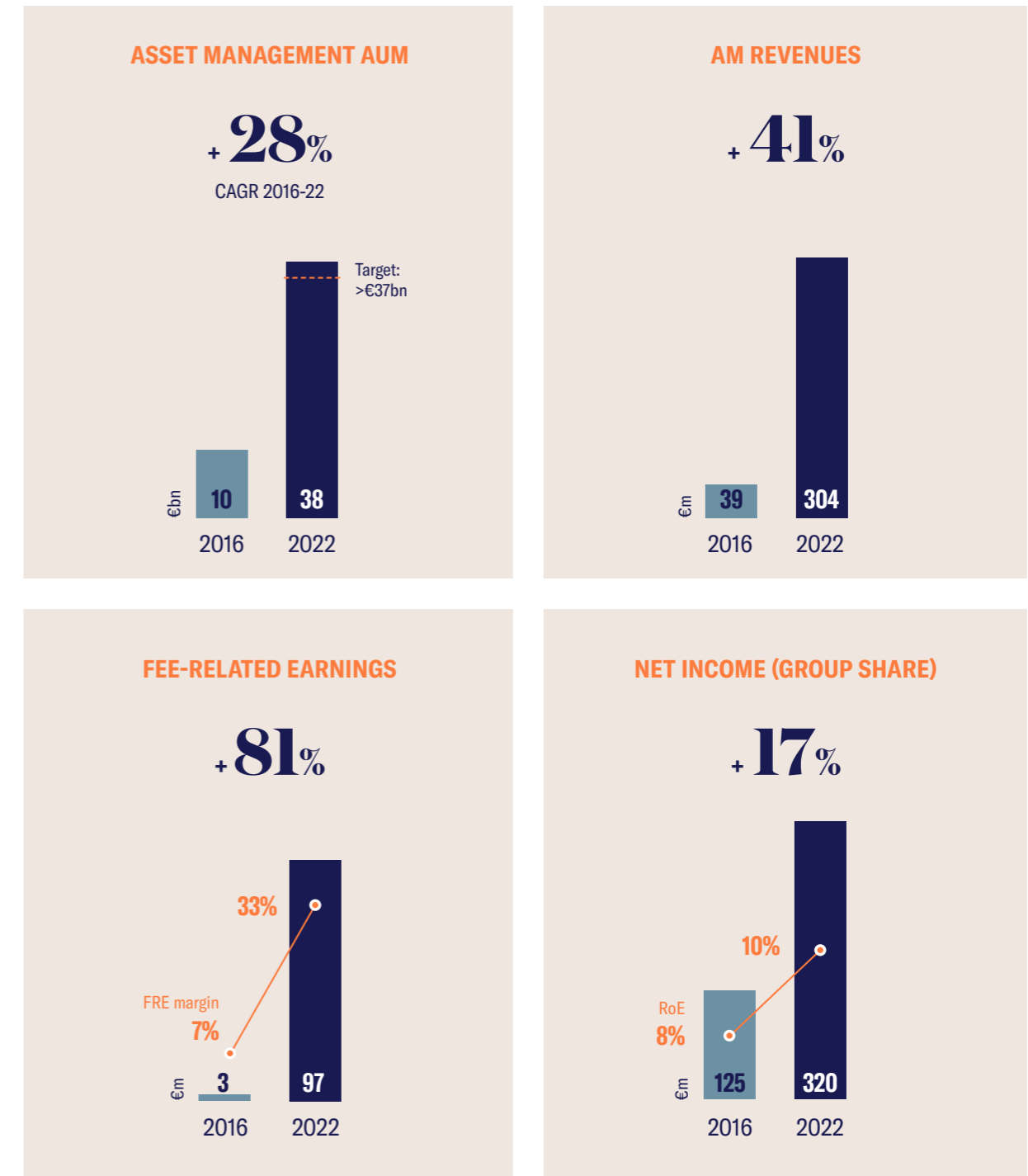
**“Tikehau Capital can identify the best opportunities to deploy its capital in 2023.”**

**Thomas Friedberger**

KEY OPERATING FIGURES IN 2022



2022 KEY FIGURES:  
A NEW STEP IN OUR LONG-TERM PROFITABLE GROWTH TRAJECTORY





**SUSTAINABILITY FULLY EMBEDDED WITHIN OUR BUSINESS MODEL**

**SUSTAINABILITY AT TIKEHAU CAPITAL**

**60%**

of AuM in SFDR Article 8 & 9 funds

**20%**

of variable compensation linked to people & climate goal

**65%**

of Group's debt linked to sustainability criteria

**SUSTAINABLE THEMATIC AND IMPACT PLATFORM**

**€2.3bn**

of AuM dedicated to climate & biodiversity



**>€5bn**

Target AuM dedicated to climate & biodiversity by 2025

**2022 RECOGNITION**

**11.6**

Low risk rating

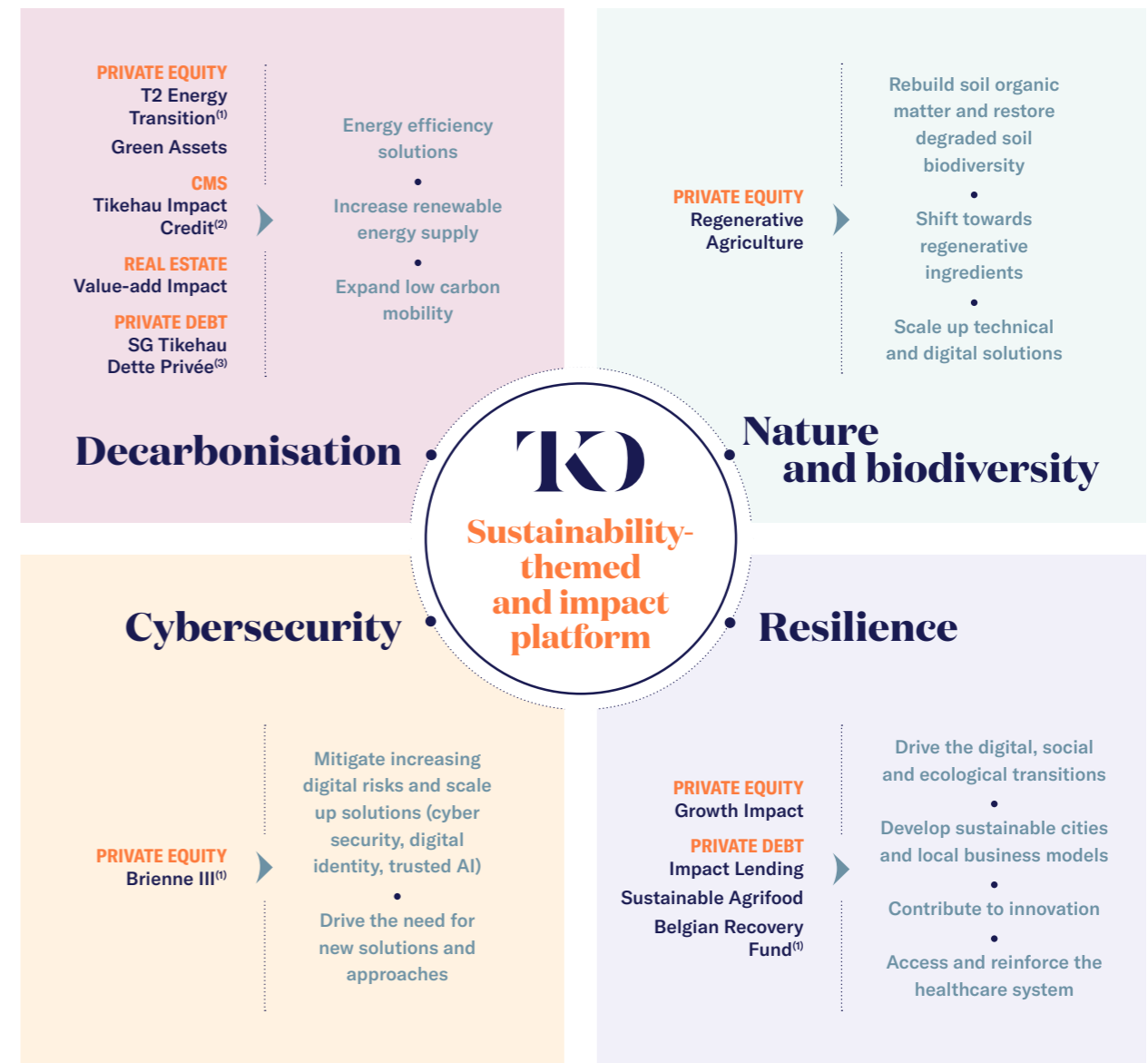
**Top 4%**

out of the 910 companies in the peer group

**MORNINGSTAR SUSTAINALYTICS**



**SUSTAINABILITY-THEMED AND IMPACT INVESTMENT PLATFORM AT END-2022**



At end-2022.  
 N.B.: It will be possible to include Sofidy funds with sustainable themes from 2023 onwards.  
 (1) Funds reserved for professional investors and closed to subscriptions.  
 (2) Fund open for marketing.  
 (3) Mutual investment fund with risk and exclusively accessible within unit-linked life insurance contracts marketed by Société Générale Private Banking France.

# Asset Management

To reach more than €65 billion  
in assets under management by 2026.

LEVEL UP  
IT'S ABOUT IDENTIFYING  
THE RIGHT MOMENT  
TO ACCELERATE





## OUR CONVICTION-BASED THEMATIC INVESTMENT PLATFORM

### LONG-STANDING EXPERTISE IN MID-MARKET FINANCING ACROSS ASSET CLASSES AND STRATEGIES

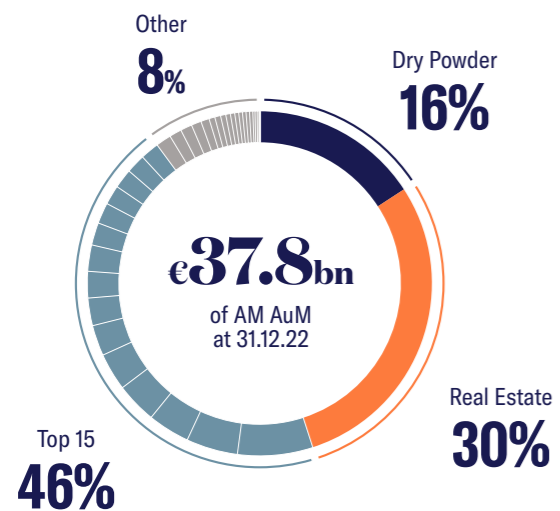
<b>Private Debt</b>	<b>Real Assets</b>	<b>Private Equity</b>	<b>Tactical Strategies</b>	<b>Capital Markets Strategies</b>
Mid-market financing Real economy & job creation Creating local resilience	Asset transformation and reversion Energy efficiency Infrastructure	Growth & patient capital Sector expertise Active engagement	Special financing & hybrid capital solutions for mid-market	Conviction-based management Fundamental investment approach

