

Tikehau Capital Q3 2021 announcement

Strong fundraising and investment momentum, strong outlook confirmed

During the third quarter of 2021, Tikehau Capital accelerated capital deployment across its closed-end funds, while remaining highly selective and disciplined. After a strong performance during the first half of the year, the Group maintained a solid fundraising momentum over the period. In addition, Tikehau Capital further strengthened its commitment to address climate change with the ambition to formalize science-based targets for its private equity business within the next 24 months. Tikehau Capital confirms its 2021 and 2022 targets and remains particularly well-placed to deliver sustainable and profitable long-term growth.

Key highlights

- Dynamic fund deployment with **€3.7bn** invested by the firm's closed-end funds over the first nine months of 2021 (compared to €1.2bn over the same period last year), driven by a strong acceleration in Q3 with **€1.8bn** (vs. €0.4bn in Q3 2020) deployed during the quarter, while maintaining a high level of discipline and selectivity, and a healthy pipeline ahead;
- Strong fundraising momentum throughout 2021 with year-to-date net new money for the asset management business reaching **€3.8bn** (of which **€1.4bn** in Q3), a **solid 47%** increase compared to the same period last year;
- As of 30 September 2021, assets under management¹ (AuM) for the Group stood at **€31.8bn**, up **16.7%** yoy. AuM for the asset management business reached **€30.5bn**, up **17.8%** yoy;
- Investment portfolio reached **€3.2bn** with **€143m** of new capital committed by Tikehau Capital in its own strategies during Q3 2021, bringing total new capital commitments in own strategies to **€364m** year-to-date;
- Launch of Tikehau Capital's **CLO activity in North America**, leveraging its expertise of the European market to expand the firm's brand presence in the region and strengthen relationships with local institutions;
- Strengthening of Tikehau Capital's commitment to address climate change, targeting at least **€5bn** of climate-dedicated AuM by 2025, with the commitment to define **science-based targets** for its private equity business within the next 24 months;
- **Confirmation of 2021 and 2022 targets:**
 - Reach at least **€33bn** in Group AuM by 31 December 2021²
 - Reach more than **€35bn** for Group's AuM and generate more than **€100m** of fee-related earnings³ (FRE) in 2022.

¹ The Group's assets under management are not included in the audit process. Figures have been rounded for presentation purposes, which in some cases may result in rounding differences.

² At constant AuM for the Capital Markets Strategies versus 30 June 2021.

³ Fee-Related Earnings (FRE) correspond to net operating profit from asset management less performance fees and carried interest.

In €m	AuM at 30-Sept-2021		YoY change		QoQ change	
	Amount (€m)	Weight (%)	In %	In €m	In %	In €m
Private debt	10,182	32%	+14.8%	+1,309	+3.2%	+317
Real assets	11,254	35%	+10.3%	+1,051	+2.9%	+320
Capital markets strategies	5,090	16%	+31.8%	+1,227	+8.8%	+411
Private equity	3,995	13%	+34.3%	+1,021	+1.5%	+58
Asset Management	30,521	96%	+17.8%	+4,609	+3.8%	+1,106
Direct investment	1,276	4%	(4.3)%	(57)	(14.7)%	(219)
Total AuM	31,796	100%	+16.7%	+4,552	+2.9%	+887

1. ASSET MANAGEMENT BUSINESS: ACCELERATION IN FUND DEPLOYMENT AND STRONG FUNDRAISING MOMENTUM

High level of deployment in Q3 2021 with strong selectivity

In Q3 2021, the closed-end funds managed by Tikehau Capital selectively **deployed €1.8bn**, a record high level in a quarter, compared to €1.9bn invested over the first half of 2021. This takes total capital deployments since 31 December 2020 to **€3.7bn**. This acceleration stems from Tikehau Capital's **multi-local platform**, which leverages the firm's strong local presence and deal sourcing capabilities, alongside its strong **investment discipline** and **focus on ESG** across asset classes.

Over the quarter, the firm's **private debt strategies** represented c.65% of total deployment, driven by investments made by Tikehau Capital's 5th vintage of direct lending flagship strategy (TDL V), reiterating the firm's key role as a bridge between global savings and the financing of the real economy. The level of deployment has been driven by an overall supportive market with an increasing number of mid-market companies looking for alternative sources of financing. As an illustration, there has been a significant uplift in investments carried out by non-bank players since the beginning of the year, with a 72% of market share of European mid-market direct lending transactions over the first half of 2021⁴. Looking forward, the mid-market, core focus of Tikehau Capital, continues to offer ample opportunities for the firm.

