6. ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

6.1 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

6.1.1. Consolidated balance sheet

Assets

(in thousands of €)	*Notes*	31 December 2020	31 December 2019
Non-current asset			
Tangible and intangible assets	7 & 28	580,058	535,046
Non-current investment portfolio	8	2,203,631	2,210,181
Investments in equity affiliates	9	7,499	9,261
Deferred tax asset	15	82,606	25,921
Other non-current assets		3,724	3,901
Total non-current assets		**2,877,519**	**2,784,309**
Current assets			
Trade receivables and related accounts	10	64,844	59,877
Other receivables and financial assets	10	24,866	64,730
Current investment portfolio	11	303,966	125,087
Cash management financial assets	12	76,203	131,806
Cash and cash equivalents	12	671,052	1,175,429
Total current assets		**1,140,931**	**1,556,930**
TOTAL ASSETS		**4,018,449**	**4,341,239**

Liabilities

(in thousands of €)	*Notes*	31 December 2020	31 December 2019
Share capital	13	1,634,317	1,640,081
Premiums		1,144,831	1,158,664
Reserves and retained earnings		224,489	161,402
Net result for the period		(206,601)	178,685
Shareholders' equity - Group share		**2,797,036**	**3,138,833**
Non-controlling interests	18	6,720	6,770
Shareholders' equity		**2,803,756**	**3,145,603**
Non-current liabilities			
Non-current provisions		1,432	2,390
Non-current borrowings and financial debt	14	997,491	993,338
Deferred tax liabilities	15	54,700	60,370
Non-current financial derivatives	16	467	12,896
Other non-current liabilities	28	23,918	26,507
Total non-current liabilities		**1,078,008**	**1,095,501**
Current liabilities			
Current borrowings and financial debt	14	1,048	3,851
Trade payables and related accounts	10	46,551	34,469
Tax and social security payables		45,008	39,373
Other current liabilities	10 & 28	44,078	22,443
Total current liabilities		**136,685**	**100,135**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4,018,449**	**4,341,239**

6.1.2. Consolidated statement of income

(in thousands of €)	***Notes***	**2020 (12 months)**	**2019 (12 months)**
Net revenues from Asset Management activity	19	**204,827**	**174,753**
Change in fair value of the non-current investment portfolio		(53,298)	178,753
Change in fair value of the current investment portfolio		40,992	10,034
Change in fair value	20	**(12,306)**	**188,787**
Other revenues from non-current investment portfolio		94,761	89,005
Other revenues from current investment portfolio		2,458	43
Other revenues from investment portfolio	21	**97,219**	**89,048**
Revenues from the Investment activity		**84,914**	**277,835**
Derivative portfolio revenue	22	**(286,489)**	**-**
Purchases and external expenses		(115,173)	(103,558)
Personnel expenses		(92,213)	(84,968)
Other net operating expenses		(23,310)	(11,586)
Operating expenses	23	**(230,696)**	**(200,113)**
Net operating profit from Asset Management and Investment activities before share of net results from equity affiliates		**(227,444)**	**252,476**
Share of net results from equity affiliates		(1,245)	(239)
Net operating profit from Asset Management and Investment activities after share of net results from equity affiliates		**(228,690)**	**252,237**
Net income and expenses on cash equivalents	24	(318)	1,196
Financial expenses	25	(35,742)	(34,532)
Financial result		**(36,060)**	**(33,336)**
Result before tax		**(264,750)**	**218,901**
Corporate income tax	15	58,630	(39,666)
Net result		**(206,120)**	**179,235**
Non-controlling interests	18	481	550
Net result - Group share		**(206,601)**	**178,685**
Weighted average number of outstanding ordinary shares		136,771,395	120,323,595
Earnings per share ***(in €)***		€(1.51)	€1.49
Weighted average number of shares after dilution	13	139,428,469	123,080,510
Diluted earnings per share ***(in €)***		n/a	€1.46

Consolidated statement of comprehensive income

(in thousands of €)	***Notes***	**2020 (12 months)**	**2019 (12 months)**
Net result		**(206,120)**	**179,235**
Currency translation adjustment(1)		(3,176)	366
Related taxes		-	-
Consolidated comprehensive income		**(209,295)**	**179,601**
Of which non-controlling interests		481	550
Of which Group share		(209,776)	179,051

(1) Item that can be recycled through the income statement.

6.1.3. Change in consolidated shareholders' equity

(in thousands of €)	Share capital	Premiums	Group reserves	Own shares	Translation differences (reserves)	Net result for the period	Shareholders' equity Group share	Non-controlling interests	Consolidated shareholders' equity
Situation as at 31 December 2018	**1,241,731**	**849,338**	**291,830**	**(1,166)**	**(64)**	**(107,362)**	**2,274,307**	**766**	**2,275,073**
Allocation of net result	-	-	(133,220)	-	-	107,362	(25,858)	(85)	(25,944)
Capital increase of 27 June 2019(1)	390,000	317,676	-	-	-	-	707,676	-	707,676
Capital increase of 1 July 2019(2)	3,954	(3,954)	-	-	-	-	-	-	-
Capital increase of 1 December 2019(2)	4,396	(4,396)	-	-	-	-	-	-	-
Share-based payment (IFRS 2)	-	-	9,306	-	-	-	9,306	37	9,344
Other movements in reserves(3)	-	-	1,992	(7,643)	366	-	(5,285)	5,502	218
Net result for the period	-	-	-	-	-	178,685	178,685	550	179,235
Situation as at 31 December 2019	**1,640,081**	**1,158,664**	**169,909**	**(8,809)**	**302**	**178,685**	**3,138,832**	**6,770**	**3,145,603**
Allocation of net result	-	-	95,255	-	-	(178,685)	(83,430)	(538)	(83,968)
Capital increase of 31 March 2020(4)	1,449	(1,449)	-	-	-	-	-	-	-
Capital increase of 4 July 2020(5)	106	(106)	-	-	-	-	-	-	-
Capital increase of 1 December 2020(6)	3,743	(3,743)	-	-	-	-	-	-	-
Capital increase of 21 December 2020(7)	155	(155)	-	-	-	-	-	-	-
Capital reduction of 22 December 2020 (8)	(11,217)	(8,381)	-	19,598	-	-	-	-	-
Share-based payment (IFRS 2)	-	-	7,367	-	-	-	7,367	26	7,393
Other movements in reserves	-	-	13,356	(69,314)	(3,176)	-	(59,133)	(20)	(59,152)
Net result for the period	-	-	-	-	-	(206,601)	(206,601)	481	(206,120)
SITUATION AS AT 31 DECEMBER 2020	**1,634,317**	**1,144,830**	**285,887**	**(58,525)**	**(2,874)**	**(206,601)**	**2,797,036**	**6,720**	**2,803,756**

(1) Tikehau Capital carried out a capital increase of €715 million at a price of €22 per share, through the creation of 32.5 million new shares. Costs related to the capital increase were deducted from the issue premium for €7.3 million.

(2) As part of the definitive grant of free shares under the "2016 TIM Replacement Plans", Tikehau Capital carried out a capital increase on 1 July 2019 by capitalisation of the share premium for €3.9 million. On 1 December 2019, for the definitive grant of free shares under the "All Plan" and the first tranche of the "One Off Plan", Tikehau Capital also carried out a capital increase by capitalisation of the issue premium for €4.4 million.

(3) *The impact on "Consolidated reserves" of various transactions relating to the IREIT Global Group share capital was €8.6 million.*

(4) *As part of the definitive grant of free shares under the "2018 FSA Plan" and the "2018 Performance Share Plan", Tikehau Capital carried out a capital increase on 31 March 2020 by capitalisation of the share premium for €1.4 million.*

(5) *As part of the definitive allocation of free shares of the first tranche of the "Credit.fr Plan 2018", Tikehau Capital carried out a capital increase on 4 July 2020 by capitalisation of the share premium for €0.1 million.*

(6) *As part of the definitive allocation of free shares in the second tranche of the "One Off Plan", Tikehau Capital carried out a capital increase on 1 December 2020 by capitalisation of the share premium for €3.7 million.*

(7) *As part of the definitive allocation of free shares under the "Sofidy 2018 Plan", Tikehau Capital carried out a capital increase on 21 December 2020 by capitalisation of the share premium for €0.2 million.*

(8) *On 22 December 2020, Tikehau Capital cancelled 934,720 own shares for an amount of - €11.2 million. The difference between the acquisition price of these own shares and the par value of the share was deducted as a share premium for an amount of - €8.4 million.*

6.1.4. Consolidated cash flow statement

(in thousands of €)	*Notes*	2020 (12 months)	2019 (12 months)
Revenues from Asset Management activity		**199,425**	**160,479**
Non-current investment portfolio		**56,005**	**23,948**
Acquisitions	8	(434,323)	(697,377)
Disposals		386,828	641,145
Income		103,500	80,180
● Dividends		69,990	56,204
● Interest and other revenues		33,510	23,976
Current investment portfolio		**(37,827)**	**(997)**
Acquisitions	11	(465,387)	(5,229)
Disposals		425,094	4,187
Income		2,466	45
● Dividends		2,098	28
● Interest and other revenues		368	17
Derivatives portfolio(1)		**(384,223)**	**-**
Other investments in companies in the scope of consolidation(2)(3)		**(18,659)**	**2,621**
Portfolio payables, portfolio receivables and financial assets in the investment portfolio		**31,236**	**(9,601)**
Net income/expenses on cash equivalents		**988**	**1,196**
Operating expenses and change in working capital requirement(4)		**(285,491)**	**(194,580)**
Tax	15	**(5,852)**	**(2,463)**
Net cash flows from operating activities		**(444,397)**	**(19,397)**
Capital increases in cash		**-**	**707,676**
Dividends paid		**(83,966)**	**(25,943)**
Borrowings	14	**(31,543)**	**173,731**
Cash management financial assets		55,603	(104,894)
Other financial flows		572	7,741
Net cash flows from financing activities		**(59,334)**	**758,310**
Change in cash flow (excl. impact of foreign currency translation)		**(503,731)**	**738,914**
Impact of foreign currency translation		**(646)**	**168**
Cash and cash equivalents at the beginning of the period	12	1,175,429	436,347
Cash and cash equivalents at the end of the period	12	671,052	1,175,429
Change in cash-flow		(504,377)	739,082

(1) During the 2020 financial year, cash flows relating to the derivatives portfolio included realised capital losses of - €268,9 million, the initial margin deposit and margin calls on derivatives amounting to - €115,1 million.

(2) In 2019 (12 months), cash flow mainly corresponded to the takeover of Homming and Homunity for an amount of - €3.6 million net of cash acquired of €0.4 million, to the exercise of the put option on the Sofidy SA shares for an amount of - €3.0 million, and to the acquisition and disposal of IREIT Global Group shares for a net amount of €8.3 million.

(3) During the 2020 financial year, cash flow corresponds to the payment of the earn-out clause relating to the acquisition of Homunity for an amount of - €6.5 million, to the payment of the earn-out clause related to the acquisition of Ace Capital Partners (formerly ACE Management) for an amount of - €0.4 million and the acquisition of Star America Infrastructure Partners for - €11.6 million net of cash acquired for €1.9 million.

(4) In 2020, increase in Operating expenses and change in working capital requirement includes a net outflow of - €69.3 million relating to the acquisition and disposal of own shares (- €7.6 million in 2019).

6.1.5. Notes to the consolidated financial statements prepared under IFRS

Note 1 Entity presenting the consolidated financial statements

Tikehau Capital SCA ("Tikehau Capital" or the "Company" or "TC") is a *société en commandite par actions* (partnership limited by shares) which has its registered office at 32, rue de Monceau, 75008 Paris (France).

Tikehau Capital is an asset management and investment group. It meets the definition of an "investment entity" under IFRS 10.

Its corporate purpose includes all forms of investment, with no specific restrictions or constraints in terms of the target asset classes, or their sector or geographic allocation. Accordingly, under the terms of its Articles of Association, Tikehau Capital's corporate purpose, in France and abroad is:

- "the direct or indirect acquisition of stakes, the arrangement and structuring of investment transactions in all sectors and involving all asset classes, the Real Estate sector, and small and mid-cap companies;
- the management, administration and disposal or liquidation of these stakes, under the best possible conditions;
- all of the above, directly or indirectly, on its behalf or on behalf of a third party, alone or with a third party, through the creation of new companies, contribution, partnership, subscription, purchase of securities or rights, merger, alliance, special partnership (*société en participation*), leasing or leasing out or the management of assets or other rights in France and abroad;
- and, generally, any financial, commercial, industrial, security or property transactions that may relate directly or indirectly to the above corporate purpose, or to any similar or related purposes, so as to promote its expansion and development".

The changes in scope in the consolidated group (the "Group") are detailed in note 3 (Scope of consolidation).

Tikehau Capital's consolidated financial statements for the financial year ended on 31 December 2020 were approved by the Manager on 16 March 2021 and submitted for review by the Company's Supervisory Board on 17 March 2021.

Note 2 Basis of preparation

(a) Accounting standards and Declaration of compliance

In application of EC Regulation No. 1606/2002, Tikehau Capital's consolidated financial statements are drawn up in accordance with international financial reporting standards (IFRS) and IFRIC interpretations applicable as at 31 December 2020 and as adopted by the European Union.

The standards are available at the European Commission website:

http://ec.europa.eu/finance/company-reporting/standardsinterpretations/index_en.htm.

The accounting principles used as at 31 December 2020 are the same as those used for the consolidated financial statements as at 31 December 2019.

They have been supplemented by the provisions of the IFRS standards and interpretations as adopted by the European Union as at 31 December 2020 and for which application is mandatory for the first time for the financial year 2020.

These concern:

New standards, amendments and interpretations applicable from 1 January 2020

- amendments to the conceptual framework references in the IFRS Standards. The application of the amendment has not had a significant impact;
- amendment to IFRS 3 "Business Combinations": definition of a business. Application of this amendment has not had a significant impact;
- amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": definition of the word "significant". Application of this amendment has not had a significant impact;
- amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures": reform of reference interest rates. The application of the amendments has not had a significant impact.