### KEY FOCUS AREAS

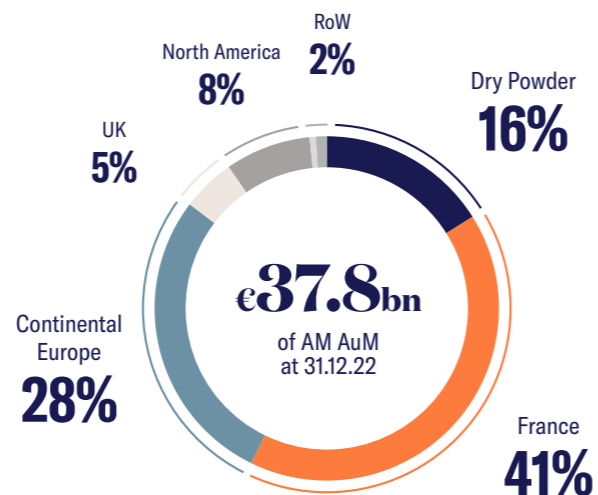
DOWNSIDE PROTECTION, SECULAR MEGATRENDS, ESG & IMPACT, SKIN IN THE GAME

## HIGHLY GRANULAR AND DIVERSIFIED EXPOSURE BY SECTOR & GEOGRAPHY

### AM AUM BREAKDOWN BY SECTOR



### AM ASSETS BREAKDOWN BY GEOGRAPHY



# interview



## FRÉDÉRIC GIOVANSILI

DEPUTY CHIEF EXECUTIVE OFFICER OF TIKEHAU IM,  
HEAD OF GROUP SALES, MARKETING  
AND COMMERCIAL DEVELOPMENT, TIKEHAU CAPITAL

**2022 saw a particularly high level of net inflows in all the alternative asset classes in which Tikehau Capital is active. What do you think the reason for this attractiveness is?**

Growth in our assets under management (+13%) was most satisfactory, particularly against the extremely exceptional backdrop of the second half of the year. This is down to the ability of our teams to roll out funds while maintaining

a particularly high level of selectiveness across business lines (on average 97%).

The increase in funds under management in the Private Debt and Real Assets activities was confirmed once again this year, and our Capital Markets Strategies regained momentum during the closing quarter against a particularly complex market backdrop.

Inflows to our Private Equity activity were up 82% compared with 2021, reaching €1.1 billion, i.e., 17% of total net inflows. This performance leveraged our ability to innovate with the launch of our agriculture strategy involving key partners such as AXA Climate and Unilever and the new vintage of our growth equity strategy. The pursuit of yield and diversification by investors were additional factors. Alternative assets, with assets under management increasing by an average of close to 10% per year over the past decade, are the asset classes which benefit from the greatest growth potential up to 2026, according to the Prequin<sup>(1)</sup> report. Private equity assets are expected to reach nearly US\$7.5 trillion by 2027, representing an average annual growth rate of 10%.

**To meet private investor appetite for alternative asset classes, you launched initiatives with MACSF and CNP Assurances in 2021. What is your approach to the democratisation of private markets?**

Today, our investor-clients base for the Group's asset management activity is 63% institutional investors (insurers, pension funds and sovereign funds), 15% private investors (private banks, networks, wealth management advisors and retail bank networks) and 7% family offices. We see strong demand from private investors for the asset classes in which we are active, both in Europe and elsewhere. For this reason, we are continuing to push forward with our commitment

to the democratisation of private markets (see adjacent focus feature on Opale Capital). In particular, this led to a partnership with iCapital which enables us to distribute some of our private market investment opportunities on a global scale. This partnership will act as a strong driver of diversification of investor-clients and enable us to expand our international reach.

**With the opening of two new offices in 2022, you have further strengthened your multi-local presence with investor-clients. How is this reflected in their profiles?**

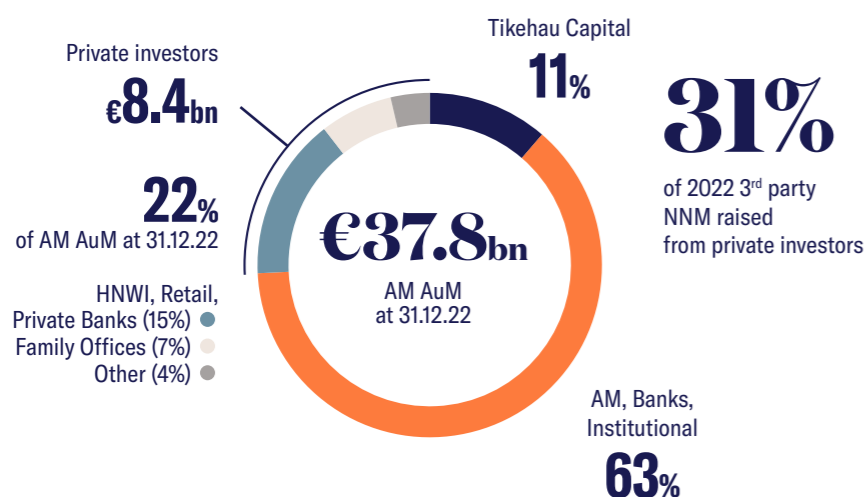
Indeed, in line with the expansion of our international reach, the Group continues to expand and gradually internationalise its investor-clients base. At end-2022, 37% of assets within the Group's asset management scope came from our international clientele. For instance, the fifth vintage of our direct lending strategy has 144 investor-clients from 19 different countries, including two new countries (the United Arab Emirates and China).

This illustrates the determined strength of the Tikehau Capital brand which extends well beyond the frontiers of Europe, the historical heart of its activity, to tap new pockets of savings in Asia and particularly the Arabian Peninsula.

<sup>(1)</sup> Prequin Global Report 2023: Private Equity.

**CONTINUED GROWTH WITH PRIVATE CLIENTS  
A SIGNIFICANT OPPORTUNITY ADDRESSED IN AN ORDERLY FASHION**

**AM AUM BREAKDOWN BY CLIENT TYPE AT 31.12.22**



**KEY PARTNERS**

**Insurance companies**



**Private banks**



**Distribution platforms**



**PAUL MORENO BLOSSEVILLE**  
CHIEF EXECUTIVE OFFICER,  
OPALE CAPITAL

**FOCUS  
OPALE CAPITAL**

**“We target specific themes aligned with megatrends.”**

**Opale Capital is the manifestation of the gradual democratisation of private markets in France. What was the rationale for this initiative?**

First of all, it is an opportunity provided by the legislator, via a series of laws and provisions enabling non-institutional but informed clients to access private markets. Today, of the €5.7 trillion in French savings, only €7 billion feed private markets<sup>(1)</sup>, in other words, the savings of a handful of early adopters. With our platform, we enable and accelerate the democratisation of these markets.

**In concrete terms, how does this platform enable the democratisation of private markets?**

- The combined experience of:
- the digital real estate crowdfunding platform Homunity, a subsidiary of Tikehau Capital since 2019;
  - the Group's expertise in unlisted assets.

We're able to offer simplicity and selectiveness in access to private markets.

Simplicity because Opale Capital allows all administrative formalities (inscription, subscription) to be carried out

digitally and makes all of the necessary documentation available at each stage of the investment process (reporting, capital calls and potential pay-outs) via its investor portal. Selectiveness, because we target specific themes aligned with, for example, megatrends such as economic sovereignty and we select less than 5% of the funds we analyse.

**Who are your clients?**

Financial advisors to enable them to distribute unlisted products to their clients with a minimum investment of €100,000.

<sup>(1)</sup> Sources: Banque de France et France Invest: <https://www.banque-france.fr/epargne-des-menages> [https://www.franceinvest.eu/wp-content/uploads/2022/09/FRANCE\\_INVEST\\_Rendre\\_le\\_capital\\_investissement\\_accessible-2-1.pdf](https://www.franceinvest.eu/wp-content/uploads/2022/09/FRANCE_INVEST_Rendre_le_capital_investissement_accessible-2-1.pdf)



## ASSET MANAGEMENT

# International

## 71%

OF INFLOWS FROM  
INTERNATIONAL  
INVESTOR-CLIENTS

## 37%

OF ASSETS UNDER  
MANAGEMENT FROM  
INTERNATIONAL INVESTORS  
AS AT 31 DECEMBER 2022

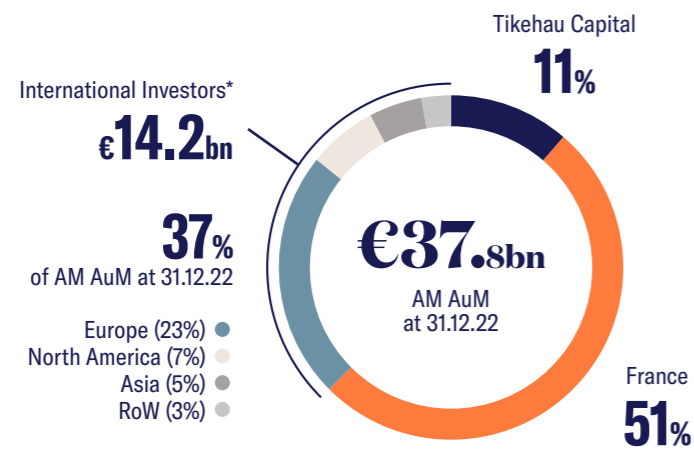
## 14

COUNTRIES

Over the years, the acceleration of Tikehau Capital's asset management and investment activities has been accompanied by an increase in its international presence, with the opening of offices in London (2013), in Singapore (2014), then in Brussels and Milan (2015). In 2017, the Group continued to expand its international operations with the opening of offices in Madrid and Seoul; then, in 2018, in New York; in 2019, Tokyo, Luxembourg and Amsterdam; and, in 2021, Frankfurt. In 2022, the Group opened an office in Tel Aviv and Zurich and now has offices in 14 countries.

**STRONG FRANCHISE RECOGNITION GLOBALLY  
TIKEHAU CAPITAL REAPS THE BENEFITS OF ITS MULTI-LOCAL EXPANSION**

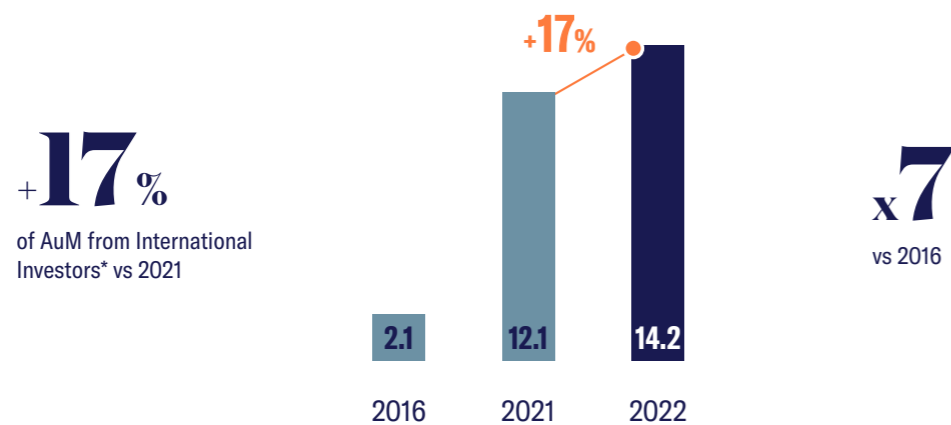
**AM AUM BREAKDOWN  
BY GEOGRAPHY AT 31.12.22**



**71%**  
of 2022 3<sup>rd</sup> party NNM raised from International Investors\*(1)

(1) Excluding Sofidy funds.