On the **private equity** side, Tikehau Capital actively deployed its flagship strategy dedicated to energy transition (T2) while increasing the size of its investments. The firm recently announced it had entered into exclusive negotiations to acquire a 42% stake in Egis, a specialist in smart engineering, infrastructure and mobility services, as well as a majority stake in Sterne Group, a specialist in sustainable transport and logistics.

Looking ahead, the Group has a very healthy deployment pipeline across asset classes. At end-September 2021, Tikehau Capital had **€5.4bn of dry powder** within the funds it manages, enabling them to capture attractive investment opportunities. This compares to €6.4bn at 30 June 2021 and €6.2bn at 31 December 2020.

Continued strong momentum with €1.4bn in net new money in Q3 2021

Tikehau Capital's fundraising momentum in 2021 remains very robust across all of the Group's asset classes. Net new money⁵ for the asset management business over the first 9 months of the year amounts to a solid **€3.8bn**, a **47%** increase compared to net new money recorded during the first 9 months of 2020. Q3 2020 offered a high basis for comparison due to the first closing of *Ace Aero Partenaires*⁶ (€630m).

⁴ Source: AlixPartners mid-market debt report (September 2021).

⁵ Total net new money raised from third party investors and Tikehau Capital's balance sheet.

⁶ Tikehau Ace (formerly Ace Capital Partners) private equity fund dedicated to support the aerospace industry.

After a very strong first half, fundraising remained buoyant in Q3 2021, with net new money reaching **€1.4bn** over the quarter. The fundraising mix over the quarter reflects the ongoing fundraising schedule across strategies and asset classes:

- **Private Debt** was the leading contributor of fundraising in Q3 2021 with net new money reaching €554m driven by new commitments for TDL V, the Group's flagship strategy in direct lending (with AuM at 30 September 2021 of €1.2bn).

Fundraising in Q3 2021 also includes the successful reset and upsizing of European CLO I, as well as net new money resulting from the **launch of Tikehau Capital's first CLO in the US**, which is currently in its warehousing phase. This launch is a new positive development for Tikehau Capital in North America. It will enable the firm to expand its brand presence in the region and strengthen relationships with local institutions, leveraging its long-standing expertise on the European CLO market. The US CLO team plans on launching several vehicles over the coming years, taking advantage of attractive market conditions. The team, based in New York, will be reinforced by the appointment of Frances Ning as a Senior Credit Analyst. Frances brings over 14 years of experience within the fixed income industry, including roles at Citigroup, Hartford Investment Management and more recently at Credit Suisse where she spent 6 years as a credit analyst.

The launch of the US CLO strategy is a testament to Tikehau Capital's growth ambitions in the structured credit space, which will be supported at the global scale by the recently-announced appointment of **John Fraser** as Partner and Chairman of Global Structured Credit Strategies. In this newly created role, John will advise senior Tikehau Capital team members in growing the firm's existing structured credit businesses including its U.S. and European CLO platforms. John will also help develop and launch new business lines within the structured credit space. His entrepreneurial and institutional experience will support Tikehau Capital's structured credit strategies and overall company brand building and product marketing including interaction with investors.

- Net new money for **Real Assets** amounted to €416m in Q3 2021, driven by continued good fundraising momentum for Sofidy's strategies (AuM for Sofidy reached €7.2bn at 30 September 2021, up +8% year-to-date) as well as the completion of the acquisition by IREIT Global, the Group's listed REIT in Singapore, of a 27-property portfolio in France let by Decathlon. This transaction enables IREIT Global to strengthen its lease profile and add scale and diversification to its portfolio.
- The **Capital Markets Strategies** benefited from very positive demand from investor-clients both for fixed income strategies as well as equity and flexible strategies. Total net new money for the strategy reached €404m in Q3 2021, bringing year-to-date fundraising to €802m, which represents more than twice the level of net new money for the full-year 2020. The Tikehau Short Duration fund (formerly known as Tikehau Taux Variables) was the main contributor to Q3 net new money for that business, which was also driven by the launch of the Tikehau Impact Credit strategy, the firm's high yield impact credit liquid fund.
- **Private Equity** contributed €41m to the firm's net new money in Q3 2021, reflecting the fundraising seasonality for that business line. The quarter was marked by the final closings of the firm's second vintage of European Special Opportunities Strategy (TSO II) which exceeded expectations, and of the Group's third vintage of cybersecurity and digital trust fund (Brienne III) respectively with €617m and €175m⁷ of total commitments.