Standards published by the IASB and adopted by the European Union as at 31 December 2020

The Group has applied no standard and/or interpretation that could concern it and for which application is not mandatory as at 1 January 2020.

(b) Basis for measurement

The consolidated financial statements include the financial statements of Tikehau Capital and its subsidiaries for each of the financial years presented. The financial statements of subsidiaries have been prepared over the same reference period as those of the parent company, on the basis of homogeneous accounting methods. The consolidated financial statements are expressed in thousands of euros, rounded off to the closest thousand euros. Rounding gaps may result in minor differences regarding certain totals in the tables presented in the financial statements.

Portfolio assets and financial derivatives are measured at fair value in accordance with IFRS 13. The methods used to measure fair value are disclosed in note 5 (Determining fair value). The other balance sheet items (in particular tangible and intangible assets, and loans and receivables) have been drawn up on the basis of historical cost.

(c) Functional and presentation currency, conversion of financial statements

The presentation currency of the consolidated financial statements is the euro, accounts of consolidated entities using a different functional currency are converted into euros:

- at the closing rate for balance sheet items;
- at the average rate of the period for income statement items.

Conversion differences resulting from the use of these exchange rates are recognised under shareholders' equity in "Translation differences (reserves)".

(d) Transactions in currencies other than the functional currency

Transactions by consolidated companies in currencies other than their functional currency are converted into their functional currency at the prevailing exchange rate on the date of the transactions.

Receivables and debts denominated in currencies other than the functional currency of the company concerned are converted at the prevailing exchange rate of these currencies on the closing date. Unrealised losses and gains resulting from this conversion are recognised on the income statement.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements requires that assumptions and estimates that affect the reported amounts of assets and liabilities on the balance sheet and the reported amounts of revenues and expenses for the year being taken into consideration. The Management reviews their estimates and assessments on an ongoing basis, based on their previous experience, as well as on various other factors that they consider reasonable, which form the basis for their assessment of the book value of the assets and liabilities. Actual results may differ materially from these estimates depending on different assumptions or conditions.

Judgements made by the Management in preparing the consolidated financial statements mainly concern the estimated fair value of investments in unlisted portfolios, the estimated amounts of deferred tax assets recognised in tax loss carry forwards and the estimated valuation of indefinite-life intangible assets for impairment tests purposes.

Note 3 Scope of consolidation

(a) Method of consolidation

Tikehau Capital's consolidated financial statements have been prepared using the IFRS 10 exemption for investment entities.

The criteria used to classify a company as an investment entity under IFRS 10 are as follows:

- the entity is a company holding, inter alia, minority stakes in listed and non-listed companies. The entity benefits chiefly from funds from its shareholders to invest in a portfolio of equity interests and investments with significant sector diversification;
- the entity aims to build up a solid and balanced portfolio that includes sector and geographic diversification. The entity thus expects to generate from its investments (i) a capital gain, (ii) financial income, such as dividends, coupons, interest, etc., or both at the same time;
- the entity mainly measures and assesses the performance of its investments on the basis of the portfolio's fair value.

Given its activities, Tikehau Capital meets the definition of an "investment entity" under IFRS 10:

- Tikehau Capital is a company that invests directly or indirectly through other investment management companies. Among other activities, it invests its shareholders' funds in a broadly diversified portfolio of equity interests and investments;
- Tikehau Capital aims to build a portfolio that is diversified and thus aims to generate from its investment (i) a capital gain, (ii) financial income, such as dividends, coupons, interest, etc., or both at the same time;

- Tikehau Capital measures and assesses the performance of its investments on the basis of their fair value.

The subsidiaries in which Tikehau Capital exercises exclusive control, either directly or indirectly and either *de jure* or *de facto*, are fully consolidated, with the exception of interests held by investment entities under the IFRS 10 exemption. Subsidiaries that perform services related to these investment activities and that are not themselves investment management companies are therefore part of the consolidation perimeter.

The entities in which Tikehau Capital exercises significant influence are accounted for using the equity method with the exception of investments for which Tikehau Capital has opted for the IAS 28 exemption and that are accounted for on the basis of the fair value through profit or loss option.

Furthermore, for structured entities or *ad hoc* entities as defined by IFRS 10, the Group assesses the notion of control with regard to the following aspects, among others:

- whether it is able to control the entity's activity;
- whether it is paid variable revenues by this entity or is exposed to its risks;
- whether it is able to affect the entity's revenues or its risks.

This concerns, in particular, investments in investment funds classified under the current or non-current investment portfolio.

(b) Scope of consolidation

Parent company

Company	Form	Address	Method of consolidation
Tikehau Capital [1]	SCA	32, rue de Monceau, 75008 Paris, France	Parent company

(1) TC.

Fully consolidated subsidiaries or entities accounted for under the equity method

			% of interest	
Fully consolidated entities	**Form**	**Address**	**31 Dec. 2020**	**31 Dec. 2019**
Tikehau Capital UK[1]	Ltd	30 St. Mary Axe EC3A 8BF, LONDON, England	100.0%	100.0%
Tikehau Capital Europe	Ltd	30 St. Mary Axe EC3A 8BF, LONDON, England	100.0%	100.0%
Tikehau Investment Management[2]	SAS	32, rue de Monceau, 75008 PARIS, France	100.0%	100.0%
Tikehau Investment Management APAC (wholly-owned subsidiary of TIM)[3]	Pte. Ltd	1 Wallich Street #15-03 – Guoco Tower SINGAPORE 078881, Singapore	n/a	100.0%
Tikehau Investment Management Asia (wholly-owned subsidiary of TIM)[4]	Pte. Ltd	1 Wallich Street #15-03 – Guoco Tower SINGAPORE 078881, Singapore	100.0%	100.0%
Tikehau Investment Management Japan (wholly-owned subsidiary of TIM)[5]	KK	Marunouchi Nakadori bldg. 6F-2-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	100.0%	100.0%
IREIT Global Group	Pte. Ltd	1 Wallich Street #15-03 – Guoco Tower SINGAPORE 078881, Singapore	50.0%	50.0%
Credit.fr	SAS	140, rue Victor Hugo, 92300 LEVALLOIS-PERRET, France	96.0%	96.0%
Homming (wholly-owned Credit.fr subsidiary)	SAS	14, rue de Rome, 75008 PARIS, France	96.0%	96.0%
Homunity (wholly-owned Homming subsidiary)	SAS	14, rue de Rome, 75008 PARIS, France	96.0%	96.0%
Tikehau Capital North America	LLC	412W 15th St - 10011 New York, NY, United States of America	100.0%	100.0%
Sofidy	SA	303, Square des Champs Elysées, 91026 ÉVRY-COURCOURONNES, France	100.0%	100.0%
Alma Property (84.6% subsidiary of Sofidy)	SAS	303, Square des Champs Elysées, 91026 ÉVRY-COURCOURONNES, France	84.6%	84.6%
Espace Immobilier Lyonnais (51.0% subsidiary of Sofidy)	SA	103, avenue du Maréchal de Saxe, 69003 LYON, France	51.0%	51.0%
GSA Immobilier (50.1% subsidiary of Sofidy)	SA	307, Square des Champs Elysées, 91026 EVRY, France	50.1%	50.1%
Tridy (65.0% subsidiary of Sofidy)	SAS	303, Square des Champs Elysées, 91026 ÉVRY-COURCOURONNES, France	65.0%	65.0%
Ace Capital Partners [6]	SA	32, rue de Monceau, 75008 PARIS, France	100.0%	100.0%
Tikehau Capital Americas Holdings	LLC	412W 15th St - 10011 New York, NY, United States of America	100.0%	n/a
Star America Infrastructure Holding Company	LLC	412W 15th St - 10011 New York, NY, United States of America	100.0%	n/a
Star America Infrastructure Partners	LLC	165 Roslyn Road Roslyn Heights, NY	100.0%	n/a
Selectirente Gestion	SAS	303, Square des Champs Elysées, 91026 EVRY, France	100.0%	n/a

(1) TC UK.

(2) Tikehau IM or TIM.

(3) TIM APAC was liquidated on 9 October 2020.

(4) TIM ASIA.

(5) TIM Japan.

(6) Formerly known as ACE Management until December 2020.

Entities consolidated using the equity method	Form	Address	% of interest 31 Dec. 2020	31 Dec. 2019
Letus Private Office	SAS	11, avenue d'Iéna, 75116 PARIS, France	20.0 %	20.0 %
Duke Street (via TC UK)	LLP	Nations House, 103 Wigmore Street W1U 1QS LONDON, England	33.6%	34.6%
Ring Capital	SAS	11, bis rue Portalis, 75008 PARIS, France	25.0 %	25.0 %
Neocredit.ch	AG	Wankdorffeldstrasse 64, 3014 BERN, Switzerland	48.0 %	48.0 %

Subsidiaries of Tikehau Capital meeting the conditions of the IFRS 10 exemption and affiliates meeting the IAS 28 exemption conditions estimated at fair value

These entities are recognised in the non-current investment portfolio and are estimated at fair value through profit or loss. They are identified below:

Investment entities at fair value	Form	Address	% of interest 31 Dec. 2020	31 Dec. 2019	Level of control
Tikehau Venture	SAS	32, rue de Monceau, 75008 PARIS, France	100.0%	100.0%	Control
Tikehau Capital Belgium	SA	Avenue Louise 480 - B 1050 Brussels, Belgium	100.0%	100.0%	Control
IREIT Global Holdings 5(1)	Pte. Ltd	1 Wallich Street #15-03 – Guoco Tower SINGAPORE 078881	0.0%	60.0%	Control
OSS Ventures	SAS	52, rue d'Emerainville, 77183 CROISSY-BEAUBOURG, France	7.8%	0.0%	Control
Selectirente(2)	SA	303, Square des Champs Elysées, 91026 ÉVRY-COURCOURONNES	50.1%	50.1%	Significant influence
AR Industries	SAS	65 A Bld du Cdt Charcot 92200 NEUILLY S/ SEINE, France	49.0%	49.0%	Significant influence
Tikehau Real Estate Investment Company(3)	SAS	32, rue de Monceau, 75008 PARIS, France	30.5%	30.0%	Significant influence
Navec	SL	Carretera Madrid, 5, 30319 Cartagena, MURCIA, Spain	21.6%	21.6%	Significant influence
AFICA	SA	19, rue de Bazancourt, 51110 ISLES-SUR-SUIPPE, France	20.0%	20.0%	Significant influence
Holding Quintric	SAS	Parc Edonia Bâtiment L, rue de la Terre Adelie 35760 SAINT-GREGOIRE, France	14.2%	14.2%	Significant influence
Palizer Investment	SAS	2, rue Troyon, 92310 SEVRES, France	49.0%	n/a	Significant influence
Foncière Atland	SA	40 avenue Georges V 75008 PARIS, France	21.1%	21.1%	No control and no significant influence
IREIT Global	Pte. Ltd	1 Wallich Street #15-03 – Guoco Tower SINGAPORE 078881	29.4%	16.6%	No control and no significant influence
Travecta Therapeutics	Pte. Ltd	79 Science Park Drive #06-01/08 Cintech IV, SINGAPORE 118264	19.6%	0.0%	No control and no significant influence

(1) Investment in IREIT Global Holdings 5 was disposed in the second semester of the 2020 financial year.

(2) Indirectly held through Sofidy SA and GSA Immobilier as at 31 December 2019. At 31 December 2020, Tikehau Capital held 37.45% of the share capital and 50.09% in concert with Sofidy SA and GSA Immobilier.

(3) TREIC.

Non-consolidated subsidiaries

Non-consolidated entities	Form	Address	% of interest 31 Dec. 2020	31 Dec. 2019
ACE Canada Conseils et Services(1)	Inc.	1010, rue Sherbrooke Ouest, bureau 1800 Montreal, Québec H3A 2R7, Canada	100.0 %	100.0 %
Takume	SAS	32, rue de Monceau, 75008 PARIS, France	100.0 %	100.0 %
TK Solutions	SAS	32, rue de Monceau, 75008 PARIS, France	100.0 %	100.0 %
Homunity Patrimoine (2)	SASU	14, rue de Rome, 75008 PARIS, France	100.0 %	100.0 %

(1) Via Ace Capital Partners.

(2) Rocket Immo was created in 2019 and is owned by Homming. Its company name changed in 2020 to Homunity Patrimoine.

The companies ACE Canada Conseils & Services, Homunity Patrimoine, Takume, and TK Solutions are not consolidated, as they are immaterial.

Investments in funds managed by Group companies or third parties

Tikehau Capital and its subsidiaries may invest in funds managed by Tikehau IM, Tikehau Capital Europe, Sofidy, Ace Capital Partners, Star America Infrastructure Partners or companies outside the Group. Whether or not these funds should be consolidated is assessed on the basis of a number of criteria, and in particular, the IFRS 10 criteria applicable to ad hoc entities (see above).

Regarding fund units held by Group companies, the percentage of control of the funds in which the Company has invested is also assessed to determine whether a fund must be consolidated.

The analysis conducted by the Group on the funds managed by Tikehau IM, Tikehau Capital Europe (CLO), Sofidy, ACE Capital Partners and those managed by Star America Infrastructure Partners confirms the absence of control with respect to the criteria of IFRS 10 or classification as an investment company leading to the non-consolidation of these funds.

The following table presents the list of closed-end funds in which Tikehau Capital or one of its subsidiaries own a share equal to or greater than 20% and in which the amount invested is equal to or in excess of €5 million. These funds also meet the conditions for the IFRS 10 exemption.