**EVOLUTION OF AUM FROM INTERNATIONAL INVESTORS\***



\* Outside France.

# Highlights INTERNATIONAL

**UNITED STATES /  
INVESTMENT IN A US  
INTERNATIONAL AIRPORT PROJECT  
VIA OUR NORTH AMERICAN  
INFRASTRUCTURE FUND**

In Q4 2022, the second vintage of the North American mid-market infrastructure fund completed an investment in the DBFOM (Design, Build, Finance, Operate, Maintain) project for an international US airport.

**SPAIN /  
TIKEHAU CAPITAL ACQUIRES ISOTROL**

Tikehau Capital acquired 100% of Isotrol, the leading developer of proprietary software solutions for the renewable energy sector in Spain, via its T2 Energy Transition fund.

**UNITED STATES & EUROPE /  
CLO and CFO: specific solutions  
to attract new institutional investors  
in the United States and in Europe**

In the fourth quarter of 2022, against a backdrop suffering from persistent volatility, the Group succeeded in finalising the pricing of two further CLOs (Collateralised Loan Obligation), CLO VII in Europe and CLO III in the US (which was upsized from US\$400 million to US\$500 million). These two CLOs attracted new investors, which demonstrates the recognition of the Group's global platform.

To provide investors with innovative access to private debt, which offers attractive features against the current backdrop, Tikehau Capital launched a CFO (Collateralised Fund Obligation) for US\$300 million. The tranches of the rated CFO equity and debt were placed with major US institutional investors and Tikehau Capital, for its part, retained a portion of the equity.

**UNITED KINGDOM /  
Inaugural investment  
of our pan-European  
growth equity fund**

In September 2022, the third vintage of the Group's growth equity fund completed its first investment in Probe Test Solutions Limited, manufacturer of probe cards for semi-conductors and UK market leader.

**NETHERLANDS /  
Entrusted with a mandate  
by Pensioenfonds Detailhandel**

Tikehau Capital has been entrusted with a mandate by *Pensioenfonds Detailhandel*, the pension fund for the retail sector in the Netherlands, to manage a €100 million private debt impact mandate, through its Impact Lending strategy.

**SEOUL /  
TIKEHAU CAPITAL OBTAINS  
THE "TIKEHAU CAPITAL KOREA INC."  
GP LICENCE**

Tikehau Capital opened its representative office in Seoul in 2017. Since September 2022, the Group now operates in the region with a GP licence in the name of Tikehau Capital Korea Inc. to target institutional investors. At present, Tikehau Capital serves its Asia clients from its three offices: Seoul, Singapore (since 2014) and Tokyo (since 2019).

**TEL AVIV /  
Tikehau Capital opens an office**

Tikehau Capital is expanding its international geographical reach with an ambition to meet growing demand from local investors for alternative assets linked to the structural changes in their market.

**ITALY /  
SALE OF OUR STAKE IN ASSITECA**

Tikehau Capital's growth equity strategy sold its stake in Assiteca, the biggest independent insurance broker in Italy. This transaction generated a gross exit multiple of 2.6x and a gross internal rate of return (IRR) of 45%.

**FRANCE /  
Tikehau Capital joins forces with  
FrenchFounders**

Like Tikehau Capital, FrenchFounders assists entrepreneurs to help them develop their projects. By becoming a minority shareholder, FrenchFounders intends to strengthen its leadership, with events visible throughout the world and provide ever more efficient solutions in terms of financing, recruitment and business development for entrepreneurs.



## COUNTRY/REGIONAL MANAGERS



NORTH AMERICA – NEW YORK

**Timothy Grell**



GERMANY – FRANKFURT

**Dominik P. Felsmann**



ASIA – AUSTRALIA – NEW-ZEALAND

**Bruno de Pampelonne**  
**Jean-Baptiste Feat**  
**Neil Parekh**



IBERIAN REGION – MADRID

**Carmen Alonso**



SOUTH KOREA – SEOUL

**Young Joon Moon**



BENELUX – AMSTERDAM,  
BRUSSELS AND LUXEMBOURG

**Édouard Chatenoud (Benelux)**  
and **Sabrina El Abbadi (Luxembourg)**



JAPAN – TOKYO

**Sergei Diakov**



ITALY – MILAN

**Luca Bucelli** and **Roberto Quagliuolo**



ISRAEL – TEL AVIV

**Rudy Neuhofer** and **Asaf Gherman**  
Office opened in April 2022



UNITED KINGDOM – LONDON

**Carmen Alonso** and **Sir Peter Westmacott**

## INTERNATIONAL ADVISORY BOARD

To complement its internal resources, Tikehau Capital set up a consultative body, the International Advisory Board, chaired by Sir Peter Westmacott, former UK ambassador (to the United States, France and Turkey) and made up of leading personalities with complementary expertise.

The Tikehau Capital International Advisory Board meets several times a year to discuss the global economic and geopolitical outlook and to analyse their potential impact on the markets in which Tikehau Capital operates.

From different political and economic backgrounds, these experienced individuals from different regions offer the Group informed views and recommendations to carry out its strategies and accelerate its international development.



UNITED KINGDOM

**Chairman:**  
**Sir Peter Westmacott,**  
former UK Ambassador



UNITED STATES

**Ms Margery Kraus,**  
founder and President  
of APCO Worldwide



FRANCE

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



UNITED KINGDOM

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



CANADA

**Mr Jean Charest,**  
Former Prime Minister  
of the Government of Quebec



SWITZERLAND

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



SINGAPORE

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



JAPAN

**Mr Kenichiro Sasae,**  
former ambassador of Japan  
in the US

## ASSET MANAGEMENT

# Private Debt

## €14.8bn

IN ASSETS UNDER MANAGEMENT

## 30

PROFESSIONALS

## 38%

OF THE GROUP'S ASSETS  
UNDER MANAGEMENT

As a pioneer in private debt in France and in other markets, Tikehau Capital offers a wide range of complementary solutions, including direct lending, corporate lending, loan fund and CLO activities.

Tikehau Capital is capable of structuring financing and participating in an extensive range of financing transactions in the mid-market for amounts ranging from €3 to €300 million, notably in senior and stretched senior debt, unitranche financing, mezzanine debt and preferred equity.

Direct lending strategies are particularly attractive because they allow exposure to floating interest rates and provide protection against inflation. These strategies offer investors better returns, proportional to the rise in interest rates.

At end-June 2022, Tikehau Capital ranked second in terms of the number of mid-market private debt transactions since 2020\*.

\*Source: AlixPartners, Mid-market debt report since 2020





# interview

## CÉCILE MAYER-LÉVI

HEAD OF PRIVATE DEBT ACTIVITY,  
TIKEHAU CAPITAL

### What is your view of the 2022 private debt market?

The private debt market saw several strong trends last year. The first was the sharp slowdown in bank lending to the alternative assets sector which led to greater calls on private equity players in particular in the direct lending sector. The latter rose to the challenge, as they have close to US\$390 billion in available capital to use, according to Prequin<sup>(1)</sup>. The Collateralised Loan Obligations (CLO) market, for its part, suffered from a deterioration in the macroeconomic backdrop and the massive increase in

the cost of the different tranches of which they are made.

In parallel, we saw the noticeable emergence of a secondary private debt market, with specialised players offering liquidity to investors.

### Against this backdrop, how did your private debt business hold up?

The tightening of financing created a new land of opportunities for players such as Tikehau Capital. We deployed our funds in extremely varied financing situations while

maintaining a very high level of selectivity. We observed many more build-up transactions – acquisitions carried out by companies already in our portfolios. A case in point is the fact that Tikehau Capital accompanied ChapsVision, a company specialised in digital transformation software, in two acquisition transactions. Our ability to offer tailor-made financing enabled us to strengthen our links with several companies, such as the Moez-Alexandre Zouari retail group in its strategy of providing soft discount home decor and bazaar products. The roll-out of these solutions made it possible to raise record financing for the fifth vintage of the direct lending strategy. This generated an inflow of €3.3 billion (+57% compared with the previous generation), including €2.1 billion via the flagship Tikehau Direct Lending V (TDL V) fund.

Furthermore, the Group has been entrusted with a mandate by *Pensioenfonds Detailhandel*, the pension fund for the retail sector in the Netherlands, to manage a €100 million private debt impact mandate, through its impact lending strategy (see text box opposite). Despite the difficult economic backdrop, in 2022, the private debt activity generated 57% of Tikehau Capital's global net inflows, i.e., €3.7 billion and accounted for 63% of investments carried out.

### How do you deal with the surge in direct lending demand?

During the 2022 financial year, we strengthened our selectiveness in terms of investment decisions while ensuring maximum diversification. Against the complicated backdrop in 2022, we nevertheless continued to demonstrate our ability to assist companies in completing their tailor-made financing solutions. Among the transactions of the year, we can mention NeoAptek, the second largest Italian chain of retail pharmacies and Coyote, the pioneer and leader in the development of assisted driving solutions around a genuine community in France and Benelux.

### What about the CLO activities?

Despite the difficult market conditions, the Group succeeded in pricing its seventh European CLO and its second US CLO in 2022; the latter was an emblematic success. Indeed, just one year after the launch of Tikehau Capital's CLO activity in the United States, and a few months after the pricing of its first US CLO for an amount of US\$400 million, the Group issued a second US CLO for US\$325 million. The successful pricing of this transaction in the United States during such a volatile year illustrates the disciplined and targeted approach of the Group's platform – with a team focused on a defensive approach in portfolio building and asset selection – as well as the support of investors. We have already launched the warehouse phase of the following CLOs in the United States and in Europe.

### What lies ahead for 2023?

The year is likely to continue to suffer from high inflation, sluggish economic growth, an unstable geopolitical environment and uptrending interest rates. A tighter monetary policy reduces liquidity, disrupting the financing machine. In regards to direct lending, apart from the typical acquisition financing in the mid-market, we can add hung syndications, which take time to be released, and opportunities directly geared towards debt funds. Borrowers will explore all financing or refinancing options to cover their maturity deadlines resorting increasingly to debt funds which offer "club deals", such as banking pools. All of these factors should support the private debt market in terms of transactions and flows, and it is important to be selective with target companies.

### ESG ratchets to promote impact

For a few years now, Tikehau Capital regularly encourages borrowers to improve their ESG performance via an incentive mechanism, ESG ratchets. This approach consists of integrating two or three ESG criteria – adapted to the company – in the financing documentation. If these criteria are met, the borrower is rewarded with a reduction in the interest rate margin, between 5 and 25 basis points, or, on the contrary, suffers an increase in the event that it fails to meet non-financial criteria. The portion of transactions with ESG ratchets went from 21% in the TDL IV, to 53% in the TDL V, which is testament to the success of this approach. As an example, four criteria were selected in the case of Odigo, the publisher of contact centre solutions: the proportion of women in the organisation, staff training, client satisfaction and ESG certification. For the loan granted to the manufacturer of garden sheds, GartenHaus, the three criteria used related to its carbon footprint, the traceability of roof timbers and the implementation of a supplier code of conduct. Overall, the selected criteria break down more or less equally between social and environmental at 40% and 38% respectively, with those relating to governance at 22%.

(1) 2022.