As a consequence of these achievements across all asset classes, AuM for the asset management business stood at **€30.5bn** at 30 September 2021, **up €4.6bn or 17.8% over the last twelve months**.

⁷ Final closing announced on 11 October 2021.

2. INVESTMENT PORTFOLIO: INCREASING ALIGNMENT OF INTERESTS WITH INVESTOR-CLIENTS

During Q3 2021, Tikehau Capital committed **€143m of new capital in its own strategies** further increasing its alignment of interests with those of its investor-clients. This brings total Tikehau Capital balance sheet commitments in its own strategies to **€364m** for the 9-month period to 30 September 2021.

The firm's investment portfolio came in at **€3.2bn** at 30 September 2021 (€2.9bn at 30 June 2021 and €2.4bn at 31 December 2020), of which:

- **€2.1bn** invested in the asset management strategies developed and managed by the firm (65% of total portfolio), a 30% increase compared to 31 December 2020. In addition, Tikehau Capital has **€1.0bn** of undrawn commitments in its own funds, which will be progressively called as they deploy capital. Therefore, the total of drawn and undrawn commitments from Tikehau Capital's balance sheet in its own funds and strategies amounted to **€3.1bn** at 30 September 2021, highlighting the firm's strong alignment with its investor-clients.
- **€1.1bn** invested in direct assets, of which around half is invested in listed assets (mainly Eurazeo) and the other half in unlisted assets, such as direct private equity investments, co-investments or investments in third-party funds.

Tikehau Capital will continue to use its balance sheet, a differentiating factor and enabler of growth, to strengthen its platform by launching new families of products and vehicles, and also maintain a high level of alignment of interests with its shareholders and investor-clients.

3. STRENGTHENING OF TIKEHAU CAPITAL'S COMMITMENT TO ADDRESS CLIMATE CHANGE

Since the beginning of the year, Tikehau Capital has significantly strengthened its commitment to address climate change, materialized across the firm's asset management strategies as well as Group's financing. The firm has already attracted more than **€1.5bn in capital commitments** across its investment strategies which are **classified "Article 9"** as per the European Sustainable Finance Disclosure Regulation (SFDR). Tikehau Capital intends to continue launching in priority fund strategies that support and accelerate sustainable business models and the decarbonisation of economies.

Following the successful issuance of a €500m inaugural **sustainable bond** in March 2021, the firm has integrated **ESG criteria** to its €700m revolving credit facility.

In early October 2021⁸, Tikehau Capital announced its ambition to manage at least **€5bn of assets by 2025 dedicated to the fight against climate change**. This significant commitment demonstrates the continued ambition of the firm to invest global savings towards a more resilient and inclusive economy, creating sustainable value for all. At the same time, Tikehau Capital announced the launch of a Climate Action Center, which is dedicated to harness financial innovation and focus on decarbonization, biodiversity, sustainable agriculture and food, the circular economy and sustainable consumption.

Tikehau Capital joined early in 2021 the Net Zero Asset Managers (NZAM) global initiative accredited by the United Nations Framework Convention on Climate Change's (UNFCCC) "Race to Zero" campaign. To demonstrate the robustness of the approach, Tikehau Capital announces today its **commitment to define science-based targets (SBT)** for its private equity business in the next 24 months.

Tikehau Capital is among the first alternative asset managers to have submitted such commitments, demonstrating once more its leading role in the fight against climate change. This initiative will aim at reinforcing the firm's climate engagement and at promoting the definition of SBT across portfolios.

⁸ Please refer to press release dated 4 October 2021.

4. SHARE BUYBACK PROGRAMME

Tikehau Capital extended under the same conditions to 9 March 2022 (included), date of the Group's 2021 annual results release, the share buyback mandate, which was signed and announced on 19 March 2020 and extended on 15 September 2021 until today.

As of today, 3,097,714 shares were repurchased under the share buyback programme. The description of the share buyback programme (published in paragraph 8.3.4 of the Tikehau Capital Universal Registration Document filed with the French financial markets authority on 1 April 2021 under number D. 21-0246) is available on the company's website in the Regulatory Information section (<https://www.tikehaucapital.com/en/finance/regulatory-information>).