Investments in the funds as at 31 December 2020	Investing company	Business line	% holding 31 Dec. 2020	31 Dec. 2019
Tikehau Homunity Fund	TC	Private Debt	46%	55%
Tikehau Brennus (1)	TC	Private Debt	-	54%
MTDL	TC UK & TIM	Private Debt	51%	51%
Tikehau Credit.fr	TC	Private Debt	35%	38%
TDL IV L	TC UK & TIM	Private Debt	21%	21%
TPDS	TC & TCAH	Private Debt	100%	n/a
TIL	TC	Private Debt	21%	n/a
TREO	TC & TIM	Real Assets	31%	37%
TRE III feeder (Optimo 2)	TC UK	Real Assets	28%	28%
TRP II (Bercy 2)	TC	Real Assets	28%	28%
TIRF I (I-Petali)	TC & TC UK & TIM	Real Assets	26%	27%
Tikehau Fund of Funds	TC UK	Private Equity	91%	90%
TSO II	TC UK	Private Equity	28%	70%
TKS II	TC & TIM	Private Equity	57%	65%
TGE II	TC & TIM	Private Equity	54%	55%
Brienne III	TC & ACE	Private Equity	43%	50%
TSO	TC UK & TIM	Private Equity	36%	36%
Tikehau Green I	TC & TIM	Private Equity	1%	22%
Ace Aéro Partenaires	TC & ACE	Private Equity	32%	n/a

(1) The Tikehau Brennus fund was liquidated on 20 November 2020.

Collateralised Loan Obligation ("CLO") activities

Through its subsidiary Tikehau Capital Europe, Tikehau Capital entered the securitisation market in 2015 through the launch of securitisation vehicles dedicated to CLOs.

A company managing CLOs such as Tikehau Capital Europe has two types of revenues:

- it receives management fees like any asset management company;
- it has an obligation to invest up to 5% in the securitisation vehicle under applicable law (the principle of the retention piece). This investment can be made horizontally either in the highest risk tranche (subordinated tranche or equity), or vertically, by a retention of 5% of each of the tranches issued by the vehicle. The asset management company collects the coupons related to this tranche, if the other tranches have received the coupons they are owed. As at 31 December 2020 the Group has mainly invested in tranches E, F and subordinated notes.

The risks depend on the seniority of the tranche subscribed and their positioning in the coupon payment waterfall, the equity tranche being the last tranche served:

- the tranches are entitled to a defined return; the risk is borne by the equity whose payment comes last (profit or loss depending on the situation);
- upon liquidation of the fund, the residual profit attributable to the investment will accrue to the holders of ordinary shares.

As at 31 December 2020, Tikehau Capital's CLO vehicles are:

Tikehau CLO I

Category of bonds issued	**Rating (Moody's/Fitch)**	**Nominal value at 31 December 2020** ***(in thousands of €)***	**Coupon**	**Floor rate**	**Final maturity**
A-1R.	Aaa/AAA	136,632	Euribor 3 months +0.60%	0 %	2028
A2	Aaa/AAA	33,946	Euribor 3 months +1.40%	0%	2028
B – R	Aa1/AA+	39,000	Euribor 3 months +1.07%	0 %	2028
C – R	A2/A+	28,000	Euribor 3 months +1.45%	0 %	2028
D – R	Baa2/BBB+	16,000	Euribor 3 months +2.35%	0 %	2028
E – R	Ba2/BB	21,200	Euribor 3 months +4.60%	0 %	2028
F – R	B2/B	7,800	Euribor 3 months +5.90%	0 %	2028
Subordinated notes	Unrated	41,700	n/a	n/a	2028
TOTAL		**324,278**			

(ii) Tikehau CLO II

Category of bonds issued	**Rating (Moody's/Fitch)**	**Nominal value at 31 December 2020** ***(in thousands of €)***	**Coupon**	**Floor rate**	**Final maturity**
A – R	Aaa/AAA	244,000	Euribor 3 months +0.88%	0 %	2029
B	Aa2/AA	46,000	Euribor 3 months +1.70%	0 %	2029
C – R	A2/A	23,000	Euribor 3 months +2.25%	0 %	2029
D – R	Baa3/BBB	18,000	Euribor 3 months +3.25%	0 %	2029
E	Ba2/BB	28,000	Euribor 3 months +6.25%	0 %	2029
F	Caa1/B-	10,500	Euribor 3 months +7.50%	0 %	2029
Subordinated notes	Unrated	44,700	n/a	n/a	2029
TOTAL		**414,200**			

(iii) Tikehau CLO III

Category of bonds issued	Rating (Moody's/S&P)	Nominal value at 31 December 2020 *(in thousands of €)*	Coupon	Floor rate	Final maturity
A	Aaa/AAA	244,700	Euribor 3 months +0.87%	0 %	2030
B	Aa2/AA	57,700	Euribor 3 months +1.40%	0 %	2030
C	A2/A	28,600	Euribor 3 months +1.85%	0 %	2030
D	Baa2/BBB	19,700	Euribor 3 months +2.70%	0 %	2030
E	Ba2/BB	26,250	Euribor 3 months +4.85%	0 %	2030
F	B2/B-	12,600	Euribor 3 months +6.55%	0 %	2030
Subordinated notes	Unrated	45,600	n. a.	n/a	2030
TOTAL		**435,150**			

(iv) Tikehau CLO IV

Category of bonds issued	Rating (Moody's/Fitch)	Nominal value at 31 December 2020 *(in thousands of €)*	Coupon	Floor rate	Final maturity
X	n/a	-	Euribor 3 months +0.53%	0 %	2031
A1	Aaa/AAA	231,000	Euribor 3 months +0.90%	0 %	2031
A2 – FIXED	Aaa/AAA	15,000	1.75%	n/a	2031
B1	Aa2/AA	7,000	Euribor 3 months +1.65%	0 %	2031
B2 – FIXED	Aa2/AA	15,000	2.10%	n/a	2031
B3	Aa2/AA	22,000	Euribor 3 months +1.65%	0 %	2031
C1	A2/A	7,000	Euribor 3 months +2.15%	0 %	2031
C2	A2/A	19,000	Euribor 3 months +2.15%	0 %	2031
D	Baa2/BBB	21,000	Euribor 3 months +3.30%	0 %	2031
E	Ba2/BB	23,000	Euribor 3 months +5.33%	0 %	2031
F	B2/B-	12,000	Euribor 3 months +7.36%	0 %	2031
Subordinated notes	Unrated	38,300	n/a	n/a	2031
TOTAL		**410,300**			

(v) Tikehau CLO V

Category of bonds issued	Rating (Moody's/S&P)	Nominal value at 31 December 2020 *(in thousands of €)*	Coupon	Floor rate	Final maturity
X	Aaa/AAA	1,467	Euribor 3 months +0.50%	0 %	2032
A	Aaa/AAA	272,800	Euribor 3 months +1.10%	0 %	2032
B1	Aa2/AA	36,800	Euribor 3 months +1.80%	0 %	2032
B2 – FIXED	Aa2/AA	5,000	2.30%	n/a	2032
C1	A2/A	19,300	Euribor 3 months +2.45%	0 %	2032
C2	A2/A	7,100	Euribor 3 months +2.442%	n/a	2032
D1	Baa3/BBB	24,800	Euribor 3 months +3.90%	0 %	2032
D2	Baa3/BBB	6,000	Euribor 3 months +3.892%	n/a	2032
E	Ba3/BB	25,300	Euribor 3 months +5.82%	0 %	2032
F	B3/B-	12,100	Euribor 3 months +8.42%	0 %	2032
Subordinated notes	Unrated	39,800	n. a.	n/a	2032
TOTAL		**450,467**			

(vi) Tikehau CLO VI

The launch of the warehouse phase of the sixth CLO project was completed in the second half of 2020.

(c) Change in scope of consolidation

The main changes to the scope of consolidation in the course of 2020 included:

Creation of the subsidiary Tikehau Capital Americas Holdings LLC

The subsidiary Tikehau Capital Americas Holdings was created in the first half of 2020. This subsidiary will support new asset management strategies that will be managed from North America.

Liquidation of the subsidiary TIM APAC

TIM APAC was put into liquidation during the first half of 2020. The liquidation process was completed on 9 October 2020.

Acquisition of Star America Infrastructure Partners

On 29 July 2020, the Group finalised the acquisition of 100% of the share capital of Star America Infrastructure Partners, an independent US management company which develops and manages medium-sized infrastructure projects in North America, which has approximately US$600 million of assets under management on the acquisition date (approximately €535 million on the basis of an exchange rate of $1/€0.89 as at 30 June 2020). This acquisition enables Tikehau Capital to diversify its assets under management towards a new and promising asset class and boost its strategy to expand in North America. The acquisition price has been paid partly in cash and partly in shares. The terms of the transaction also include the payment of a potential earn-out in 2021.

Creation of the subsidiary Selectirente Gestion

As part of the reorganisation of Selectirente announced on 9 December 2020 to become a leading European property company in city-centre convenience stores, Selectirente has adopted a plan to change its legal form from a limited company to a *société en commandite par actions* (partnership limited by shares). This project was submitted to the General Shareholders' Meeting of Selectirente on 3 February 2021 and was approved.

The company Selectirente Gestion was created at the end of 2020 and became the manager general partner of Selectirente on 3 February 2021. Selectirente Gestion is wholly owned by Sofidy as at 31 December 2020.

(d) Significant events over the year

***Investment Grade* rating (BBB-, stable outlook) confirmed by the financial rating agency Fitch Ratings**

On 27 January 2020, Tikehau Capital had its financial rating confirmed by the financial rating agency Fitch Ratings. Supported by a stable outlook, this *Investment Grade* rating (BBB-) confirms the strength of Tikehau Capital's financial profile. In its statement, Fitch Ratings highlighted the strength of Tikehau Capital's balance sheet and expressed its confidence in the Group's ability to keep financial ratios at levels consistent with an *Investment Grade* profile as Tikehau Capital pursues its strategy.

Tikehau Capital's capital increases

On 31 March 2020, Tikehau Capital carried out a capital increase for an amount of around €1.4 million by capitalisation of the issue premium and by issuance of 120,722 shares. The aim of this capital increase was to deliver free shares granted under the 2018 FSA Plan and the 2018 Performance Share Plan.

On 4 July 2020, Tikehau Capital carried out a capital increase for an amount of approximately €0.1 million by capitalisation of the share premium and by the issuance of 8,840 shares. The aim of this capital increase was to deliver free shares granted under the first tranche of the 2018 Credit.fr Plan.

On 1 December 2020, Tikehau Capital carried out a capital increase for an amount of approximately €3.7 million by capitalisation of the share premium and by the issuance of 311,894 shares. The aim of this capital increase was to deliver free shares granted under the second tranche of the One Off Plan.

On 21 December 2020, Tikehau Capital carried out a capital increase for an amount of approximately €0.2 million by capitalisation of the share premium and by the issuance of 12,900 shares. The aim of this capital increase was to deliver free shares granted under the 2018 Sofidy Plan.

Increase in Tikehau Capital's investment in IREIT Global

On 6 April 2020, Tikehau Capital, together with City Developments Limited (CDL), a leading Singapore-listed real estate company, announced the increase of their respective stakes in IREIT Global, a Singapore-listed real estate investment trust focused on the European real estate market, in which Tikehau Capital invested in November 2016.

The purchase, alongside an affiliate of AT Capital, a Singapore-based family office, of a 26.04% stake in IREIT Global, enables Tikehau Capital and CDL to increase their stake in IREIT Global respectively from 16.64% to 29.43% and from 12.52% to 20.87% upon completion of the transaction. Together, Tikehau Capital and CDL now own more than half of IREIT Global's capital. For Tikehau Capital, this acquisition represents a cash investment of circa €25 million.

The transaction reflects both Tikehau Capital and CDL's common long-term objectives of growing IREIT Global as well diversifying its portfolio. The reinforcement of this partnership with CDL is a positive step in the development of IREIT Global's activities will allow the tapping of each other's complementary strengths to fuel IREIT's growth. It will provide the company with a strong support for its development while leveraging the know-how and local knowledge of a major player in the Asian real estate sector in addition to the European outreach and expertise of Tikehau Capital.

Derivatives portfolio set up by the Group as part of its risk management policy

As part of its risk management policy, the Group has built up a derivatives portfolio while the global economy was facing a major systemic risk. At 31 December 2020, these instruments are intended to lessen the impact of any market correction that may affect the Group's investment portfolio, especially its investments in listed entities, given the high level of uncertainty regarding the future of the current health crisis and the effect it may have on the markets over the coming quarters.

Acquisition with takeover of Star America Infrastructure Partners

On 29 July 2020, the Group finalised the acquisition of 100% of the share capital of Star America Infrastructure Partners LLC, an independent US management company which develops and manages medium-sized infrastructure projects in North America, which has approximately US$600 million of assets under management on the acquisition date (approximately €535 million on the basis of an exchange rate of $1/€0.89 as at 30 June 2020). This acquisition enables Tikehau Capital to diversify its assets under management towards a new and promising asset class and boost its strategy to expand in North America. The acquisition price has been paid partly in cash and partly in shares. The terms of the transaction also include the payment of a potential earn-out in 2021.

This company has been consolidated since 29 July 2020.

The following table presents the fair value of each component of the consideration transferred at 29 July 2020:

(in thousands of €)	Rating	29 July 2020
Cash and cash equivalents		13,702
Star America Infrastructure Holding Company LLC shares (1)		13,702
Earn-out clause payment		25,923
FAIR VALUE OF CONSIDERATION TRANSFERRED AT THE ACQUISITION DATE		**53,327**

(1) The shares of Star America Infrastructure Holding Company LLC will be exchanged for Tikehau Capital shares within a period of three years through a call option from which the Group benefits.

Tikehau Capital incurred - €1.7 million of fees and due diligence expenses directly related to the acquisition. These costs were booked under "Operating expenses".