# In the eyes of

## PIERPAOLO CASAMENTO

HEAD OF PRIVATE DEBT  
SECONDARIES, TIKEHAU CAPITAL

### Addressing the allocation needs of our investor-clients.

#### How do you explain the very positive secondary private debt activity trends in 2022?

Recourse to secondary markets to meet liquidity needs or balance portfolio allocation has become increasingly common for private market investors across the board.

A recent driver of secondaries market activity stems from the turmoil in the public markets over the past 12-18 months, resulting in the so-called 'denominator effect': portfolio imbalances resulting from the drop in prices for publicly traded securities that is not 'matched' by valuation adjustments within the illiquid/privately held assets, leaving investors overweighted to alternatives, which would then need to be sold to rebalance the investors' overall portfolio. This phenomenon is just one of the growth factors driving investment opportunities in secondaries, across all asset classes.

With respect to private debt specifically, despite greater pricing dispersion observed in recent months, with some intermediaries reporting off-the-record spreads between highest and lowest bids of 10% or more, we believe that clearing prices for credit portfolios have remained quite resilient, particularly when compared to PE strategies

(at various degrees across buyout, growth, and venture). As a consequence, and also thanks to the recent development of a buy-side market with a cost of capital that is deemed appropriate and that Tikehau Capital pioneered in 2019, we understand many sellers are prioritising the sale of debt funds, contributing to the further growth of this sub-asset class.

#### Had you anticipated such an appetite for this asset class?

Indeed, we had - when we decided to enter the private debt secondaries space back in 2019, our direct experience in private debt over the past 15+ years shaped our belief that the global private credit market had sufficiently matured and its investors had become sophisticated enough to justify a sizeable secondaries market. Fast forward to today, the private debt secondaries market has grown to a level that far exceeds our initial expectations and which has since seen the emergence of a handful of other buyers that have followed.

To put things in perspective, the current size of the global private debt market is estimated at US\$1.5 trillion, up from around US\$800 billion in 2019 and projected to

reach US\$2.3 trillion by 2027 (according to Preqin). As the secondary space in which we operate represents, by definition, a small percentage of the primary market, the need for providers of secondary liquidity solutions to investor-clients (LPs) seemed clear to us back in 2019 and will only increase as the primary market grows. That said, despite the significant expansion over the past couple of years, private debt secondaries is still a niche market, as annual transaction volume in the segment was estimated at more than US\$10 billion in 2022\*.

#### Do you expect to see similar attractiveness in 2023?

We believe the tailwinds supporting this market in 2022 will likely persist into 2023 and beyond. Private debt secondaries have proven to be a dynamic tool for LPs and GPs alike. Selling private assets on the secondaries markets is no longer a 'last resort' for investors in need of liquidity, but rather a way to proactively manage their portfolios and anticipate new allocations. This is particularly true today, when a challenging refinancing/exit environment is leading to extended holding periods and slower distributions. Being able to provide bespoke solutions to investors thus offers unique opportunities for our private debt secondaries strategy, further supporting its attractiveness in the months and years to come.

“Private debt secondaries have proven to be a dynamic tool for LPs and GPs alike.”

\* Source: Tikehau Capital.

# Highlights PRIVATE DEBT

## SUCCESSFUL DIVESTMENTS FOR THE GROUP'S DIRECT LENDING STRATEGIES

In private debt, around 60% of total divestments stem from Tikehau Capital's direct lending strategies, including the repayment of mezzanine financing granted to Vulcanic, a French supplier of electrical products for industrial applications. This investment generated a gross IRR of 14% and a multiple of 1.2x. Furthermore, the repayment of unitranche financing for Alkern, manufacturer of light concrete prefabricated products and Odealim, the French insurance broker, generated gross IRRs of 7.4% and 8.3% respectively, with multiples of 1.3x and 1.2x.

## A €100 million mandate for the Group's impact lending strategy

In March 2022, Tikehau Capital was entrusted with a mandate by *Pensioenfonds Detailhandel*, the pension fund for the retail sector in the Netherlands, to manage a €100 million private debt impact mandate, through its impact lending strategy.

## The launch of a Collateralised Fund Obligation: innovative investor access to private debt

To provide investors with innovative access to private debt, which offers attractive features against the current background, Tikehau Capital launched a CFO (Collateralised Fund Obligation) for US\$300 million. The tranches of the rated CFO equity and debt were placed with major US institutional investors and Tikehau Capital, for its part, retained a portion of the equity.

## CLOSING OF THE FLAGSHIP PRIVATE DEBT SECONDARY FUND

Tikehau Capital successfully completed the fundraising of its flagship Private Debt Secondary Fund, raising a total of US\$416 million with a total of US\$416 million raised. As at 31 December 2022, assets under management within Tikehau Capital's private debt secondary strategy totalled c. US\$900 million.

## UNITED STATES AND EUROPE: FOUR COLLATERALISED LOAN OBLIGATIONS PRICED IN 2022

2022 was a landmark year for Tikehau Capital Collateralised Loan Obligation (CLO) platform, despite persistent macroeconomic volatility. Over the course of the year, the Group finalised the pricing of four CLOs: the third CLO in the United States and the eighth in Europe. As at 31 December 2022, the Tikehau Capital's CLO platform had €4.5 billion in assets under management.

## Unlisted asset democratisation continues

In 2021, following the launch of a unit of account life insurance private debt issuance with MACSF (the leading insurer for healthcare professionals), Tikehau Capital launched an innovative investment solution contributing to the reduction of corporate greenhouse gas emissions, in partnership with Société Générale Assurances.

## Awards

- For the second year in a row, Tikehau Capital was voted **"Responsible Investor of the year, Europe" at the Private Debt Investor Awards 2022**, which is testament to the merit of Tikehau Capital's private debt platform and the commitment of its teams to providing responsible investment solutions.
- For the sixth year in a row, Tikehau Capital was awarded **"Private Debt Lender Award" in the "Large Cap" category at the Annual Private Equity Magazine Grands Prix**. These

awards recognise the investment teams most active in the French market in 2022.

- Tikehau Capital received the **"Coup de cœur"** (favourite choice) at the **"Coupoles de l'Innovation" of the French financial newspaper L'Agefi**, together with Groupe MACSF, with whom Tikehau Capital launched an innovative private debt unit-linked product in life insurance for individual investors.



## ASSET MANAGEMENT

# Real Assets

## €13.7bn

IN ASSETS UNDER MANAGEMENT

## 288

PROFESSIONALS

## 35%

OF THE GROUP'S ASSETS  
UNDER MANAGEMENT

Real estate and infrastructure were impacted by rising interest rates during 2022. Nevertheless, the outlook for these sectors remains highly positive.

Real estate is favoured by investors for portfolio diversification. Tikehau Capital has developed a genuine real estate platform to be able to meet the appetite of diversified investor categories (institutional and private). The Group offers a broad range of investment solutions including closed-end funds, real estate AIFs (SCPI - *sociétés civiles de placement immobilier*) managed by Sofidy, liquid funds (UCITs, etc.) as well as permanent capital vehicles.

The infrastructure market, for its part, is benefitting from structurally strong growth trends. Tikehau Capital supports medium-sized infrastructure projects (transport, telecommunications, environment and social sectors) in North America.



Guillaume Arnaud (left) and Frédéric Jariel.

## GUILLAUME ARNAUD

CHAIRMAN OF SOFIDY'S MANAGEMENT BOARD

**Whether it was the dramatic return of inflation, the end of ultra-accommodating monetary policies, the war in Ukraine, an energy crisis, or the simultaneous collapse of equity and bond markets, 2022 proved to be another turbulent year. What impact did this have on Tikehau Capital's real asset activity?**

Frédéric Jariel\_ 2022 was a year of transition. The first half was solid thanks to a market which remained active and was driven by steady investor volumes. What's more, in

## FRÉDÉRIC JARIEL

CO-HEAD OF REAL ESTATE ACTIVITY,  
TIKEHAU CAPITAL

2022, Tikehau Star Infra sold its public-private partnership in motorway lighting in Michigan, generating a multiple of 2.8x. The second half of the year began with a complicated twist. First, the real estate market suffered the repercussions of higher interest rates, causing an automatic decline in valuations. Then, inflation in building costs (15%-30% depending on the country) – linked notably to pressure on raw material supply chains after the Covid crisis and the increase in raw materials – had a considerable impact but should stabilise.

This uncertain environment should create good acquisition opportunities in 2023, notably in the value-added sector.

**Guillaume Arnaud\_** While 2022 was a particularly disrupted year economically, real estate, managed to reassure many worried investors. Sofidy savings solutions, considered as a guarantee of stability and resilience by wealth managers, continued to enjoy popularity in the asset allocations of savers, including funds with exceptional longevity such as Immorente, a SCPI benchmark for more than 35 years. As is often the case during periods of stress, real estate acted as a safe haven, with a limited inflation impact as long as rents are indexed. Sofidy once again turned in excellent performances in 2022<sup>(1)</sup>, marked by record net inflows of around €1.5 billion and assets under management reaching €8.7 billion.

In 2022, we continued to favour a location strategy by adopting a selective approach, leveraging the theme "real estate every day" located in city centres in busy areas.

More precisely, we observe strong resilience with the increased appeal of local businesses, a key component of the social fabric, which, for now, trumps the question of purchasing power. 2022 also saw an acceleration in Sofidy's strategy to expand internationally, with the penetration of new geographies and the acquisition of assets in Spain and Italy. The success of this international approach illustrates the vital synergies between Tikehau Capital's different "Real Asset" teams.

**Between the rise in remote working and urbanites moving to the country, the cards in the real estate investment game have been reshuffled. What solutions do you offer to address these new usages?**

**G. A.\_** The boom in favour of remote working and new half-urban, half-rural lifestyles should be put into perspective. More precisely, the trends vary significantly depending on the region, both in France and throughout Europe. The megatrends we observe remain, on the one hand, metropolisation, which, regardless of what may be said, is certain to continue, and, on the other, premiumisation of work spaces so that companies can continue to attract talent. At the same time, we are observing that, invariably, city centre locations and accessibility of transport remain essential. More than ever, then, location is critical.

**F. J.\_** These new behaviours drive changes in use for certain assets. Automatically, this creates excessive supply of offices, which need to be transformed into other

formats, e.g., residential or last-mile logistics activities. It is not neutral, notably in terms of the environmental rules applicable. The off-market acquisition in June 2022 of a building in Gennevilliers via the value-add fund, TREO 2018, is fully in line with the shift to multi-purpose use (business, last-mile logistics).

New usages aside, we also observe attractiveness for new forms of investment. The crowdfunding real estate market posted another record year with net inflows of more than €1.3 billion. Homunity, Tikehau Capital's crowdfunding platform generated record net inflows of €197 million in 2022 compared with €159 million in 2021, and financed 113 projects despite the unstable economic backdrop.

**Factoring in the unprecedented energy crisis and the increased importance of ESG challenges, can Tikehau Capital's Real Assets activity hold its own in 2023?**

**F. J.\_** The new ESG standards, which are much more stringent, and novel mindsets have a huge impact on real estate as they will accelerate obsolescence and create substantial investment needs. For those who have come prepared, it represents an enormous opportunity. This is true for Tikehau Capital, notably with the value-add and impact funds, and particularly the second vintage of the value-add fund. Europe is also at an advanced stage on these subjects, which should spread throughout the world, representing de facto a genuine competitive advantage in our development in the United States.