5. STRONG OUTLOOK CONFIRMED

Since 30 September 2021, Tikehau Capital has maintained very positive momentum across the board. In particular:

- Fund deployment activity remained elevated, with closed-end funds managed by the firm continuing to deploy capital in a selective and targeted manner.
- Fundraising momentum continued across the firm's strategies with promising new initiatives in the pipeline.
- Tikehau Capital proceeded to an active rotation of its direct investment portfolio, in particular through the disposal of Eurazeo shares in the market. As a consequence, as at 5 November 2021⁹, Tikehau Capital owned 3.86% of Eurazeo share capital and 4.31% of voting rights.

Tikehau Capital reiterates its target of reaching over **€33bn in AuM** at 31 December 2021¹⁰ and confirms its core organic objectives for 2022, aiming to exceed **€35bn of Group AuM** and **€100m of fee-related earnings** (FRE).

CALENDAR

3 February 2022	Q4 2021 announcement (after market close)
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9 March 2022	2021 annual results (after market close)
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21 April 2022	Q1 2022 announcement (after market close)
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28 July 2022	2022 first half results (after market close)
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⁹ Refer to the declaration of crossing of threshold published to the French stock market regulator (Autorité des marchés financiers) on 8 November 2021

¹⁰ At constant AuM for the Capital markets strategies versus 30 June 2021.

ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €31.8 billion of assets under management (as of 30 September 2021). Tikehau Capital has developed a wide range of expertise across four asset classes (private debt, real assets, private equity and capital markets strategies) as well as multi-asset and special opportunities strategies.

Tikehau Capital is a founder led team with a differentiated business model, a strong balance sheet, proprietary global deal flow and a track record of backing high quality companies and executives.

Deeply rooted in the real economy, Tikehau Capital provides bespoke and innovative alternative financing solutions to companies it invests in and seeks to create long-term value for its investors, while generating positive impacts on society. Leveraging its strong equity base (€2.9 billion of shareholders' equity as of 30 June 2021), the firm invests its own capital alongside its investor-clients within each of its strategies.

Controlled by its managers alongside leading institutional partners, Tikehau Capital is guided by a strong entrepreneurial spirit and DNA, shared by its 672 employees (as of 30 September 2021) across its 12 offices in Europe, Asia and North America. Tikehau Capital is listed in compartment A of the regulated Euronext Paris market (ISIN code: FR0013230612; Ticker: TKO.FP).

For more information, please visit: www.tikehaucapital.com

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APPENDIX

LTM evolution (in €m)	AuM at 30-09-2020	Net new money	Distributions	Market effects	Change in scope	AuM at 30-09-2021	Change (%)	Change (€m)
Private debt	8,873	2,040	(915)	185	-	10,182	+14.8%	+1,309
Real assets	10,203	1,334	(355)	72	-	11,254	+10.3%	+1,051
Capital markets strategies	3,862	1,038	(9)	198	-	5,090	+31.8%	+1,227
Private equity	2,973	973	(42)	41	49	3,995	+34.3%	+1,021
Total Asset Management	25,912	5,385	(1,321)	495	49	30,521	+17.8%	+4,609

2021 YTD (in €m)	AuM at 31-12-2020	Net new money	Distributions	Market effects	Change in scope	AuM at 30-09-2021	Change (%)	Change (€m)
Private debt	9,342	1,436	(739)	142	-	10,182	+9.0%	+840
Real assets	10,334	1,098	(257)	80	-	11,254	+8.9%	+921
Capital markets strategies	4,184	802	(8)	111	-	5,090	+21.6%	+905
Private equity	3,491	435	(33)	53	49	3,995	+14.4%	+504
Total Asset Management	27,351	3,772	(1,037)	386	49	30,521	+11.6%	+3,170

Q3 2021 (in €m)	AuM at 30-06-2021	Net new money	Distributions	Market effects	Change in scope	AuM at 30-09-2021	Change (%)	Change (€m)
Private debt	9,865	554	(355)	117	-	10,182	+3.2%	+317
Real assets	10,934	416	(114)	17	-	11,254	+2.9%	+320
Capital markets strategies	4,679	404	(2)	8	-	5,090	+8.8%	+411
Private equity	3,936	41	-	17	-	3,995	+1.5%	+58
Total Asset Management	29,415	1,416	(470)	159	-	30,521	+3.8%	+1,106