The following table presents the identified assets and liabilities as at 29 July 2020 before the purchase price allocation:

(in thousands of €)	*Notes*	29 July 2020
Non-current asset		-
Current assets		2,750
Total identifiable assets		**2,750**
Non-current liabilities		-
Current liabilities		5,696
Total identifiable liabilities		**5,696**
TOTAL IDENTIFIABLE NET ASSETS AT THE ACQUISITION DATE		**(2,946)**

The acquisition of the new shares gave rise to the recognition of €56.3 million of provisional goodwill.

(in thousands of €)	*Notes*	29 July 2020
Consideration transferred		53,327
Fair value of identified net assets		2,946
GOODWILL		**56,273**

Provisional goodwill represents to the future economic benefits that the Group expects to gain from the acquisition of Star America Infrastructure Partners within the asset management CGU.

Capital reduction of 22 December 2020

On 22 December 2020, Tikehau Capital carried out a capital reduction, by cancelling own shares, charging an amount of approximately - €11.2 million to the "share premium" account, corresponding to: the difference between the par value of each of the cancelled shares of €12 and the purchase price of these shares. This capital reduction then led to the cancellation of 934,720 own shares, including 121,824 shares originally allocated to cover free share and performance share plans previously reallocated to the cancellation. As at 22 December 2020, the share capital of the Company amounted to €1,634,316,528 and is divided into 136,193,044 shares.

Note 4 Main accounting methods

(a) Investment portfolio

The equity securities held by investment management companies are accounted for at fair value through profit or loss. Positive and negative changes in fair value are recognised in the profit and loss accounts under “Changes in fair value”. The methods for determining fair value are presented in note 5 (Determining fair value).

Investments in equity, quasi-equity securities (e.g., convertible bonds, OCEANE bonds, etc.) and usufruct are classified in the non-current investment portfolio.

Moreover, and depending on available cash, the timing of investments and market conditions, the Group may make more tactical investments by building a portfolio of shorter-term holdings consisting of equities and bonds or fund units. The securities selected for this portfolio are characterised by being liquid and showing attractive prospects for return and/or performance. These investments are recorded in the current investment portfolio.

Loans and receivables attached to these investments are accounted for at fair value through profit or loss.

Outstanding commitments not yet called are shown in off-balance sheet commitments (see note 29 (Contingent liabilities and contingent assets)).

(b) Business combinations

Business combinations are valued and recognised in accordance with IFRS 3 (revised): the consideration transferred (acquisition cost) is measured at the fair value of assets given, shareholders’ equity issued and liabilities incurred on the acquisition date. The identifiable assets and liabilities of the company acquired are measured at their fair value on the acquisition date. The goodwill thereby represents the difference between the acquisition cost and the total valuation of identified assets and liabilities at the acquisition date.

Fair value adjustments to assets and liabilities acquired in business combinations and initially recognised at provisional value (based on ongoing appraisals or further analyses pending) are booked as retrospective changes to goodwill if they occur in the 12 months following the acquisition date.

The goodwill relative to the acquisition of foreign companies is denominated in the functional currency of the activity acquired.

In the event of acquisition of control of an entity in which the Group already owns an equity interest, the transaction is analysed as a double operation: on the one hand as a disposal of all of the previously owned equity interest with recognition of the consolidated gain or loss on disposal, and on the other hand, as an acquisition of all the securities with recognition of goodwill on the entire equity interest (previous share and new acquisition).

The costs directly attributable to the acquisition such as legal, due diligence and other professional fees are recognised in expenses when they are incurred.

Goodwill is not amortised. It is subject to impairment tests as soon as objective indications of impairment appear and at least once a year. IAS 36 requires that any impairment losses on goodwill be determined by reference to the recoverable amount of the Cash Generating Unit (CGU) or CGU groups to which they are assigned.

Cash Generating Units are the smallest group of assets and liabilities generating cash inflows that are independent of cash inflows from other groups of assets. The organisation of Tikehau Capital has thus led to the identification of two CGUs corresponding to Asset Management activity on the one hand and Investment activity on the other. As a result, the tests are carried out at the level of the CGUs or groups of CGUs which constitute homogeneous groups that jointly generate cash flow largely independent of the cash flow generated by the other CGUs.

The value in use is calculated as the present value of estimated future cash flows generated by the CGU, as they result from the medium-term plans established for the Group’s management purposes.

When the recoverable amount is lower than the carrying amount, the goodwill associated with the CGU or group of CGUs is impaired accordingly. This impairment is irreversible.

(c) Financial derivatives

The Group may trade financial derivatives as part of its strategy of managing interest-rate risks on bank borrowings and issues of debt instruments or market risks.

Derivatives are recognised on the balance sheet at their fair value on the closing date. Changes in the value of derivatives are recognised on the income statement:

- under a separate “Derivative portfolio revenue” heading for the purpose of managing market risks;
- under financial expenses for positions in interest-rate derivatives.

(d) Tangible and intangible assets

Tangible and intangible assets are recognised at their acquisition cost and are depreciated over their useful lives.

The main durations are as follows:

- software: 1 to 3 years;

- office equipment and furniture: 3 to 5 years.

Intangible assets also include brands of Tikehau Capital, Credit.fr, Sofidy (and some of its funds) and Ace Capital Partners. The total value of the brands recognised under intangible assets is €15.0 million as at 31 December 2020 (compared to €16.3 million as at 31 December 2019).

This valuation is assessed on the basis of the royalty method, corresponding to the discounted amount of future royalties that the brand would be able to generate after reduction of all the necessary expenses for its maintenance, the future royalties being determined on the basis of future revenues generated by the company operating the brand, to which is applied a royalty fee in effect on similar brands and/or in similar contexts.

The brand is subject to an impairment test once a year or more frequently if there is evidence of impairment. This impairment test will be assessed by the application of the same royalty method.

(e) Lease

The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group leases mainly real estate assets. As a lessee, the Group recognises a right-of-use asset and a lease liability for most leases.

The right-of-use asset is then depreciated on a straight-line basis from the beginning to the end of the lease, unless the lease provides for the transfer of ownership of the underlying asset to the Group at the end of the lease, or if the cost of the right-of-use asset takes into account the fact that the Group will exercise a call option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, determined on the same basis as that of the tangible assets. In addition, the right-of-use asset will see its value regularly lowered in the event of impairment losses and will be subject to adjustments for certain revaluations of the lease liability.

The lease liability is initially measured at the present value of lease payments to be made over the lease term. The discount rate used corresponds to the Group's incremental borrowing rate.

However, the Group has elected not to recognise "right-of-use" assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Short-term leases (<12 months) are recognised in lease expenses as operating leases.

The Group presents the "right-of-use" asset on the same line as underlying assets of the same nature that it owns.

The Group presents lease liabilities under "Other non-current liabilities" and "Other current liabilities" on the balance sheet as detailed in note 28 (IFRS 16 Leases).

(f) Client receivables and other receivables

Client receivables, other receivables and loans are accounted for at amortised cost.

(g) Cash equivalents and other current financial assets

Tikehau Capital's cash surplus, if any, may be invested in units in euro money market funds and three-month term deposits that meet the definition of cash equivalents according to IAS 7 (easily convertible into a known amount of cash and subject to insignificant risk of change in value). Money-market funds are recognised at fair value through profit or loss under IFRS 9.

Other cash equivalents and other current financial investments are recognised at fair value through profit or loss.

The results at year-end are included in the net result for the period under "Net income on cash equivalents".

(h) Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognised when the Group has an obligation with regard to a third party and it is probable or certain that this obligation will give rise to a disbursement of resources to this third party without being matched by at least an equivalent payment from this third party.

When the execution date of this obligation is more than one year, the amount of the provision is discounted, the effects of which are recognised in the financial result, based on the effective interest rate method.

(i) Financial debt

The criterion for distinguishing debt and shareholders' equity is whether there exists or not an obligation for the issuer to make a cash payment to its counterparty. The option of taking the initiative or not of disbursement is the essential criterion in distinguishing between debt and shareholders' equity.

Financial debt is recognised at its amortised cost, based on the effective interest rate method.

(j) Deferred taxes

Taxes include outstanding tax liabilities of the various consolidated companies and deferred taxes resulting from timing differences.

Timing differences between the consolidated values of asset and liability items and those resulting from the implementation of tax regulations, give rise to the recognition of deferred taxes. The tax rate used in calculating deferred taxes is the one that is known on the closing date; the impacts of changes in tax rate are recognised during the period during which the relevant tax law comes into force.

Deferred taxes on changes in the fair value of the investment portfolio are calculated at the applicable rate when the securities concerned are divested. The tax rates are determined based on the nature of the asset concerned (a long-term regime for financial interests, and FPCI, SCR, and SIIC funds).

A deferred tax asset is recognised for tax losses that can be carried forward, under the likely assumption that the entity concerned will have future taxable earnings from which these tax losses may be subtracted.

Deferred tax assets and liabilities are not discounted.

(k) VAT regime

Tikehau Capital does not recover VAT. Non-deductible VAT is recognised under various lines on the income statement.

(l) Segment information

Tikehau Capital carries out investment activities either by investing its capital directly in equity interest or by investing in funds managed by the Group’s asset managers (Tikehau IM, Tikehau Capital Europe, Sofidy Ace Capital Partners and Star America Infrastructure Partners). This activity is presented in the Investment activity segment.

Segment information levels are determined based on the elements of the consolidated contributory situations of each entity belonging to the sector segment considered, with the exception of Tikehau Capital North America. As such, the Asset Management activity corresponds to:

- to the consolidated net contributions of Tikehau IM and its subsidiaries TIM Asia, TIM APAC and TIM Japan, Tikehau Capital Europe, Sofidy and its subsidiaries, Ace Capital Partners, IREIT Global Group, Credit.fr and its subsidiaries Homming and Homunity, Star America Infrastructure Partners; and
- the income and expenses directly attributable to the Asset Management activity of Tikehau Capital North America.

The Group has therefore identified two CGUs, namely the Investment activity and the Asset Management activity.

(m) Revenue recognition: Revenues from Asset Management activity

Gross revenues from Asset Management activity - These comprise:

- management and subscription fees which correspond to management fees collected or to be collected by asset managers, whether relating to the management of assets under management or to arranging or structuring portfolio transactions. Management fees are generally recognised as each service is rendered and are calculated based on the contractual documentation, usually by applying a percentage to the called assets under management, but they can also partially apply to the portion of assets under management committed but not called. Subscription fees are recognised when investors subscribe to the funds. Arrangement fees and structuring fees are usually recognised when the investment is made. The level of management fees depends both on the type of client and type of products;
- performance fees or carried interest can be collected when performance thresholds are exceeded during the lifetime of the fund (open-ended funds managed under capital market strategies activity) or on the liquidation of the fund (closed funds managed under Private Debt, Real Assets or Private Equity activities). This revenue is paid by the funds directly to the beneficiaries and is recognised in the income statement when this variable consideration can be accurately estimated and when it is highly likely that no reversal will be made. Such revenue is recognised in gross revenues from Asset Management activity, but may also be received in part by the asset management company and/or by Tikehau Capital in accordance with the terms and conditions of the fund regulations.

Net revenues from Asset Management activity are calculated by deducting retrocession of fees due from gross revenues from Asset Management activity.

These retrocession of fees mainly correspond to retrocession of arrangement fees owed to the funds managed by the Group’s asset management companies and retrocessions contractually owed to distributors, generally based on a percentage of management fees.

Note 5 Determining fair value

The principles adopted for fair value measurement for portfolio assets are in accordance with IFRS 13 “Measurement of fair value” and may be summarised as follows:

Securities classified as Level 1

These are companies whose shares are listed on an active market. Shares in listed companies are measured on the basis of the last quoted price as at closing.

Securities classified as level 2

These are companies whose shares are not listed on an active market, but whose measurement pertains to directly or indirectly observable data. An adjustment made to a Level 2 piece of data that is significant to the fair value, can result in a fair value classified in Level 3 if it uses significant unobservable data.

Securities classified as level 3

These are companies whose shares are not listed on an active market, and whose measurement pertains to a large extent to unobservable data.

Tikehau Capital takes into consideration, *inter alia*, the following assessment methods:

- the transaction value: transactions over the last 12 months or the last months of activity if the company has not completed a full 12-month financial year since the shareholding was acquired, unless Tikehau Capital is aware of a valuation considered more relevant;
- the discounted cash flow method (DCF): this method determines the present value of cash flows a company will generate in the future. Cash-flow projections prepared in connection with the management of the company in question include a critical analysis of the business plan of these companies. The discount rate used is the weighted average cost of capital, which represents the cost of debt of the company and the notional cost of estimated equity, weighted by the proportion of each of these two components in the financing of the company. This rate is set next to that used by analysts for listed companies in the same sector;
- the stock market comparables method: valuation multiples of the company under assessment are compared with those of a sample of companies in the same or similar industry. The average of the sample then establishes a valuation benchmark applicable to the assessed company;
- the industry transaction method: valuation multiples of the company under assessment are compared with those of a sample of companies sold in the same industry or similar. The average of the sample then establishes a valuation benchmark applicable to the assessed company.

Bonds, except for impairment indicators, are recognised at their nominal value, plus accrued interest.

Fund units are valued on the basis of the last net asset value available at the financial statements closing date.

The investments in subordinated notes issued by the CLO vehicles (managed by Tikehau Capital Europe) are measured at amortised cost. CLO vehicles are then subject to impairment tests in accordance with the application of a mark-to-model regularly reviewed by an independent valuer, taking into account the low liquidity of the units and the obligation to hold these subordinated notes until their maturity date.

Note 6 Segment information

Segment information is presented on the same basis as internal reporting. It reproduces the internal segment information defined for the management and measurement of Tikehau Capital performance reviewed by the Group management. Operating profit and assets are allocated to each segment before restatements on consolidation and inter-segment adjustments. The share of personnel expenses relating to the Private Equity team, which managed Tikehau Capital’s investment portfolio, and the Manager’s remuneration are presented in the Investment activity segment.