**G. A.\_** The issue of building energy performance will remain structuring in the future and *a fortiori* against the backdrop of the energy crisis which looks set to persist. From a pragmatic standpoint, this demonstrates the economic virtue of the ecological effort. The Socially Responsible Investment (SRI) label awarded to almost half of our range of 16 savings funds reflects our unwavering commitment to shaping responsible solutions which combine financial with non-financial performance (*see interview with Flora Alter*).

(1) Past performance is not indicative of future performance.





# In the eyes of

## FLORA ALTER

ESG DIRECTOR, SOFIDY  
AND ESG MANAGER OF THE  
TIKEHAU CAPITAL REAL ESTATE  
ACTIVITY

### Integrating sustainability in the management of our real estate assets.

#### The building sector has a large environmental footprint. How does Tikehau Capital incorporate this into its real estate asset strategy?

With its concrete quantifiable and monitored commitments. All of the Sofidy funds integrate a sustainable approach, based on environmental and social challenges. As a result, they are all Article 8 classified within the meaning of the European Sustainable Finance Disclosure Regulation (SFDR): they honour a commitment to transparency thanks to annual reporting on metrics including greenhouse gas emissions, and also include a sustainability objective. For example, we are committed with our European asset base of more than 1,000 m<sup>2</sup> to reducing consumption by 40% by 2030, or to reaching a very satisfactory level of energy performance. Similarly, the second vintage of our value-add fund qualifies as an impact fund. Concretely, for the climate pillar, we strive to align our buildings with the objectives of the Paris Agreement by relying on the Carbon Risk Real Estate Monitor (CRREM), a scientific tool for assessing decarbonisation trajectories in real estate that enables full alignment with such targets.

#### In practice, how does Tikehau Capital measure the environmental impact of its real estate assets?

It is a complex measurement as it must take into account the full life cycle of our assets. A building produces carbon emissions at two key moments: during construction and during use.

The construction phase accounts for around 60% of carbon emissions over the full life cycle of the asset. At this particular stage, we must take priority action. Apart from the dynamic thermal simulation carried out upstream of the construction which analyses the projected consumption of the building over time, the construction materials must be monitored closely. In this way, recycled or reused materials should be favoured whenever possible, as well as sustainable materials such as wood, which provides the advantage of carbon storage and therefore a lower carbon weighting than concrete or metal.

Then there is the usage phase: it is fairly simple to control the consumption generated by the owner; the more difficult aspect is the tenant's consumption. To achieve this, and deliver precise reporting on the emissions of entire buildings, we include "green" clauses in our leases or apply collection requirements.

#### What levers will enable improvement of the environmental performance of a building?

Two decarbonisation approaches coexist to improve the performance of buildings without reducing potential profitability.

For Sofidy and IREIT assets under management, we value existing construction, promoting common sense in everyday life. This approach, usually known as "best in progress", is based, in order of ease of implementation, on eco-practices with tenants to reduce everyday consumption; then, applying the best equipment settings, such as lowering the temperature by one degree, applying more stringent rules for turning off lights and the location of technical equipment by introducing LED lighting, or changing heating systems. Lastly, insulation work can be considered, while maintaining existing structures as much as possible to reduce the consumption of carbon-based materials.

For large-scale restructuring projects such as those developed within the framework of the second vintage of our value-added fund, the value-added strategy represents an opportunity to install technical equipment and more efficient insulation, and to develop buildings designed to meet best-in-class environmental market standards.

“All the Sofidy funds integrate a sustainable, environmental and social approach.”

# Highlights **REAL ASSETS**

## SOFIDY REPORTED RECORD NET INFLOWS IN 2022

The real estate funds managed by Sofidy attracted surging demand from clients, with record net inflows of €1.5 billion in 2022. These funds address the needs of individual investors who want to invest in long-term yield strategies, while also benefitting from some form of protection against inflation.

## Major Real Asset fund deployment

In 2022, capital deployment within the Real Asset strategies amounted to €1.4 billion (i.e., 20% of the Group total), mainly driven by Sofidy, which represented around 80% of the deployment. Investment teams remain cautious, maintaining selectivity at 97% of investment opportunities, with the number of opportunities analysed up by close to 50% since 31 December 2020.

## First closing of Tikehau Capital's value-added European real estate strategy

Tikehau Capital's value-added European real estate strategy completed its first closing of the second vintage for its flagship fund, winning an evergreen real estate investment mandate for €250 million with a leading global industrial group for its German pension fund.

## Investment in a US international airport project via our North American infrastructure fund.

## Successful disposal of a Tikehau Star Infra investment in the United States

In June 2022, Tikehau Star Infra successfully sold a public-private partnership for a motorway lighting project in Detroit, Michigan. This investment had been carried out by the first vintage of the Tikehau Star Infra fund and generated a multiple of 2.8x and an IRR of 22%.



## ASSET MANAGEMENT

# Private Equity

## €5.2bn

BILLION IN ASSETS  
UNDER MANAGEMENT

## 73

PROFESSIONALS

## 13%

OF THE GROUP'S ASSETS  
UNDER MANAGEMENT

Tikehau Capital is positioned in the fiercely resilient mid-market alternative asset segment, leveraging a so-called “minority” approach. In particular, the Group invests *via* capital increases or acquisitions of minority interests in high-growth profitable companies alongside entrepreneurs and founders to assist them over time and enable them to benefit from the Group’s global platform.

Tikehau Capital has always steered clear of highly leveraged transactions, such as LBOs, while maintaining strict discipline in its investments, as demonstrated by the low level of leverage at the portfolio company level, at just 3.7x on average.

Tikehau Capital’s Private Equity activity is focused on verticals enjoying strong structural growth, such as the energy transition, regenerative agriculture, cybersecurity and aeronautics.





# interview

## EMMANUEL LAILLIER

HEAD OF PRIVATE EQUITY ACTIVITY,  
TIKEHAU CAPITAL

### What trends did the unprecedented backdrop of 2022 reveal in terms of corporate needs?

We mainly saw the emergence of the need to change value chains, consumer desire for greater sustainability and further integration of the human dimension by economic players. These changes prompt companies to transform, which generates financing needs. As part of this approach, we provide them with support because we are convinced that they are capable of winning market share at the expense of companies with more traditional business models. As

illustrated by growing pressure on supply chains, the latter suffered during the pandemic and, more recently, with the energy crisis. In terms of performance, these upheavals tend to increase the inequalities between high-growth players and those running out of steam.

### How does your offering adapt or assist with these changes?

In 2022, we reinforced our impact platform with the launch of the third vintage of our capital-growth strategy. It focuses

on companies with confirmed sustainable development objectives. In the third quarter, this strategy concluded its first closing and completed its first investment in Probe Test Solutions Limited (PTSL), one of the leading manufacturers of probe cards for semi-conductors. In partnership with AXA Climate and Unilever, we also launched the marketing of a new strategy focused on investment in projects and companies which support and accelerate the transition to regenerative agriculture. In parallel, Laurent-David Charbit – formerly part of Unilever – was appointed co-head of the private equity strategy dedicated to this theme. These developments, which have attracted strong interest from investor clients, reinforce Tikehau Capital's expertise in impact investing. These now cover four pillars: decarbonisation, cybersecurity, regenerative agriculture, and more globally, tailor-made thematic solutions by asset class (or "resilience and sobriety"). Furthermore, our strategy dedicated to aeronautics saw its deployment stepped up to support players in the industry as production ramped up rapidly and with the abovementioned transformations.

### What were the overall highlights of 2022 for the Group?

It was a prolific year with the completion of a significant number of deals in all of our different European offices (17 transactions in total in France, Spain, Germany and the UK). In 2022, inflows amounted to €1.0 billion and assets under management reached €5.2 billion, i.e., growth of 25% over one year. This trend was reflected notably in the strength of our T2 Energy Transition Fund<sup>(1)</sup> via which we, among

others, finalised an investment of €52 million in a Spanish company (Isotrol), the main leader in software solutions in the energy sector, optimising efficiency and profitability of renewable assets in more than 45 countries. The activity of this fund was also characterised by the exits of investments, notably in Rougnon Group and GreenYellow, as well as the preparation of the IPO for the Italian company EuroGroup Laminations. All told, Rougnon Group and GreenYellow generated a multiple of 1.9 and gross internal rates of return (IRRs) of 25% and 18% respectively. Parallel to this, we finalised – via our TGE II fund<sup>(1)</sup> – alongside Abénex, our acquisition of a stake in the ORYX group (Proprietes-privées.com), the digital platform for the real estate sector. Lastly, our strategy dedicated to aeronautics in Spain carried out its first investment, with the acquisition of Acatec, a leader in precision tooling for aerospace.

### Are you optimistic for 2023?

Globally, the macroeconomic and monetary backdrop is likely to remain challenging. Despite this environment, we are confident that our different strategies will form distinguishing strengths. Whether in digitalisation, build-up operations, internationalisation or organic growth, our areas of development seek to enhance the performance and value of our investments. Above all, they are focused on buoyant themes such as growth and sustainability, the energy transition, regenerative agriculture, cybersecurity and aerospace. This positioning, focused on profitable growth and internationalisation, shields us from two main risks – namely leverage and valuation – which currently weigh on the Private Equity market. Finally, at a time when the global economic dynamic is tending to become more regionalised, particularly in Europe, our multi-local presence on the continent gives us a distinct advantage in seizing a greater number of opportunities.

“In 2022, we strengthened our impact platform even further.”

(1) This fund is not open for marketing nor subscriptions.



# In the eyes of

## MATHIEU BADJECK

CO-HEAD OF THE  
T2 ENERGY TRANSITION FUND<sup>(1)</sup>,  
TIKEHAU CAPITAL

### Assisting companies that contribute to achieving the energy transition.

**The T2 Energy Transition fund was launched in 2018 to accelerate the growth of companies involved in the energy transition. How do the Tikehau Capital teams effectively participate in the acceleration of the energy transition?**

Our conviction is that we cannot rely solely on hypothetical technological breakthroughs and wait for them to be mature and industrialised before engaging in the energy transition. That said, we know that solutions do exist and are waiting to be implemented on a massive scale. Our approach involves identifying SMEs and intermediate-sized companies providing these solutions, to help them to scale up. To address the challenges of the energy transition, we must support the growth of those who contribute to transition solutions, but also the enablers, supporting and developing the new infrastructure required for the transition. It is in this “clear space” of SMEs and enablers that we find the key to immediate transition for investors.

**What does Tikehau Capital contribute to these companies?**

Aside from financing and our expertise in decarbonisation, we tap into our experience of nearly 20 years in assisting companies in their growth as well as our global platform in all of its aspects. This includes: business lines, network of experts and international reach. We act as an effective business partner to structure and ensure sustainable development, either as part of a shift in business models - in the case of GreenYellow, moving from developer of renewable energy solutions to a more comprehensive model as a solutions operator - or, contributing to expanding an offering, as in the case of the carbon footprint reporting tool developed by STERNE for its clients, by optimising its flows (avoiding empty transportation, by staggering schedules), thereby dividing CO<sub>2</sub> emissions by three for transported packages.

**How is the Tikehau Capital platform an asset for the companies in which you invest?**

The mobilisation of our network is useful to structure executive committees or to develop board of administration competencies. By way of example, we were able to bring together EuroGroup Laminations, a key player in electric motors (supplying one in every two electric vehicles), with Jean-Marc Gales who offers unrivalled automotive experience and currently serves as an Independent Director within the company.