The main aggregates of the segment income statement are as follows:

(in thousands of €)	2020 (12 months)	Asset Management activity	Investment activity
Net revenues from Asset Management activity	**204,827**	**204,827**	**-**
Revenues from the Investment activity	**84,914**	**-**	**84,914**
Derivative portfolio revenue	**(286,489)**	**-**	**(286,489)**
Operating expenses(1)	(226,917)	(128,391)	(98,527)
Net operating profit from Asset Management and Investment activities before share of net results from equity affiliates and before non-recurring free share plan expense	**(223,666)**	**76,436**	**(300,102)**
Non-recurring free share plan expense	(2,278)	(1,858)	(420)
Other non-recurring income and expenses	(1,500)	(1,500)	-
Net operating profit from Asset Management and Investment activities before share of net results from equity affiliates	**(227,444)**	**73,078**	**(300,522)**
Share of net results from equity affiliates	(1,245)	(526)	(719)
Net operating profit from Asset Management and Investment activities after share of net results from equity affiliates	**(228,690)**	**72,552**	**(301,241)**
Financial result	**(36,060)**	**(804)**	**(35,256)**
Corporate income tax	58,630	(17,210)	75,840
NET RESULT	**(206,120)**	**54,537**	**(260,657)**

(1) Excluding the non-recurring free share plans expense in respect of the second tranche of the "One Off Plan" of 1 December 2017 subsequent to the Company's initial public offering for an amount of - €2.3 million in 2020.

The main aggregates of the 2019 segment income statement are as follows:

(in thousands of €)	2019 (12 months)	Asset Management activity	Investment activity
Net revenues from Asset Management activity	**174,753**	**174,753**	**-**
Revenues from the Investment activity	**277,835**	**-**	**277,835**
Derivative portfolio revenue	**-**	**-**	**-**
Operating expenses(1)	(194,269)	(116,271)	(77,998)
Net operating profit from Asset Management and Investment activities before share of net results from equity affiliates and before non-recurring free share plan expense	**258,319**	**58,482**	**199,837**
Non-recurring free share plan expense	(5,844)	(5,408)	(436)
Other non-recurring income and expenses	-	-	-
Net operating profit from Asset Management and Investment activities before share of net results from equity affiliates	**252,476**	**53,075**	**199,401**
Share of net results from equity affiliates	(239)	(276)	38
Net operating profit from Asset Management and Investment activities after share of net results from equity affiliates	**252,237**	**52,798**	**199,439**
Financial result	**(33,336)**	**196**	**(33,532)**
Corporate income tax	(39,666)	(20,815)	(18,850)
NET RESULT	**179,235**	**32,178**	**147,057**

(1) Excluding the non-recurring free share plan expense in respect of the "All Plan" and "One Off Plan" of 1 December 2017 subsequent to the Company's initial public offering for an amount of - €5.8 million in 2019.

Net revenues from Asset Management activity break down as follows:

(in thousands of €)	**2020 (12 months)**	**2019 (12 months)**
Net management, subscription and arrangement fees	190,371	154,828
Performance fees and carried interest	6,268	8,491
Other revenues [(1)]	8,188	11,434
NET REVENUES FROM ASSET MANAGEMENT ACTIVITIES	**204,827**	**174,753**

(1) "Other revenues" is primarily comprised of other income from Sofidy and its subsidiaries, and from Homunity.

The main aggregates of the segment balance sheet are as follows:

(in thousands of €)	**31 December 2020**	**Asset Management activity**	**Investment activity**
Total non-current assets	2,877,519	726,421	2,150,097
of which right-of-use assets	28,118	15,279	12,839
Total current assets	1,140,930	219,113	921,817

(in thousands of €)	**31 December 2020**	**Asset Management activity**	**Investment activity**
Total non-current liabilities	1,078,008	45,540	1,032,469
of which lease liabilities (IFRS 16)	23,894	12,436	11,458
Total current liabilities	136,685	112,274	24,412
of which lease liabilities (IFRS 16)	5,721	3,511	2,210

(in thousands of €)	**31 December 2019**	**Asset Management activity**	**Investment activity**
Total non-current assets	2,784,309	671,130	2,113,179
of which right-of-use assets	30,695	14,582	16,114
Total current assets	1,556,930	200,116	1,356,814

(in thousands of €)	**31 December 2019**	**Asset Management activity**	**Investment activity**
Total non-current liabilities	1,095,501	50,100	1 045,401
of which lease liabilities (IFRS 16)	26,442	12,041	14,401
Total current liabilities	100,134	80,035	20,098
of which lease liabilities (IFRS 16)	5,443	3,202	2,241

The operating cash flow by operating segment is as follows:

(in thousands of €)	**2020 (12 months)**	**Asset Management activity**	**Investment activity**
Operating cash flow	(444,397)	45,424	(489,821)

(in thousands of €)	**2019 (12 months)**	**Asset Management activity**	**Investment activity**
Operating cash flow	(19,397)	33,416	(52,813)

Note 7 Tangible and intangible assets

This item breaks down as follows:

(in thousands of €)	31 Dec. 2019	Change in scope	Other increases	Decreases	Foreign currency translation effect	31 Dec. 2020
Goodwill	371,113	56,273	-	-	(4,921)	422,465
Management contracts	98,400	-	-	(491)	-	97,909
Brands	16,292	-	-	(1,330)	-	14,962
Other intangible assets	3,014	-	1,763	(1,982)	-	2,795
Total intangible fixed assets	**488,819**	**56,273**	**1,763**	**(3,803)**	**(4,921)**	**538,131**
Total tangible fixed assets	**46,227**	**1,123**	**5,440**	**(10,099)**	**(763)**	**41,927**
of which right-of-use assets(1)	**30,695**	**1,123**	**3,551**	**(6,640)**	**(612)**	**28,118**
TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS	**535,046**	**57,396**	**7,203**	**(13,902)**	**(5,684)**	**580,058**

(1) See note 5.28 (IFRS 16 Leases).

(i) Goodwill

Goodwill amounted to €422.5 million as at 31 December 2020 compared to €371.1 million as at 31 December 2019. This change is notably due to the acquisition of Star America Infrastructure Partners with the recognition of a provisional goodwill of €56.3 million at the acquisition date and a foreign currency translation effect on the latter of - €4.9 million.

The breakdown of goodwill, allocated to the Asset Management CGU is given below:

(in thousands of €)	31 Dec. 2020	31 Dec. 2019
Tikehau Investment Management	286,214	286,214
Tikehau Capital Europe	11,415	11,415
Credit.fr	10,946	10,946
IREIT Global Group	9,895	9,895
Sofidy	34,384	34,384
Ace Capital Partners	6,130	6,130
Homunity	12,130	12,130
Star America Infrastructure Partners	51,352	-
GOODWILL	**422,465**	**371,113**

(ii) Management contracts

The net value of management contracts totalled €97.9 million as at 31 December 2020 compared to €98.4 million as at 31 December 2019. They correspond, as part of the goodwill allocation of Sofidy and ACE Capital Partners, to the valuation of contracts between the asset management companies to the funds they managed. These represented €95.9 million for Sofidy as at 31 December 2020 (€95.9 million as at 31 December 2019) and €2.0 million for ACE Capital Partners as at 31 December 2020 (€2.5 million as at 31 December 2019).

Sofidy’s management contracts are considered as indefinite-life assets and are not subject to amortisation. The ACE Capital Partner's management contracts are finite-life assets and are therefore subject to amortisation based on the remaining lifespan from the acquisition date (the amortisation period ranges between 2 and 9 years depending on the management contract).

(iii) Brand

The brand totalled €15.0 million as at 31 December 2020 (€16.3 million as at 31 December 2019). It comprises the Tikehau Capital brand which has been recognised at €10.7 million (€10.7 million as at 31 December 2019), the Sofidy brand for an amount of €2.2 million (€2.2 million as at 31 December 2019), the Immorente brand (Sofidy fund) for an amount of €1.4 million (€1.4 million as at 31 December 2019), the Efimmo brand (Sofidy fund) for an amount of €0.5 million (€0.5 million as at 31 December 2019), and the ACE Management brand for an amount of €0.2 million (€0.2 million as at 31 December 2019).

An impairment loss of - €1.3 million was recognised for the Group’s brands in the year 2020 following the impairment tests performed.

(iv) Impairment tests

The impairment test as at 31 December 2020 is based on profit and loss accounts forecasts for the period 2021-2025. These profit and loss accounts forecasts are based on the following main assumptions relating to the economic environment and built on the assumptions of growth of assets under management from a bottom-up approach by fund.

Operating expense growth assumptions were also determined by type of main expenses.

The net book value of the current and non-current assets of the Asset Management CGU is subject to impairment testing based on the following assumptions:

(in thousands of €)	**31 December 2020**
Weighted average cost of capital	9.00%
Growth rate	0.00%
Net book value of the tested CGU	743,602
IMPAIRMENT LOSS RECOGNISED	**-**

No impairment loss was recognised as at 31 December 2020.

A change in these assumptions (+/-50 basis points of the discount rate, +/-50 basis points of the growth rate to infinity) would not change the conclusion of the impairment test as at 31 December 2020.

The sensitivity of enterprise values to the assumptions used is reflected in the following table:

		Growth rate to infinity	
(in thousands of €)	**Discount rate**	**0.0 %**	**0.50 %**
Downward sensitivity	8.50%	125,418	232,049
Upward sensitivity	9.50%	(111,720)	(29,970)

(v) IT developments

Other intangible assets consist of the capitalisation of IT development costs totalling €1.3 million as at 31 December 2020 (€2.1 million as at 31 December 2019) for IT tools used by the Company and its subsidiaries, as well as Tikehau Capital Advisors.

Note 8 Non-current investment portfolio

Changes in the non-current investment portfolio are as follows:

(in thousands of €)	**Portfolio**	**Level 1**	**Level 2**	**Level 3**	**Non-consolidated[1]**
Fair value as at 31 December 2019	**2,210,181**	**739,933**	**-**	**1,469,484**	**765**
Acquisition of securities	426,520	106,383	7	320,125	5
Disposals and repayments	(377,120)	(170,474)	-	(206,646)	-
Changes in receivables	(2,628)	-	8,820	(11,448)	-
Change in fair value	(53,324)	4,608	-	(57,944)	13
Change in scope	-	-	-	-	-
FAIR VALUE AS AT 31 DECEMBER 2020	**2,203,631**	**680,449**	**8,827**	**1,513,571**	**783**

(1) Non-consolidated securities are Level 3 securities.

The change in Level 1 securities notably comprises the acquisition of securities of Eurazeo (€50.1 million), IREIT Global (€55.8 million) and Augmentum Fintech (€0.5 million). It also includes the disposal of DWS shares (- €168.4 million), IREIT Global shares (- €2.4 million) and Eurazeo shares (- €0.2 million).

The change in Level 2 securities corresponds in particular to the Group's investment in Palizer Investment.

The change in Level 3 securities mainly includes investments in funds managed by the Group (€272.1 million) and in securities (€48.0 million). It also includes divestments and redemptions in funds managed by the Group (- €164.5 million) and in securities (- €42.1 million).

The changes in fair value recorded in 2020 correspond to changes in the share price for Level 1 securities and the valuations used at 31 December 2020 for Level 3 securities (including in particular the effects of the economic crisis related to Covid-19).

The presentation of the acquisitions of securities in the non-current portfolio in the cash flow statement differs from the balance sheet presentation. The table below presents the reconciliation between the two aggregates:

Acquisition of securities – change in balance sheet	**426,520**
Change in accrued interests on portfolio assets	1,457
Changes in receivables related to portfolio assets	(9,260)
ACQUISITION OF INVESTMENT PORTFOLIO – STATEMENT OF CASH FLOWS	**434,323**

The acquisition value of the non-current portfolio is as follows:

(in thousands of €)	31 December 2020	31 December 2019
Historical value of the non-current portfolio	1,929,367	2,112,763
Value of related receivables	9,669	13,262

Outstanding commitments in the non-current investment portfolio are as follows and shown under off-balance sheet commitments (see Note 29 "Contingent liabilities and contingent assets"):

(in thousands of €)	31 December 2020	31 December 2019
Commitments on the non-current investment portfolio	1,115,210	721,679

Note 9 Investments in equity affiliates

This item breaks down as follows:

(in thousands of €)	31 December 2020	31 December 2019
Letus Private Office	380	246
Duke Street	5,523	6,775
Ring	556	483
Neocredit.ch	1,039	1,757
INVESTMENTS IN EQUITY AFFILIATES	**7,499**	**9,261**

Note 10 Client receivables, other receivables and financial assets/Trade and other payables

This item breaks down as follows:

(in thousands of €)	31 December 2020	31 December 2019
Client receivables and related accounts	**64,844**	**59,877**
Financial assets	4,464	44,424
Other receivables	20,402	20,306
TOTAL OTHER RECEIVABLES AND FINANCIAL ASSETS	**24,866**	**64,730**

Financial assets are made up of revenues from the investment activities recorded in profit and loss accounts but not yet collected.

Client receivables and other receivables are not subject to any provision for non-recovery.

(in thousands of €)	31 December 2020	31 December 2019
Trade payables and related accounts	**46,551**	**34,469**
Portfolio financial liabilities	26,635	8,850
Other liabilities	17,443	13,593
TOTAL OTHER LIABILITIES	**44,078**	**22,443**

The net change in portfolio financial assets and liabilities amounts to - €57.7 million; a - €40.0 million change in financial assets net of €17.8 million in portfolio financial liabilities.

Note 11 Current investment portfolio

Changes in the current investment portfolio are as follows:

(in thousands of €)	Portfolio	Level 1	Level 2	Level 3
Fair value as at 31 December 2019	**125,087**	**125,087**	**-**	**-**
Acquisition of securities	563,121	563,121	-	-
Disposals and repayments	(425,041)	(425,041)	-	-
Changes in fair value	40,799	40,799	-	-
Change in scope	-	-	-	-
FAIR VALUE AS AT 31 DECEMBER 2020	**303,966**	**303,966**	**-**	**-**

Depending on available cash, the timing of its investments and market conditions, the Group may make more tactical investments by building a portfolio of shorter-term holdings consisting of equities and bonds or fund units, as well as in financial assets relating to the derivatives portfolio (such as initial margin deposits and margin calls).