Conversely, because the energy transition market is still relatively young and fragmented, upscaling will involve consolidation and internationalisation to develop fully-fledged French and European leaders. In this spirit, STERNE was able to leverage our network in Germany to facilitate a transformative acquisition in that country last year.

**How do you measure the success of these companies and therefore of your investments?**

Measuring CO<sub>2</sub> emissions and avoided CO<sub>2</sub> emissions is a crucial factor and ranks on an equal footing as financial criteria in our performance indicators. From a pragmatic standpoint, in the case of Amarenco or EuroGroup, their financial value is directly linked to the impact of the reductions in CO<sub>2</sub> emissions they produce. Their growth which implies accelerated decarbonisation solutions (solar projects for Amarenco and electric vehicles for EuroGroup) should automatically reduce the carbon impact of their sector.

“Measuring CO<sub>2</sub> emissions and avoided CO<sub>2</sub> emissions is a crucial factor.”

(1) This fund is not open for marketing nor subscriptions.

# Highlights **PRIVATE EQUITY**

## THE TIKEHAU CAPITAL ENERGY TRANSITION FUND CARRIES OUT ITS FIRST DISPOSALS

First disposals of the Group's European energy transition fund, with the disposal of its investment in Rougnon Group (specialised in building energy renovation) and in GreenYellow, a leading French developer of smart energy solutions. These two investments generated a gross multiple of 1.9x and gross IRRs of 25% and 18% respectively. Furthermore, Tikehau Capital's growth equity strategy sold its stake in Assiteca, the biggest Italian independent insurance broker. This transaction generated a gross exit multiple of 2.6x and a gross IRR of 45%.

## First closing for Tikehau Capital's Green Assets climate infrastructure strategy

The Tikehau Capital Green Assets climate infrastructure strategy, which finances, builds and operates small decentralised assets enabling the reduction of the carbon footprint of their end users, carried out its first closing with more than €100 million in commitments. The fund invested in NovaFrance Energy, a specialist in the development and operation of agrivoltaic solutions, and in CarbOn, a leading developer of energy efficiency solutions, with Tikehau Capital financing an energy renovation programme for tertiary buildings.

## Tikehau Capital launches the third vintage of its pan-European growth equity fund and announces a first investment

The launch of the Group's third generation pan-European impact growth equity fund with the objective of providing capital to committed companies, with robust growth, and which are key to the resilience of the European economy. In September 2022, the fund acquired a minority stake, via an investment of £30 million in Probe Test Solutions Limited, a manufacturer of probe cards for semi-conductors and a leader in its market.

## €70 MILLION IN INVESTMENT IN THE CYBERSECURITY SECTOR FOR 2022

Our cybersecurity strategy invested a total of €70 million in 2022 with key investments in VMRay, a global player in the detection and analysis of advanced threats, and TEHTRIS (reinvestment), the French publisher of cybersecurity solutions and European technology leader in neutralising cyber espionage and cyber sabotage.

## Tikehau Capital, Unilever and AXA Climate launch an Private Equity impact fund dedicated to regenerative agriculture

Tikehau Capital launched a global Private Equity impact fund dedicated to the transition towards regenerative agriculture, in partnership with Unilever and AXA Climate. Each of the three partners invested €100 million in the fund managed by Tikehau Capital. The fund targets €1 billion in commitments, with the aim of investing in the restoration of degraded land to accelerate the transition towards wide-scale regenerative agriculture, and to guarantee healthy and sustainable nutrition.

## €350 million IN INVESTMENT IN THE AERONAUTICS SECTOR FOR 2022

Our strategy dedicated to the aeronautics sector invested a total of €350 million in 2022, with key investments in Crouzet, global designer and manufacturer of electromechanical components, Figeac Aero, manufacturer and vendor of aeronautic sub-assemblies, Mecachrome, French benchmark player in the design and tooling of sub-assemblies and high-precision equipment, intended for aeronautics, the auto and defence sector and energy, and LMB Aerospace, designer, producer and distributor of high-performance electric ventilators and cooling solutions for aeronautics and defence applications.



## ASSET MANAGEMENT

# Tactical Strategies

## 10

PROFESSIONALS

SIZE OF THE TSOII FUND:

### €618m

SIZE OF THE TSOIII FUND:

### €375m

The Tikehau Capital special situations strategy, which is cross-functional across several asset classes, develops flexible solutions in market dislocation situations.

With its dedicated funds, Tactical Strategies anticipates the risk of market reversals and tighter financing conditions.

Tactical Strategies can deploy capital in all market environments. Mainly active throughout Europe in primary and secondary markets, the team structures financing and liquidity solutions for situations that are complexified or penalised by difficult access to traditional capital market channels.



# interview

Jean Odendall (left) and Maxime Laurent-Bellue.

## JEAN ODENDALL

PORTFOLIO MANAGER FOR SPECIAL  
OPPORTUNITIES, TIKEHAU CAPITAL

## MAXIME LAURENT-BELLUE

HEAD OF TACTICAL STRATEGIES,  
TIKEHAU CAPITAL

### To what extent was 2022 a buoyant year for the Tactical Strategies activity?

**Maxime Laurent-Bellue\_** The past year saw a significant paradigm shift. Central banks engaged in unprecedented quantitative tightening. Furthermore, the major economic regions suffered from a context of slowing economic growth, rising inflation and a dramatic increase in the cost

of financing. Lastly, amid mounting geopolitical tension, globalisation treaded water and nascent fragmentation was observed. This backdrop, which generated high volatility and shook the foundations of credit markets, jeopardised financing conditions for companies at a time when ever greater uncertainties weighed on their financial stability and their business models. These instability factors were favourable for our strategy which seeks to support

borrowers with less natural access to capital markets and traditional financing solutions. In the context of limited liquidity and the marked decline in capital markets, the rate of deployment accelerated rapidly and within a favourable environment. These dynamics prompted us to bring forward the launch of the third vintage of our special situations strategy to provide flexible financing solutions at attractive conditions as well as take advantage of any potential market dislocation. True to its strategy of aligning interests, Tikehau Capital invested around €150 million of its own equity in the fund and raised close to €250 million with institutional and private investors.

### How have you adapted to the change in environment?

**Jean Odendall\_** As always, by leveraging our vast investment universe and the lightning speed of our dealflow. We permanently navigate between the different market segments in which we operate. Volatility and market corrections have led to attractive entry points, which enabled us to intervene in a targeted and advantageous manner on discounted debt situations. What's more, our strategy, which includes all of the asset classes covered by the Group (private debt, real estate, alternative assets and capital markets) and benefits from strong positions notably in Europe (Paris, London, Frankfurt, Brussels, Madrid and Milan), provided a key advantage in sourcing private bilateral opportunities. It enables our teams to unlock significant operating synergies with our different areas of expertise. From a tactical point of view, we had slightly increased our deployment capacity outside Europe, notably to be able to intervene in the secondary credit market in the United States which is much deeper, more liquid, and for which we now have a dedicated research team within the Group. Once again, we leveraged the robust infrastructure developed by the Group in recent years.

### What do you anticipate for 2023?

**Maxime Laurent-Bellue\_** In line with 2022, inflation and, above all, a more noticeable slowdown in the economy which is likely to put certain companies under pressure, particularly as tailor-made financing conditions continue to tighten given that monetary tightening is set to continue. The era of free money is well and truly over, and this will continue to generate volatility, and greater vulnerability for certain issuers, undoubtedly refinancing difficulties and perhaps higher default risk. This environment will lead to greater market dispersion across the board. We also anticipate an increased need for tailor-made flexible financing. This will further extend the range of opportunities open to players like us who provide holistic solutions, broad and flexible at the same time, tailored to needs, bail-outs or new financing. Essentially, with the gradual removal of government and monetary support, financing ceases to be a commodity and is once again a high value-added tool, capable of supporting corporate growth, but also of providing solutions to tense or complex situations.

### What sectors are likely to be the hardest hit by the deterioration in the economic backdrop?

**Jean Odendall\_** Generally speaking, the macroeconomic and geopolitical backdrop will result in strong sector and intrasector polarisation between winners and losers. Companies that are big consumers of energy are already under pressure, as is the case for manufacturers, in sectors such as packaging or food processing. Globally, all companies which have significant raw material needs and a limited ability to pass on price increases are also vulnerable because, as we exit the health crisis, their balance sheets are fragile. We are genuinely at a market moment when it is probably wiser to back the leaders, companies that create value for their clients and are positioned in the right market segments, even in more complicated sectors, but also those who have excellent management teams, operating on the front lines on sensitive issues, whether commercial or financial. Moreover, with the slowdown in consumption, industries such as retail are already feeling the pressure. Apart from the most sensitive sectors, the environment has changed considerably since the existing stock of debt has not changed, rather it has increased recently, whereas the room to manoeuvre for many companies has suddenly been reduced by numerous factors: the risk of a slowdown in economic growth, margins and pressured cash flows, not to mention rising financing costs.





# In the eyes of

## PATRICK ASCHKE

INVESTMENT DIRECTOR,  
TACTICAL STRATEGIES, LONDON,  
TIKEHAU CAPITAL

### Sourcing and selecting opportunities.

#### Have more companies contacted you given the difficult macro-economic context in 2022?

The current economic environment is indeed leading more companies to contact us directly due to the flexible financing solutions that we can offer a variety of borrowers but especially those with limited access to capital markets and traditional financing solutions. We have been active in this market for several years now and our track record of reliability and agility within tight time frames and complex situations make us an attractive option to management teams and sponsors, despite the relatively high cost of our financing.

In addition to our direct sourcing, a significant number of the companies we screen for financing come to us via the Tikehau Capital platform, either from the Group's private debt business, when a company is not eligible for direct lending, or through Tikehau Capital's broad network of partners and advisors across Asia, Europe or North America. Furthermore, thanks to Tikehau Capital's Credit Research team, we benefit from the coverage of more than 700 high yield and broadly syndicated loan issuers, which further bolsters our ability to source opportunities in secondary markets.

#### How does your selection process work?

Our selection process starts with an initial screening of financing requests. In 2022, we received over 270 opportunities, where the elements transmitted to us by the company are analysed, in addition to the relevance of its activity and the characteristics of the sector in which it operates.

Only a quarter of the companies reviewed, pass this first stage. This is followed by a due diligence phase, which is relatively standard for financing players, where the capital structure, debt capacity, etc. are evaluated. What sets us apart in this process however, is our ability to mobilise the Tikehau Capital platform to speak with relevant business experts and draw upon the global and strategic expertise of our high-level contacts to gain valuable insights into the sectors of activity concerned.

Only a small number of the cases reviewed are then presented to the screening committee; in 2022, 35 companies went through to screening. This committee is smaller and more informal than the final stage of the investment committee. It includes not only the key members of the Tactical Strategies team, but also people from other teams,

notably members of our Real Assets and Credit Research team. It is a very open forum that allows us to identify possible points of weakness to be explored, that will be followed-up during the final due diligence phase, which is both targeted and assertive. As a result of this focussed and highly selective approach, only c. 3% of opportunities received end up in our portfolio.