The current investment portfolio breaks down as follows:

(in thousands of €)	31 December 2020	31 December 2019
Tactical current investment portfolio	206,232	125,087
Initial margin deposit and margin calls (derivatives portfolio)	97,734	-
TOTAL	**303,966**	**125,087**

As at 31 December 2020, the investment portfolio also includes the margin deposit and margin calls relating to the portfolio of financial instruments set up by the Group as part of its risk management policy for an amount of €115.1 million less the fair value of the derivatives portfolio for €17.4 million as at 31 December 2020.

The acquisition value of the tactical current portfolio is as follows:

(in thousands of €)	31 December 2020	31 December 2019
Historical value of the tactical current portfolio	193,158	126,461

The presentation of the acquisitions of securities in the current portfolio in the cash flow statement differs from the balance sheet presentation. The table below presents the reconciliation between the two aggregates:

Acquisition of securities – change in balance sheet	**563,121**
Effect of derivatives portfolio transactions	(97,734)
ACQUISITION OF INVESTMENT PORTFOLIO – STATEMENT OF CASH FLOWS	**465,387**

Note 12 Cash and cash equivalents, cash management financial assets

This item breaks down as follows:

(in thousands of €)	31 December 2020	31 December 2019
Cash equivalents	309,001	578,698
Cash	362,051	596,731
Cash and cash equivalents	**671,052**	**1,175,429**
Cash management financial assets	76,203	131,806
CASH AND CASH EQUIVALENTS, CASH MANAGEMENT FINANCIAL ASSETS	**747,255**	**1,307,235**

Cash equivalents consist primarily of marketable securities, and cash management financial assets comprises term deposits of more than three months.

Note 13 Number of shares, share capital and dividends

Number of shares	31 December 2020	31 December 2019
Existing shares at the beginning of the period	136,673,408	103,477,599
Shares issued during the period	454,356	33,195,809
Shares cancelled during the period	(934,720)	-
EXISTING SHARES AT THE CLOSE OF THE PERIOD	**136,193,044**	**136,673,408**

The number of shares after dilution is as follows:

	31 December 2020	31 December 2019
Potential number of shares to be issued in the event of full exercise of equity warrants (BSA)	1,416,558	1,416,558
Potential number of shares to be issued in remuneration for free shares currently vesting	992,258	749,772
Weighted average number of shares after dilution[(1)]	**139,428,469**	**123,080,510**
Shares after dilution at the close of the period	**138,601,860**	**138,839,738**
Of which treasury shares	2,617,946	393,548

(1) The calculation of the weighted number of shares after dilution takes into account the effective dates for the different operations that impact the number of shares.

Share capital *(in €)*	**31 December 2020**	**31 December 2019**
Par value at end of period	12	12
Share capital	1,634,316,528	1,640,080,896

The dividends per share paid on the following financial years came to:

(in €)	**31 December 2019**	**31 December 2018**	**31 December 2017**
Dividend per share Tikehau Capital	0.50	0.25	1.00

Note 14 Borrowings and financial debt

(in thousands of €)	**31 December 2020**	**31 December 2019**
Bonds	**800,000**	**800,000**
Bank loans (including accrued interests)	205,502	207,168
Bank overdrafts	-	22
Amortisation of issuance costs on borrowings	(6,963)	(10,001)
Borrowings and debt from credit institutions	**198,539**	**197,189**
TOTAL	**998,539**	**997,189**
Of which current liabilities	1,048	3,851
Of which non-current liabilities	997,491	993,338

Bank loans are subject to interest rate hedging, which is detailed in Note 27(a) "Exposure to risks arising from bank loans".

Changes in borrowings and financial debt are as follows:

(in thousands of €)	**Total**	**Bonds**	**Bank loans**	**Accrued interests**	**Issuance costs on borrowings**	**Others**
Debt as at 31 December 2019	**997,189**	**800,000**	**203,344**	**3,824**	**(10,001)**	**22**
Change in scope	-	-	-	-	-	-
Loans subscribed	100,170	-	100,170	-	-	-
Loans reimbursed	(101,457)	-	(101,457)	-	-	-
Others	2,637	-	-	(379)	3,038	(22)
DEBT AS AT 31 DECEMBER 2020	**998,539**	**800,000**	**202,057**	**3,445**	**(6,963)**	**-**

The presentation of the change in borrowings and financial liabilities in the cash flow statement differs from the balance sheet presentation. The table below shows the details included in the "Borrowings" line in the cash flow statement:

Borrowings and financial debt - Cash flow statement	
Loans subscribed	100,170
Loans reimbursed	(100,457)
Financial expenses disbursed	(31,256)
TOTAL	**(31,543)**

Borrowings and financial debt can be broken down into the following maturities:

(in thousands of €)	**Due within one year**	**Due in one to five years**	**Due in more than five years**	**Total**
Situation as at 31 December 2020				
Variable-rate bank loans	142	201,143	772	202,057
Amortisation of issuance costs on borrowings	(2,539)	(3,921)	(503)	(6,963)
Fixed-rate bond borrowings	-	300,000	500,000	800,000
Accrued interests	3,445	-	-	3,445
Bank overdrafts	-	-	-	-
TOTAL	**1,048**	**497,222**	**500,269**	**998,539**
Of which current liabilities	1,048	-	-	1,048
Of which non-current liabilities	-	497,222	500,269	997,491

(in thousands of €)	**Due within one year**	**Due in one to five years**	**Due in more than five years**	**Total**
Situation as at 31 December 2019				
Variable-rate bank loans	270	201,532	1,542	203,344
Amortisation of issuance costs on borrowings	(265)	(9,233)	(503)	(10,001)
Fixed-rate bond borrowings	-	300,000	500,000	800,000
Accrued interests	3,824	-	-	3,824
Bank overdrafts	22	-	-	22
TOTAL	**3,851**	**492,299**	**501,039**	**997,189**
Of which current liabilities	3,851	-	-	3,851
Of which non-current liabilities	-	492,299	501,039	993,338

Information on covenants

Syndicated loan signed on 23 November 2017 – €1 billion

The Syndicated Credit Agreement had an initial maturity of five years and consists of two tranches: an A tranche of €500 million, in the form of a loan repayable over time, and a B tranche of €500 million in the form of a revolving credit facility.

The drawdowns are made in euros and bear interest at a rate equal to the sum (i) of a base rate determined by reference to Euribor (with a floor set at zero) and (ii) a margin that is revised half-yearly based on a Loan To Value ratio (as defined below). The Syndicated Credit Agreement provides for a non-utilisation fee equal to 35% of the above-mentioned margin applied to the undrawn portion.

Following two drawdowns of €250 million each on 28 December 2017 and 14 December 2018, all of the maximum amount committed under Tranche A of the Syndicated Credit Agreement had now been drawn.

The early repayment of €300 million on 29 November 2019 reduced the A tranche outstanding to €200 million all of which was drawn. The B tranche remains unchanged.

At the same time as the repayment, the lending banks unanimously agreed to extend the maturity of the Syndicated Credit Agreement (A and B tranches) from November 2022 to November 2024. The remaining A tranche will now be repaid in full at the final maturity.

The whole of the B tranche will be available until the maturity date, 25 November 2024, and can be drawn until one month before this date. No security has been furnished as guarantee for the Syndicated Credit Agreement.

For the duration of the contract, Tikehau Capital undertakes to respect the financial ratios:

- Tikehau Capital's Loan-to-Value ratio, tested semi-annually, must be less than or equal to 47.5% corresponding to the ratio between (i) the amount of the consolidated financial debt less the amount of consolidated cash and cash equivalents[1] and (ii) the consolidated[2] assets less the amount of consolidated cash and cash equivalents;
- Tikehau Capital's Minimum Liquidity ratio, tested semi-annually, must at any time be greater than or equal to €150 million, corresponding to the sum of consolidated cash and cash equivalents;
- limiting the Company's secured debt to 12.5% of total consolidated assets;
- limiting unsecured debt at the level of the Company's subsidiaries to 12.5% of total consolidated assets.

These financial commitments became applicable upon the signing of the Syndicated Credit Agreement, the Loan-to-Value ratio, the limitation of the Company's secured debt and the limitation of the unsecured debt at the level of the Company's subsidiaries. All of these financial commitments were met as at 31 December 2020.

Bond issuance of 27 November 2017 – €300 million

Until the maturity of the bond on 27 November 2023, Tikehau Capital undertakes to respect the following financial commitment:

- The value of the uncollateralised assets must not be less than the secured debt.

1 *Consolidated cash and cash equivalents correspond to the sum of (i) cash and cash equivalents, (ii) cash management financial assets, and (iii) the current investment portfolio.*

2 *Consolidated assets are the sum of (i) total non-current assets (excluding deferred tax assets and other non-current assets) and (ii) consolidated cash and cash equivalents.*

Note 15 Tax

(i) Tax in profit and loss accounts and tax proof

Tax breaks down as follows:

Income / Expense *(in thousands of €)*	**2020 (12 months)**	**2019 (12 months)**
Deferred tax	62,360	(30,665)
Current tax	(3,730)	(9,001)
TOTAL	**58,630**	**(39,666)**
Net result of consolidated companies	(206,120)	179,235
Result before tax	(264,750)	218,901
Application of the normal theoretical tax rate of 31.77% (34.43% for 2019)	84,094	(75,367)

In 2020 and 2019, deferred tax concerned mainly French fiscal entities.

In 2020, current tax concerned mainly UK fiscal entities for - €2.2 million. In 2019, current tax concerned mainly French fiscal entities for - €5.4 million and UK fiscal entities for - €3.4 million.

The reconciliation between the theoretical tax situation and the actual tax breaks down as follows:

Income / Expense *(in thousands of €)*	**2020 (12 months)**	**2019 (12 months)**
Theoretical tax	**84,094**	**(75,367)**
Deferred tax savings at reduced rate (unrealised portfolio gains or losses)	1,637	(5,026)
Current tax savings at reduced rate (realised portfolio gains or losses)	6,262	52,652
Non-activated tax losses	(2)	(266)
Result from equity method companies	(129)	108
Tax rate differential of foreign subsidiaries	5,772	5,916
Expected impact of lower tax rates	(16,891)	1,652
Tax credit	(515)	1,026
Impairment of deferred tax assets on tax losses	(11,849)	(12,726)
Others (1)	(9,749)	(7,635)
ACTUAL TAX	**58,630**	**(39,666)**

(1) In 2020, these other items consist mainly of the effect of the tax consolidation for - €3.4 million, non-deductible provisions for - €3.2 million and various permanent differences for - €2.4 million. In 2019 these other items mainly comprised the non-taxation of the IFRS 2 expense for - €2.7 million (- €2.4 million in 2018) and the non-taxation of the neutralisation of the capital gains realised on the internal transfer of the IGG securities in the 2019 consolidated financial statements.

(ii) Tax in balance sheet

Changes in deferred taxes are broken down as follows:

Tax assets (+) or Tax liabilities (-) *(in thousands of €)*	**31 Dec. 2019**	**Increase**	**Decreases and Reversal**	**Others**	**31 Dec. 2020**
Tax losses that may be carried over	22,330	65,514	(11,800)	-	76,044
Evaluation of financial instruments	3,224	-	(3,107)	-	117
Other deferred tax assets	365	6,085	-	(4)	6,446
Compensation deferred taxes	-	-	-	-	-
Total deferred tax assets	**25,919**	**71,598**	**(14,907)**	**(4)**	**82,607**
Fair value of the portfolio	(32,809)	-	6,648	-	(26,161)
Goodwill allocation	(25,781)	-	221	-	(25,560)
Other deferred tax liabilities	(1,777)	(1,202)	-	1	(2,979)
Compensation deferred taxes	-	-	-	-	-
Total deferred tax liabilities	**(60,367)**	**(1,202)**	**6,869**	**1**	**(54,700)**
TOTAL NET DEFERRED TAX	**(34,448)**	**70,396**	**(8,037)**	**(3)**	**27,907**

Deferred taxes related to tax losses that may be carried over are detailed below:

(in thousands of €)	**31 December 2020**	**31 December 2019**
Stock tax loss carried forward at local normal rate - Not activated	**82,862**	**35,604**
Stock tax loss carried forward at local normal rate - Activated	**302,120**	**87,929**
Deferred tax assets on tax loss carried forward	76,044	22,330
Stock tax loss carried forward at local reduced rate - Not activated	**27,231**	**5,589**
Stock tax loss carried forward at local reduced rate - Activated	**-**	**-**
Deferred tax assets on tax loss carried forward	-	128

The recoverability of tax losses will depend on Tikehau Capital Group’s ability to achieve the targets in the medium-term tax plan (determined on a basis of a 4 years to 7 years forecasts) prepared by the Management and based on assumptions about the market and investment management. An unfavourable change in asset under management of circa 10% or a lower performance of the Investment activity segment have no material impact on the horizon of reversal of deferred tax asset on tax losses carried forward.

Changes in taxes on the balance sheet are as follows:

(in thousands of €)	**Tax assets (+) or Tax liabilities (-)**	**Of which deferred tax**	**Of which current tax**
Situation as at 31 December 2019	**(35,951)**	**(34,449)**	**(1,502)**
Current tax	8,324	-	8,324
Deferred tax	62,358	62,358	-
Change in currency rates	28	(3)	32
Tax Disbursement/Receipts	(5,852)	-	(5,852)
SITUATION AS AT 31 DECEMBER 2020	**28,908**	**27,906**	**1,002**

Note 16 Non-current financial derivatives

Non-current financial derivatives are exclusively composed of interest-rate swaps arranged to manage interest-rate risk on bank debt (see Note 27(a) “Exposure to risks arising from bank loans”).