#### How important are extra-financial criteria in your selection process?

As with all the evaluations carried out at Tikehau Capital, extra-financial criteria are fully integrated into our approach and processed in the same way that financial criteria are. This has really become standard protocol.

One example is ESG, which we've worked hard to establish across the firm throughout our analysis.

“We are recognised for our reliable and agile way of working to meet tight deadlines.”

# Highlights

TACTICAL  
STRATEGIES

### A WELL-POSITIONED THIRD GENERATION FUND

The Group's third generation special opportunities fund, launched in the third quarter of 2022, contributed nearly €400 million in net inflows in 2022. This fund is particularly well positioned to seize investment opportunities arising from an unstable macroeconomic environment.

### €33 million for a renovation project in La Défense

The second vintage of the special opportunities fund issued a redevelopment financing loan, for €33 million, to a group of institutional investors in support of a project to renovate an iconic tower in the La Défense business district.

### A NEW EVERGREEN MULTI-ASSET MANAGEMENT MANDATE

The Tactical Strategies team won a new evergreen multi-asset management mandate for a total commitment of €100 million. This vehicle will be managed on behalf of a family office, and will deploy capital in three asset classes: private equity, special opportunities and real estate.



**A solid year for Tactical Strategies with the TSO II Fund almost fully deployed and the completion of several secondary market transactions.**

### Two successful forays for the second vintage of the “special ops” fund

The second vintage of the special opportunities fund successfully sold two investments: the first investment carried out in 2021 to develop prestigious residential villas in Cascais, Portugal, and a second investment carried out in 2020 in the Axis South West logistics centre in Bristol, in the UK.

## ASSET MANAGEMENT

# Capital Markets Strategies

## €4.1bn

IN ASSETS  
UNDER MANAGEMENT

Tikehau Capital manages open-ended funds offering access to flexible and diversified management in equity and bond markets.

The funds benefit from conviction-based management, in other words, investing in a flexible and dynamic way, without the constraints of a benchmark index.

The investment approach applied to private markets is the same one that is applied to equity and credit markets. As a result, for each investment, Tikehau Capital's research and management teams carry out a comprehensive review, combining market directional analysis leading to sector screening and fundamental analysis of each issuer to ensure strict selection of the instruments to be included in the portfolio.

## 11

PROFESSIONALS

## 11%

OF THE GROUP'S ASSETS  
UNDER MANAGEMENT





# interview

## RAPHAËL THUIN

HEAD OF CAPITAL MARKETS STRATEGIES,  
TIKEHAU CAPITAL

### To what extent was 2022 a complex year?

Throughout 2022, markets were caught off guard by central banks forecasting that inflation would only be temporary and anticipating a soft landing. Whereas, in fact, the current episode of inflation has structural fundamentals. Although declining slightly, particularly in the United States, it could remain at high levels. In response, the increase in interest rates sounded the death knell of free money, weighing on

business, economic growth and consumption - despite the savings cushion built up during the Covid crisis. Given these conditions, we saw a concomitant decline in both equity and bond markets. For the first time in decades, there was nowhere to hide. On a risk-adjusted basis, bonds even significantly underperformed equity. This represented a huge disruption of historic correlations which will have long-term consequences.

“Our positioning has enabled the Capital Markets Strategies funds to remain resilient overall to the market and compared with its peers.”

### Are the trends seen in 2022 likely to persist into 2023?

Apart from the current geopolitical situation and its impact - particularly in terms of energy prices - inflation could remain a threat, fuelled by three structural phenomena. First, ageing of the global population, notably in China, which historically is an inflationary factor. That said, we must not forget deglobalisation which accelerated during the health crisis, with the need to relocate strategic industries. Lastly, the energy transition together with the scarcity of inexpensive energy sources. The era of low inflation is a thing of the past. Assuming a return to historical averages from this year, therefore, appears somewhat optimistic. In our view, those who do not consider that trends will dictate asset allocations are set for an unpleasant surprise.

### In this context, what approach do you favour?

Caution remains the watchword for 2023, faced with the twofold risk of inflation and recession. As such, for now, we retain our defensive strategy. We will also keep an eye out for opportunities and fundamental trends. Because, the good news is that we are seeing a return of dispersion, i.e., greater differentials in terms of valuation, performance and yield between the winners and the losers. This means that we must be highly selective. On equity, where valuations are close to historical averages, we maintain our conservative approach, following on from our stance in 2022. Particularly as the flight to quality did not materialise last year, offering opportunities on high-quality stocks. Having underperformed in 2022, bond yields are once again positive. Although caution is indeed the watchword, this compartment appears to have regained appeal compared with equity and now represents a relevant allocation. Much like the Tikehau Impact Credit fund which, with a track record of more than one year, opened a high-yield impact investment and addresses investor needs by combining financial and non-financial performance, as demonstrated by the issuance of the recent Socially Responsible Investment (SRI) label.

### What does this mean in terms of management?

Faced with excessive valuations and structural inflation, we adopted a defensive approach on equity since end-2021. We focused on asset valuations which, in our view, combine pricing power with comfortable margins and barriers to entry. Best-in-class companies have shown their mettle during tough times.

Within bond segments, we operate mainly on high-yield instruments, within our universe mainly made up of small and medium-sized European and French companies, more often than not leaders in their markets, some of whom we have financed for some time. The environment was also favourable for financing of issuers on shorter horizons, and we considered it time to have limited sensitivity to interest rate fluctuations and credit spreads. This approach prompted us to launch Tikehau 2025<sup>(1)</sup> in November 2022, a predominantly Investment Grade fund adopting a buy-and-hold carry strategy. It provides greater visibility on the liquidity structure and the ability to repay portfolio issuers.

Our positioning enabled the Capital Markets Strategies funds to remain resilient overall to the market and compared with its peers.

(1) Advertising release. Review the legal documentation of the fund on [www.tikehaucapital.com](http://www.tikehaucapital.com) before making any final investment decision.





# In the eyes of

## NINA MAJSTOROVIC

INVESTMENT SPECIALIST  
WITHIN THE CAPITAL MARKETS  
STRATEGIES TEAM,  
TIKEHAU CAPITAL

### From asset allocation to value selection: the virtues of fundamental research.

**2022 was complex, from a macroeconomic and market standpoint. Factoring in this context, is it possible to reconcile short-term and long-term approaches?**

For 35 years, ultra-accommodating monetary policy and the steady decline in interest rates were favourable winds for corporate earnings. In financial markets, this led to generalised tightening of risk premia: being positioned in the right asset class was enough to deliver performance.

2022 marked a turning point in this respect: we are now probably at the start of a cycle featuring lower growth on a structural basis, with higher inflation and higher interest rates. This is likely to generate volatility and dispersion: the asset allocation strategies that had sufficed to date, to achieve performance, are no longer valid.

Short-term, this dislocation paves the way to new opportunities but identifying them requires in-depth fundamental analysis of both financial and non-financial criteria.

Longer-term, the accumulation of recent events (Covid-19, the Ukraine/Russia conflict, etc.) will spark significant and lasting changes to lifestyles and economies. These changes will in turn lead to the emergence of new megatrends which will concentrate most of the growth in a slowing global economy. These megatrends, such as the energy

transition - a strong development focus for Tikehau Capital - represent strategic investment opportunities.

**In concrete terms, what does the fundamental analysis of the Capital Markets Strategies activity involve?**

One of the main strengths of Capital Markets Strategies lies in its Credit Research department which employs 20 experts. This enables us to take advantage of certain market inefficiencies by financing companies with limited sell-side research coverage, mainly because their business models are more complex. This calls for substantial resources in terms of research, but is rewarded with a higher risk premium: the "complexity premium".

Our conviction-based management focuses on medium-sized issuers with lower weighting in the main credit indices. For instance, in the high-yield segment, we only very rarely invest in the biggest market issuers.

We prioritise high-quality companies for both our bond and equity portfolios. These companies tend to post significant profitability and cash flows which, when reinvested in the company, can generate performance for patient investors.

**In the current market, is this fundamental approach a distinguishing factor in your client relations? Are there others?**

As asset managers, agility is now crucial to identify the best investment opportunities. Indeed, in a world where stock picking becomes mission-critical, the ethos behind Tikehau Capital, notably with its positioning in local ecosystems and its management based on fundamental proprietary research provides a competitive advantage.

Furthermore, over the years, Tikehau Capital has developed extensive expertise, both in private and public markets. This 360° vision of the economic and financial environment, coupled with our close relationships with the companies we have financed for more than 15 years is a key source of added value.

“Agility is now crucial to identify the best opportunities.”

# Highlights

CAPITAL MARKETS  
STRATEGIES

## Launch of a fund with a predominantly Investment Grade maturity, Tikehau 2025<sup>(1)</sup>

In November 2022, Tikehau Capital launched Tikehau 2025, a fund with a predominantly Investment Grade maturity. With a 2025 maturity, the fund can diversify, accessing high-yield bonds (for a maximum of 50%) as well as financial subordinates (for a maximum of 30%), two historical areas of expertise of the Capital Markets Strategies teams of Tikehau Capital. Furthermore, Tikehau 2025 can provide access to bonds with a maximum remaining maturity of 6 months at 31 December 2025, and likely to be redeemed beforehand.

## Tikehau Impact Credit<sup>(1)</sup> obtains the SRI label from the French Ministry of the Economy and Finance

The Tikehau Impact Credit fund is one of the few high-yield funds to have received the SRI label. The fund seeks to invest in issuers that explicitly intend to have a positive and measurable impact and help transition to a circular and low-carbon economy. To this end, the fund adopts a non-financial approach in assessing environmental and social criteria, in line with Article 8 of the European Sustainable Finance Disclosure Regulation (SFDR).



## Tikehau Short Duration named “best 10-year - EUR short term bond fund”

REFINITIV LIPPER  
FUND AWARDS  
2022 WINNER EUROPE



<sup>(1)</sup> Advertising release. Review the legal documentation of the fund on [www.tikehaucapital.com](http://www.tikehaucapital.com) before making any final investment decision.



# Human Capital

Diversity, attracting and retaining talent.

LEVEL UP  
IT'S ABOUT LEADING  
THE WAY







## EMMANUELLE COSTA

HEAD OF HUMAN CAPITAL,  
TIKEHAU CAPITAL

**Tikehau Capital raised its international profile further this year, with 742 employees in 14 countries worldwide and the opening of a new office in Tel Aviv and Zurich. In an ever-growing company, how do you maintain agility and entrepreneurial spirit?**

The important thing to keep in mind within a fast-growing group driven by a strong entrepreneurial culture is to protect the simplicity and authenticity of discussions, but also to avoid getting gradually stuck in standardised mindsets.

To avoid these two potential pitfalls, our priorities are based on three major pillars: cultivating team spirit, encouraging discussions among each and every one of us, and fostering diversity.

A company's cohesion is built both formally and informally, by a knowledge and understanding of all of our roles and business and those who carry them out on a daily basis and of our values. This process begins from an employee's first steps in Tikehau Capital, via our Graduate Programme, for instance. The first 12 staff members recruited on permanent

contracts as part of this programme will complete their three six-month rotations in 2023 within the different departments and geographies and have thus been able to integrate into a team with a specific understanding of Tikehau Capital's activities and an already solid internal network. The second graduate class from the Tikehau University, which welcomed more than 40 young professionals from five different countries across business lines, last October, not only developed technical skill sets but also learned more about the activities, culture and values of our Group. It also enabled the strengthening of each participant's internal network (see *"In the eyes of Malibida N'Gani"*).