(in thousands of €)	**31 December 2020**	**31 December 2019**
Non-current financial derivative liabilities	467	12,896

Note 17 Share-based payment (IFRS 2)

IFRS 2 “Share-based payment” requires valuation of share-based payment transactions and similar in the Company’s income statement and balance sheet. This standard applies to transactions carried out with employees, and more precisely:

- to equity-settled share-based payment transactions;
- to cash-settled share-based payment transactions.

Tikehau Capital free share and performance share plans

Share-based payment plans concern only shares of Tikehau Capital.

These free share and performance share plans include a vesting period ranging from two to seven years depending on the plan. The advantage granted to employees is measured as the value of the share acquired as indicated in the plan.

The impact is recorded in payroll expenses and offset by an increase in “Consolidated reserves - Group share”. These expenses are based on the number of shares currently vesting on the closing date to which a standard staff turnover rate is applied.

No amendments have been made to the share-based payment plans indicated in the 2019 Universal Registration Document for 2019 (also presented in Chapter 8 “Information concerning the Company, its Articles of Association and capital” in the 2019 Universal Registration Document).

The new share-based payment plans granted during 2020 implemented at the level of Tikehau Capital are as follows:

Characteristics of the free share plan for 2020 ("2020 FSA Plan")

Maximum number of shares granted: 223,774 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

- for 50% of the granted shares, after a period of 2 years, i.e. on 10 March 2022;
- for 50% of the granted shares, after a period of 3 years, i.e. on 10 March 2023.

The vesting of the shares granted under the 2020 FSA Plan is subject to the beneficiary retaining the status of employee within the Company or its related companies or groupings ("presence condition"), and is not subject to the fulfilment of any performance condition.

The shares granted under the 2020 FSA Plan are not subject to any retention period.

2020 Performance Share Plan ("2020 Performance Share Plan")

Maximum number of shares granted: 78,603 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

The vesting of shares granted under the 2020 Performance Share Plan will take place as follows:

- for 50% of the granted shares, after a period of 2 years, i.e. 10 March 2022, and subject to:
  - for 25% of the granted shares, solely to the condition of presence;
  - for 12.5% of the granted shares, a performance condition relating to the Group's cumulated net new money in 2020 and 2021;
  - for 12.5% of the granted shares, a performance condition relating to the arithmetic average of the operating margins achieved on the Group's Asset Management activity as set out in the consolidated financial statements as at 31 December 2020 and 31 December 2021.
- for 50% of the granted shares, after a period of 3 years, i.e. 10 March 2023, and subject to:
  - for 25% of the granted shares, solely to the condition of presence;
  - for 12.5% of the granted shares, a performance condition relating to the Group's cumulated net new money in 2022;
  - for 12.5% of the granted shares, a performance condition relating to the operating margin on the Group's Asset Management activity as set out in the consolidated financial statements as at 31 December 2022.

The shares granted under the 2020 Performance Share Plan are not subject to any retention period.

Characteristics of the free share plan granted to certain employees belonging to the employees of Sofidy concerned by the compensation requirements set out in the AIFM and UCITS 2020 Directives ("AIFM/UCITS Sofidy 2020 Plan").

Maximum number of shares granted: 9,956 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

The vesting of shares granted under the 2020 AIFM/UCITS Sofidy Plan will take place as follows:

- for 2/3 of the granted shares, after a period of 2 years, i.e. on 10 March 2022;
- for 1/3 of the granted shares, after a period of 3 years, i.e. on 10 March 2023.

The vesting of the shares granted under the 2020 AIFM/UCITS Sofidy Plan, as well as the number of vested shares granted definitively to each beneficiary at the end of the vesting period, will be subject to a performance condition determined on the basis of an index representing the performance strategies of the asset management company Sofidy.

The vesting of the shares under these tranches will be conditional upon the beneficiary's presence within the Group and the absence of any serious breach of applicable regulations or internal rules and procedures concerning compliance and the appropriate management of risks during the vesting period.

The shares granted under the 2020 AIFM/UCITS Sofidy Plan are not subject to any retention period.

Characteristics of the free share plan granted over a period of seven years to certain corporate officers and employees of Tikehau IM and to certain employees of Tikehau Capital Advisors ("TIM 2020 7-years plan").

Maximum number of shares granted: 383,629 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

The vesting of shares granted under the TIM 2020 7-years Plan will occur at the expiration of the following vesting periods:

- for 2/7 of the granted shares, after a period of 2 years, i.e. on 10 March 2022;
- for 1/7 of the granted shares, after a period of 3 years, i.e. on 10 March 2023;
- for 1/7 of the granted shares, after a period of 4 years, i.e. on 10 March 2024;
- for 1/7 of the granted shares, after a period of 5 years, i.e. on 10 March 2025;
- for 1/7 of the granted shares, after a period of 6 years, i.e. on 10 March 2026;
- for the remaining granted shares, after a period of 7 years, i.e. on 10 March 2027.

The vesting of the shares granted under the TIM 2020 7-years Plan, as well as the number of vested shares granted definitively to each beneficiary at the end of the vesting period, will be subject to a performance condition determined using an index representing the performance of the various business lines of the asset management company Tikehau IM.

The vesting of the shares under these tranches will be conditional upon the beneficiary's presence within the Group and the absence of any serious breach of applicable regulations or internal rules and procedures concerning compliance and the appropriate management of risks during the vesting period.

The shares granted under the TIM 2020 7-years Plan are not subject to any retention period.

Characteristics of the free share plan granted over seven years to certain corporate officers and employees of Sofidy ("Sofidy 2020 7-years plan").

Maximum number of shares granted: 54,805 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

The vesting of shares granted under the Sofidy 2020 7-years Plan will occur at the expiration of the following vesting periods:

- for 2/7 of the granted shares, after a period of 2 years, i.e. on 10 March 2022;
- for 1/7 of the granted shares, after a period of 3 years, i.e. on 10 March 2023;
- for 1/7 of the granted shares, after a period of 4 years, i.e. on 10 March 2024;
- for 1/7 of the granted shares, after a period of 5 years, i.e. on 10 March 2025;
- for 1/7 of the granted shares, after a period of 6 years, i.e. on 10 March 2026;
- for the remaining granted shares, after a period of 7 years, i.e. on 10 March 2027.

The vesting of the shares granted under the Sofidy 2020 7-years Plan, as well as the number of vested shares granted definitively to each beneficiary at the end of the vesting period, will be subject to a performance condition determined using an index representing the performance of strategies of the asset management company Sofidy.

The vesting of the shares under these tranches will be conditional upon the beneficiary's presence within the Group and the absence of any serious breach of applicable regulations or internal rules and procedures concerning compliance and the appropriate management of risks during the vesting period.

The shares granted under the Sofidy 2020 7-years Plan are not subject to any retention period.

Characteristics of the free share plan awarded over a period of seven years to certain corporate officers and employees of Ace Capital Partners ("ACE 2020 7-years plan").

Maximum number of shares granted: 22,835 shares

Grant date: 10 March 2020

Unit value of the share on the grant date: €18.81 corresponding to the share price on 10 March 2020 (€20.90) to which a 10% discount was applied to take into account the absence of dividend rights over the vesting period.

Vesting date:

The vesting of shares granted under the ACE 2020 7-years Plan will occur at the expiration of the following vesting periods:

- for 2/7 of the granted shares, after a period of 2 years, i.e. on 10 March 2022;
- for 1/7 of the granted shares, after a period of 3 years, i.e. on 10 March 2023;
- for 1/7 of the granted shares, after a period of 4 years, i.e. on 10 March 2024;
- for 1/7 of the granted shares, after a period of 5 years, i.e. on 10 March 2025;
- for 1/7 of the granted shares, after a period of 6 years, i.e. on 10 March 2026;
- for the remaining granted shares, after a period of 7 years, i.e. on 10 March 2027.

The vesting of the shares granted under the ACE 2020 7-years Plan, as well as the number of vested shares granted definitively to each beneficiary at the end of each vesting period will be subject to a performance condition based on an index representative of the performance of the Ace Capital Partners fund families.

The vesting of the shares under these tranches will be conditional upon the beneficiary's presence within the Group and the absence of any serious breach of applicable regulations or internal rules and procedures concerning compliance and the appropriate management of risks during the vesting period.

The shares granted under the ACE 2020 7-years Plan are not subject to any retention period.

The table below presents a summary of the Tikehau Capital plans being acquired during 2020:

	Free share plan 2017 ("One Off Plan")	**2018 Free Share Plan ("2018 FSA Plan")**	**2018 Performance Share Plan ("2018 Performance Share Plan")**	**2018 Free Share Plan ("2018 Credit.fr Plan")**
Grant date	01/12/2017	30/03/2018	30/03/2018	04/07/2018
Maximum number of shares granted	690,426	54,629	72,185	26,180
Number of shares currently vesting as at 31/12/2020	-	-	-	8,840
Valuation on the grant date (in €)	15,634,127	1,461,986	1,983,356	636,174
Number of vested shares per period				
period ending 01/12/2019	321,910	-	-	-
period ending 30/03/2020	-	52,547	68,175	-
period ending 04/07/2020	-	-	-	8,840
period ending 01/12/2020	311,894	-	-	-
period ending 21/12/2020	-	-	-	-
period ending 18/02/2021	-	-	-	-
period ending 04/07/2021	-	-	-	8,840
period ending 18/02/2022	-	-	-	-
period ending 10/03/2022	-	-	-	-
period ending 10/03/2023	-	-	-	-
period ending 10/03/2024	-	-	-	-
period ending 10/03/2025	-	-	-	-
period ending 10/03/2026	-	-	-	-
period ending 10/03/2027	-	-	-	-

	2018 Free Share Plan (“2018 Sofidy Plan”)	2019 Free Share Plan (“2019 FSA Plan”)	2019 Performance Share Plan ("2019 Performance Share Plan")	2019 AIFM/UCITS Plan
Grant date	21/12/2018	18/02/2019	18/02/2019	18/02/2019
Maximum number of shares granted	14,800	134,669	108,816	30,825
Number of shares currently vesting as at 31/12/2020	-	119,174	92,632	30,825
Valuation on the grant date (in €)	265,512	2,545,244	2,056,622	582,593
Number of vested shares per period				
period ending 01/12/2019	-	-	-	-
period ending 30/03/2020	-	-	-	-
period ending 04/07/2020	-	-	-	-
period ending 01/12/2020	-	-	-	-
period ending 21/12/2020	12,900	-	-	-
period ending 18/02/2021	-	59,587	46,316	20,550
period ending 04/07/2021	-	-	-	-
period ending 18/02/2022	-	59,587	46,316	10,275
period ending 10/03/2022	-	-	-	-
period ending 10/03/2023	-	-	-	-
period ending 10/03/2024	-	-	-	-
period ending 10/03/2025	-	-	-	-
period ending 10/03/2026	-	-	-	-
period ending 10/03/2027	-	-	-	-

	2020 Free Share Plan (“2020 FSA Plan”)	2020 Performance Share Plan ("2020 Performance Share Plan")	2020 AIFM/UCITS Sofidy Plan	2020 TIM 7-years Plan
Grant date	10/03/2020	10/03/2020	10/03/2020	10/03/2020
Maximum number of shares granted	223,774	78,603	9,956	383,629
Number of shares currently vesting as at 31/12/2020	209,456	65,586	9,956	378,149
Valuation on the grant date (in €)	4,209,189	1,478,522	187,272	7,112,983
Number of vested shares per period				
period ending 01/12/2019	-	-	-	-
period ending 30/03/2020	-	-	-	-
period ending 04/07/2020	-	-	-	-
period ending 01/12/2020	-	-	-	-
period ending 21/12/2020	-	-	-	-
period ending 18/02/2021	-	-	-	-
period ending 04/07/2021	-	-	-	-
period ending 18/02/2022	-	-	-	-
period ending 10/03/2022	104,728	32,793	6,637	108,042
period ending 10/03/2023	104,728	32,793	3,319	54,021
period ending 10/03/2024	-	-	-	54,021
period ending 10/03/2025	-	-	-	54,021
period ending 10/03/2026	-	-	-	54,021
period ending 10/03/2027	-	-	-	54,023

	2020 Sofidy 7-years Plan	2020 ACE 7 year Plan
Grant date	10/03/2020	10/03/2020
Maximum number of shares granted	54,805	22,835
Number of shares currently vesting as at 31/12/2020	54,805	22,835
Valuation on the grant date (in €)	1,030,882	429,526
Number of vested shares per period		
period ending 01/12/2019	-	-
period ending 30/03/2020	-	-
period ending 04/07/2020	-	-
period ending 01/12/2020	-	-
period ending 21/12/2020	-	-
period ending 18/02/2021	-	-
period ending 04/07/2021	-	-
period ending 18/02/2022	-	-
period ending 10/03/2022	15,658	6,524
period ending 10/03/2023	7,829	3,262
period ending 10/03/2024	7,829	3,262
period ending 10/03/2025	7,829	3,262
period ending 10/03/2026	7,829	3,262
period ending 10/03/2027	7,831	3,263

Completion of vesting periods for Tikehau Capital plans for 2020

The vesting period for the 2018 Free Share Plan, known as the “2018 FSA Plan”, ended on 30 March 2020. The definitive number of free shares granted under this plan to employees who satisfied the condition of presence at the end of the vesting period was 52,547 shares. Tikehau Capital carried out a capital increase for an amount of approximately €0.6 million by capitalisation of the share premium and by the issuance of 52,547 shares. IFRS 2 expenses related to this plan, concerning the whole vesting period, amount to approximately - €1.2 million.