### **How do you promote and encourage diversity within Tikehau Capital?**

Diversity in terms of gender, culture, profile, expertise and experience is a guarantee of richness, enhanced creativity and innovation. It contributes significant value and boosts the company's appeal. This is why we are determined to make diversity a reality. Sustaining diversity, and above all, ensuring greater diversity, requires constant effort, refusing to accept the *status quo* or the easy option of recruiting similar profiles.

Equality is one of our main priority areas. In 2022, women represented 43% of our staff and 23% of our Managing and Executive Directors. While this number is trending upwards, and in line with our target of at least 30% women in Managing and Executive Director positions by 2027, ensuring we remain on track to reach our diversity objectives requires constant vigilance in our actions.

In the recruitment phase, our open positions are posted to sites dedicated to recruiting women such as "100 Women in Finance" and "Forte Foundation", which bring together talented women and MBA graduates. Our Graduate Program welcomes 67% women. Tikehau Capital also employs a significant percentage of young women, which can sometimes cause its own difficulties in terms of development during maternity. We do not want to lose out on this talent pool; rather, we aim to promote their development. The "Women@TikehauCapital" network was created and a Women's Leadership seminar was organised this year to support the career development of these promising profiles and to identify any unintentional obstacles or bias that could stand in their way.

In addition to targeted initiatives, diversity must form an integral part of our corporate culture. In the long run, it pays off to raise awareness through year-round training to recruit without discrimination or bias for all those involved in the recruitment processes. We strive not only to provide a platform, but also to achieve results. This involves proactive policies, targeting performance and outcomes. This year, we renewed our nationwide initiatives including the "#10,000 Black Interns" movement in the United Kingdom and our summer intern programme in the United States which reserves around six places for candidates from minority backgrounds on an annual basis.

**“The diversity of profiles is the guarantor of greater innovative capacity.”**



# Excellence, independence, & commitment.

**WE ARE  
ON THE BALL**

**We raise  
the standards**

**WE MAKE IT  
HAPPEN**

**WE ARE  
CONTRARIAN**

**WE WALK  
THE TALK**

**We think  
BIG**

**We connect  
the dots**

**We get out of  
our comfort  
zone**

**WE CREATE,  
RATHER THAN  
COMPETE**

**WE KEEP  
THINGS SIMPLE**

# Tikehau University

The second edition of the Tikehau Capital University took place in October 2022 at the Château de Villiers-le-Mahieu near Paris.

Spearheaded by Tikehau Capital's Human Capital team, this global initiative was launched in 2021 that seeks to bring together the Group's junior employees (3-4 years of experience) from across our 14 offices, businesses and positions.

Tikehau University facilitates knowledge-sharing, collaboration and networking and fosters inclusion, agility, innovation and responsiveness – all values which are core to Tikehau Capital's DNA and culture.

This year's five-day programme brought together c.40 employees. It started with a welcome address from Antoine Flamarion, co-founder of Tikehau Capital, followed by a series of interactive sessions and case studies, including various team-building activities.



## In the eyes of

**MALIBIDA N'GANI**  
FINANCIAL CONTROLLER,  
TIKEHAU CAPITAL

Malibida N'Gani is a Financial Controller, working in the Group's Finance Department. He joined Tikehau Capital in June 2020 after completing an internship in 2019.

**You are part of the Tikehau University class of October 2022. Can you describe what this initiative involves?**

It is a special moment; the chance to bring together 40 employees from the Group's different business lines. The training week is organised around technical and financial learning, discovering the Group's different business lines and the functions they include, but also centres on the development of soft skills, true to our Group's DNA (sensitive to issues of diversity and inclusion, climate change, etc.). However, Tikehau University also offers unexpected moments and sharing between the different participants.

Tikehau University is an opportunity to meet others: we were brought together in an immersive way with employees from all levels of the business (young recruits to top management) recruits to top management, participating in various presentations and sharing friendly moments. It is also an opportunity to get to know others "off the grid"; not only employees from the Paris office in different departments, but also peers from other offices.

And, of course, it provides a platform for learning and an opportunity to build on our knowledge of the asset management sector. The days are packed with presentations on the Group's different activities and departments, the different stages of the investment process, as well as technical lessons on subjects such as financial mathematics and valuation methods.

**Did this experience change your perception of Tikehau Capital?**

It made me realise that we are part of a Group that invests in its employees, and recognises the quality of its young staff and helps them to develop. Personally, I found it extremely gratifying to be invited on to the programme and I am proud of the belief placed in me, both personally and for the Group.

On top of that, Tikehau University makes for an enjoyable break, since the programme is not just about learning. During a game of boules, a bicycle ride or a meal, informal discussions take place and friendships are

forged, building team spirit. This develops a sense of belonging which leaves participants with a genuine motivational boost.

**In what way does Tikehau University open up doors for employees?**

I gained a deeper insight into the connections between the Group's different departments, the role of each and the benefits of collaborating and sharing. Inevitably, the entire process broadens your horizons, considering the potential interactions between activities or even in terms of internal mobility.

First and foremost, Tikehau University is about leveraging a network, the opportunity to get away from the daily grind and meet talented individuals from all walks of life, to "connect the dots"! I am convinced that this collective programme fuels the innovative and entrepreneurial spirit of Tikehau Capital.



LEVEL UP  
IT'S ABOUT  
TRANSFORMING RISKS  
INTO OPPORTUNITIES

# Sponsorship & Partnerships

Supporting pressing causes and projects  
that reflect our values.



# €680,000

## IN DONATIONS IN 2022



### FOR HEALTH

**Tikehau Capital conducts numerous actions to promote health that are rolled out across our geographies. They include a commitment to research, support for patients and carers and the fight against discrimination in relation to disabilities.**

After contributing to COVID-19 research in March 2020 by making a significant donation to *Assistance Publique-Hôpitaux de Paris* (AP-HP), Tikehau Capital became a "Grand Mécène" (Major Patron) of Fondation AP-HP in 2021 to support innovation in health, the teams of the 39 AP-HP hospitals and accessibility to healthcare for all. This partnership continued in 2022.

In 2022, the Group also confirmed its support for the Institut Curie's Research Centre in the United States to help advance cancer research, as well as for the HELEBOR association, which contributes to the development of palliative care and the improvement of the quality of life of seriously ill people in France.

Tikehau Capital also decided to support an academic hospital system, the *Chaire de Philosophie à l'hôpital*, over the 2022-2024 period. It is a teaching and research programme designed to combine theory and practice by working with caregivers, patients, students, stakeholders in the healthcare system, as well as the general public.

The commitment to health also involves enabling the most vulnerable people to be independent with *Mutuelle d'Épargne, de Retraite et de Prévoyance Carac* ("Carac"). Since June 2011, Tikehau IM and Carac have joined forces to create an associative savings product via the *Tikehau Entraid'Épargne Carac* (TEEC) fund.

Lastly, in April 2022, Tikehau Capital supported the social enterprise *Café Joyeux* by contributing to the launch of their first coffee shop in the United States and the United Kingdom. *Café Joyeux* is a fast food company that employs people with disabilities, mainly affected by Down Syndrome or Autism. Their goal is to make disability visible and to promote meetings, by offering work in an ordinary environment to people who struggle to access employment.



### FOR YOUNG PEOPLE

**Convinced of the virtues of access to knowledge, the values of sport and of the usefulness of acting early to correct inequalities, Tikehau Capital supports various associations dedicated to young people through the involvement of the Group's employees.**

Since 2019, Tikehau Capital has supported the *Institut de l'Engagement*, which enables thousands of young people who are involved in volunteering to promote their civic engagement and pursue a future project with the support of the Institute. As part of this partnership, Tikehau Capital's teams participate in the selection of future laureates, which includes the initial phase of screening applications through to interviews. The Group also supports the institute by selecting interns from the programme.

Tikehau Capital continues to support two associations in Spain: *Fundación Exit*, which supports the prevention of young people dropping out of school, and *Junior Achievement*, which provides local learning centres that support young people and help them succeed and find their way. Since 2021, Tikehau Capital has supported the development of *Espérance banlieues* by contributing to the construction of the new *Cours Charlemagne* premises in Argenteuil (France). The *Espérance banlieues* network is developing an innovative school model specialising in the educational challenges in the French suburbs by

preventing school drop-outs and promoting the social and cultural integration of young people. It is based on individualised monitoring of students (made possible by working with small groups), learning focused on fundamentals (reading, writing, counting) and a strong involvement of parents in education.

Since 2021, Tikehau Capital has also been supporting the Rugby French Flair Association, notably as part of its commitment to contribute to the development of the Zazakely Orphanage, which works to improve the living conditions of underprivileged children. Rugby French Flair allocates the donations it receives to local organisations that care for young people. The goal is to offer these children, often orphans, values and activities to help them face the violence of their living environment (trafficking, prostitution, recruitment into armed groups), in a context of extreme poverty (Madagascar, Senegal, Colombia, Cuba, Panama, etc.).

In 2022, Tikehau Capital also supported the Life Project for Youth Association, which develops solutions for the professional and social inclusion of young people, aged 17-24, living in extreme poverty and who are victims of exclusion in 13 countries in Asia, the Middle East, Europe and America.



## FOR CLIMATE

**In addition to its daily commitment to the climate in the various impact funds developed by Tikehau Capital's teams, the Group actively supports pioneering initiatives and projects focused on oceans.**

In early 2021, Tikehau Capital committed for a period of five years to the *Océan Polaire* association, founded by the doctor and explorer Jean-Louis Étienne as part of its Polar Pod project. *Océan Polaire* organises educational and scientific expeditions and missions in the polar regions. Polar Pod is an extraordinary maritime exploration, as well as a technological challenge for the study of the Southern Ocean that surrounds the Antarctic. The Southern Ocean is a major player in the climate system because its cold waters are one of the main carbon sinks. The Southern Ocean also has a rich biodiversity. Non-motorised, the Polar Pod will be silent and allow an unprecedented underwater life census. The purpose of this expedition, which is to be launched in 2023, is to enable the acquisition of long-term data and observations that will be sent to partner researchers, oceanographers, climatologists and biologists. 43 scientific institutions from 12 countries are already involved in the project.

Tikehau Capital also sponsored the initiative of Romain Pilliard, skipper of the trimaran *Use It Again!*, who embarked on an attempt to sail around the world in reverse, against the prevailing winds and currents, in December 2021. The trimaran was refurbished over 15 years after it first sailed, with careful attention being paid to the choice of materials used and the transformation or recycling of obsolete equipment. In early February 2022, the trimaran ran aground in gusts in southern Chile, but one month after the accident in Cook's Bay, the trimaran, which aims to raise awareness of the circular economy, was repaired and relaunched in Ushuaia. Despite significant damage to the boat, Romain and the *Use It Again!* team made every effort to carry out a project in difficult conditions halfway around the world. Romain arrived on 9 August 2022, at the end of the day, in *La Trinité-sur-Mer* after a 216-day adventure as part of this Round the World in Reverse expedition. The objective of this expedition was also to carry out the first global mapping of oceanic sounds in order to support the work of a scientist specialising in the sound emissions of cetaceans and the noise pollution of the oceans.

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