The vesting period for the 2018 Performance Share Plan, known as the “2018 Performance Share Plan”, ended on 30 March 2020. As the performance conditions had been met, the 2018 Performance Share Plan was definitively granted to beneficiaries who met the condition of presence. The definitive number of free shares granted under this plan, at the end of the vesting period, was 68,175 shares. Tikehau Capital carried out a capital increase for an amount of approximately €0.8 million by capitalisation of the share premium and by the issuance of 68,175 shares. IFRS 2 expenses related to this plan, concerning the whole vesting period, amount to approximately - €1.6 million.

The 2018 free share plan, known as the “Credit.fr 2018 Plan”, saw the vesting period of its first tranche representing 50% of the free shares granted on 4 July 2018 end on 4 July 2020. The definitive number of free shares granted under this plan to employees who satisfied the condition of presence at the end of the vesting period was 8 840 shares. Tikehau Capital carried out a capital increase for an amount of approximately €0.1 million by capitalisation of the share premium and by the issuance of 8 840 shares. IFRS 2 expenses related to the first tranche of this plan, concerning the whole vesting period, amount to approximately - €0.2 million.

The 2017 free share plan, known as the “One Off Plan”, saw the vesting period of its second tranche, representing 50% of the free shares granted on 1 December 2017, end on 1 December 2020. The definitive number of free shares granted under this plan to employees who satisfied the condition of presence at the end of the vesting period was 311,894 shares. Tikehau Capital carried out a capital increase for an amount of approximately €3.7 million by capitalisation of the share premium and by the issuance of 311,894 shares. IFRS 2 expenses related to this plan, concerning the whole vesting period, amount to approximately - €6.1 million.

The vesting period of the 2018 free share plan, known as the “Sofidy 2018 Plan”, ended on 21 December 2020. The definitive number of free shares granted under this plan to employees who satisfied the condition of presence at the end of the vesting period was 12,900 shares. Tikehau Capital carried out a capital increase for an amount of approximately €0.2 million by capitalisation of the share premium and by the issuance of 12,900 shares. IFRS 2 expenses related to this plan, concerning the whole vesting period, amount to approximately - €0.2 million.

Note 18 Non-controlling interests

The non-controlling interests can be broken down as follows:

- on the income statement:

(in thousands of €)	2020 (12 months)	% of interest	2019 (12 months)	% of interest
IREIT Global Group	375	50.0 %	369	50.0 %
Other companies	106		181	
TOTAL	**481**		**550**	

- in shareholders' equity:

(in thousands of €)	31 December 2020	% of interest	31 December 2019	% of interest
IREIT Global Group	6,112	50.0 %	6,047	50.0 %
Other companies	608		723	
TOTAL	**6,720**		**6,770**	

Note 19 Revenues from Asset Management activity

(in thousands of €)	2020 (12 months)	2019 (12 months)
Gross revenues from Asset Management activity	283,885	255,922
Retrocession of fees	(79,058)	(81,169)
TOTAL	**204,827**	**174,753**

Note 20 Change in fair value

(in thousands of €)	2020 (12 months)	2019 (12 months)
Non-current investment portfolio	(53,298)	178,753
Current investment portfolio	40,992	10,034
TOTAL	**(12,306)**	**188,787**

Note 21 Other portfolio revenues

(in thousands of €)	2020 (12 months)	2019 (12 months)
Dividends and other income from portfolio securities	68,767	55,897
Interests	25,847	32,940
Others	147	168
Other revenues from the non-current investment portfolio	**94,761**	**89,005**
Income from shares	2,098	28
Revenues from bonds	360	15
Other revenues from the current investment portfolio	**2,458**	**43**
TOTAL	**97,219**	**89,048**

Note 22 Derivative portfolio revenue

During 2020, Tikehau Capital purchased and sold European or US derivatives (futures and options) to cope with market fluctuations. As at 31 December 2020, these transactions resulted in a loss of - €286.5 million.

Exposure to market risks is detailed in Note 27 “Market risks”.

Note 23 Operating expenses

(in thousands of €)	2020 (12 months)	2019 (12 months)
Purchases and external expenses	(25,604)	(32,460)
Other fees	(18,982)	(20,045)
Remuneration of the Manager	(70,587)	(51,053)
Purchases and external expenses	**(115,173)**	**(103,558)**
Personnel expenses	**(92,213)**	**(84,968)**
Taxes other than income taxes	(9,971)	(6,120)
Other net operating expenses	(13,339)	(5,466)
Other net operating expenses	**(23,310)**	**(11,586)**
TOTAL	**(230,696)**	**(200,113)**

The methods for determining the remuneration of the Manager-General Partner of Tikehau Capital are detailed in note 26(a) “Scope of related parties”.

Note 24 Net income on cash equivalents

(in thousands of €)	2020 (12 months)	2019 (12 months)
Net gains/losses on marketable securities	998	1,019
Net gains/losses related to foreign exchange	(1,306)	165
Other revenues from marketable securities	-	12
TOTAL	**(318)**	**1,196**

Note 25 Financial expenses

(in thousands of €)	2020 (12 months)	2019 (12 months)
Expenses related to borrowings from credit institutions	(7,240)	(9,559)
Expenses related to lease liabilities	(892)	(724)
Expenses related to bonds	(21,122)	(11,842)
Expenses related to interest rate derivatives(1)	(2,689)	(5,212)
Change in fair value of interest rate derivatives(1)	(3,488)	(7,497)
Miscellaneous	(311)	303
TOTAL	**(35,742)**	**(34,532)**

(1) see Note 27 "Market risks".

In 2020, costs related to borrowings from credit institutions included the amortisation of issuance costs of loans repaid during the financial year for the amount of - €2.1 million (- €2.4 million in 2019).

In 2020, the change in the fair value of interest rate derivatives includes the change in the fair value of new interest-rate swaps subscribed for - €0.5 million and the impact of the termination of swap contracts for - €3.0 million, including a cash payment of - €15.9 million (the "*soulte*") and the reversal of the change in fair value on these interest-rate swaps for €12.9 million (see note 27 "Market risks").

Note 26 Related parties

(a) Scope of related parties

The related parties of Tikehau Capital are:

- Tikehau Capital General Partner, in its capacity as Manager-General Partner, wholly-owned by Tikehau Capital Advisors;
- Tikehau Capital Advisors and its representatives (the company AF&Co, controlled by Mr Antoine Flamarion, in his capacity as Chairman of Tikehau Capital Advisors, and the company MCH, controlled by Mr Mathieu Chabran in his capacity as Chief Executive Officer of Tikehau Capital Advisors) and its subsidiaries, Tikehau Employee Fund 2018 and Fakarava Capital;

The transactions completed and outstanding amounts at the end of the period between the Group's fully consolidated companies are fully eliminated under consolidation.

(b) Remuneration of the Manager

The Manager is responsible for the general business conduct of the Company, the convening of General Meetings of Shareholders and setting their agenda, as well as the preparation of the accounts. Therefore, the Manager is entitled to a remuneration, determined in the Articles of Association, which is equal to (excluding VAT) 2% of the total consolidated shareholders' equity of the Company, determined on the last day of the preceding financial year. This remuneration shall be paid to him annually when the financial statements of the preceding year are approved. The Manager has the opportunity, during the financial year, of receiving a payment on account for the remuneration referred to above. The payment of this advance can only be made on the basis of an accounting period certified by the Statutory Auditors of the Company. This advance is deducted from the total amount of remuneration paid to the Manager on approval of the financial statements for the previous financial year.

(c) Preferred dividend (*préciput*) of the general partner

Tikehau Capital General Partner, as sole general partner of the Company, is entitled, by way of preferred dividend and should there be distributable income for a financial year, to an amount determined in the Articles of Association and equal to 12.5% of the net result of the Company as reflected in the Company's statutory financial statements at the close of each financial year.

If there is more than one general partner, they shall share this amount between themselves as they see fit. In the event of a financial year whose duration is less than a calendar year, this remuneration shall be calculated on a *pro rata* basis for the time elapsed.

(d) Attendance fees and other remuneration received by members of the Supervisory Board

In line with the conversion of the Company into a *société en commandite par actions* (partnership limited by shares), a Supervisory Board was created. According to the Company's Articles of Association, members of the Supervisory Board may receive attendance fees and remuneration, the total annual amount of which is voted on by the General Shareholders' Meeting and whose distribution is decided by the Supervisory Board on the recommendation of the Appointment and Remuneration Committee. The Supervisory Board's Internal Rules provide that the distribution of attendance fees takes into account in particular the effective participation of each member in the Meetings as well as the duties performed on the Board and its Committees, and is the subject of prior discussion by the Appointment and Remuneration Committee. The fixed portion of each member of the Supervisory Board is calculated in proportion to the duration of his or her term of office during the financial year and the variable portion of attendance fees is linked to the effective participation of each member in the meetings of the Supervisory Board and/or Committees.

At the Combined General Shareholders' Meeting of the Company held on 25 May 2018, a total of €400,000 was allocated to the members of the Supervisory Board in attendance fees for each financial year. This budget was increased to €450,000 for each financial year by the Combined General Shareholders' Meeting held on 19 May 2020.

Attendance fees were paid in 2020 in respect of financial year 2019 in the amount of €299,450. Attendance fees were paid in 2019 in respect of financial year 2018 in the amount of €321,749.

(e) Summary of the remuneration received by the Manager of Tikehau Capital

The amounts invoiced by the related parties over the financial year can be broken down as follows:

(in thousands of €)	2020 (12 months)	2019 (12 months)
Remuneration of the Manager (2.0% of consolidated shareholders' equity)	62,912	45,501
Share of non-deductible VAT	7,675	5,551
REMUNERATION PAID TO THE MANAGER	**70,587**	**51,053**

(f) Carried interest

In some funds, carried interest may be paid in the event that a performance threshold is exceeded upon the liquidation of the funds, mainly Real Assets, Private Debt and Private Equity funds.

Carried interest since April 2014 breaks down as follows: 20% of carried interest is paid to a company that is a shareholder of Tikehau Capital Advisors comprising senior employees of the Tikehau Capital Group; the remainder is distributed one third each to Tikehau Capital, the concerned asset manager (subsidiary of the Group) and Tikehau Capital Advisors.

Carried interest is paid by the funds directly to the beneficiaries and recognised in the income statement when this variable consideration can be accurately estimated and when it is highly likely that no reversal will be made.

Tikehau Capital and its fully consolidated subsidiaries have recognised carried interest of €2.7 million in respect of the financial year 2020 (€5.8 million in 2019).

(g) Rental expenses paid by Tikehau Capital Advisors then re-invoiced to its subsidiaries and Tikehau Capital

Payments on the lease for its premises at 32, rue de Monceau, 75008 Paris, France (which was terminated on 3 November 2019) and other related costs (cleaning, receptionists, general costs) are billed to Tikehau Capital Advisors and then re-invoiced to Tikehau Capital and subsidiaries pro rata their use of the premises up to 3 November 2019. Total re-invoicings by Tikehau Capital Advisors to Tikehau Capital SCA and Tikehau IM amounted to €0.1 million for 2020 (€0.5 million in 2019). In 2020 these re-invoicings only concern miscellaneous expenses related to the use of the premises.

(h) IT costs paid by Tikehau Capital then re-invoiced to Tikehau Capital Advisors

A number of IT expenses and investments related to the activities of the Group and Tikehau Capital Advisors may be pooled with Tikehau Capital, provided their nature means they can be used by all or several Group entities and Tikehau Capital Advisors. These costs are then re-invoiced to the entities benefiting from these services and purchases, in total, if a single entity is the beneficiary (and did not initially bear the cost) or, partially, if a service or asset is shared among several Group entities. Total re-invoicings by Tikehau Capital SCA to Tikehau Capital Advisors amounted to €0.9 million for 2020 (€0.8 million in 2019).

(i) Cost of free share plans to employees at Tikehau Capital Advisors

The costs of granting free shares (IFRS 2 share-based payments costs) to employees of Tikehau Capital Advisors are booked and borne by Tikehau Capital, except for the related social security costs which are borne by Tikehau Capital Advisors.

In 2020, this cost of - €1.3 million (- €1.4 million in 2019), the counterparty of which is accounted for in shareholders' equity, has no impact on the consolidated shareholders' equity.

Note 27 Market risks

The market risk exposure for Tikehau Capital is divided into two sub-sections:

- exposure of bank liabilities and to debt in foreign currency;
- exposure of the investment portfolio and to assets in foreign currency.

(a) Exposure to risks arising from bank loans

(i) Interest rate risk

As at 31 December 2020, Tikehau Capital was exposed to interest rate risk on its bank loans and related hedges for respective amounts of €202.0 million and €200.0 million, compared with respectively €203.3 million and €403.1 million as at 31 December 2019 (see note 14 "Borrowings and financial debt").

Tikehau Capital's interest rate risk management policy requires the Group to define a new hedging strategy consistent with the existing drawn debt. All outstanding swap contracts were terminated on 24 December 2020, resulting in the recognition of a financial expense related to the payment of balances of €15.9 million (the "*soulte*").

Tikehau Capital has taken out new interest rate hedging contracts, the characteristics of which at 31 December 2020, are as follows:

(in millions of €)	Notional	Average fixed rate	Average maturity
As at 31 December 2019	403.1	0.50 %	4.4 years
AS AT 31 DECEMBER 2020	**200.0**	**0.01 %**	**10.0 YEARS**

(ii) Currency risk

As at 31 December 2020, the Group had no exposure to currency debt risk as its bank loans and bond issues had been taken out or issued in euros.

(b) Risk exposure of the investment portfolio

The risk exposure of the investment portfolio can be summarised as follows:

(in millions of €)	Currency risk	Listed equity markets	Unlisted equity markets	31 December 2020	31 December 2019
Tikehau Capital Funds (inc. Sofidy, Ace Capital Partners and Star America Infrastructure Partners)	√	√ Capital Markets Strategies	√	1,285.1	1,179.7
External funds & co-investments	√	n/a	√	226.5	186.9
Shares	√	√ Investment level 1 & 2	√ Investment level 3	849.0	915.5
Bonds	n/a	n/a	n/a	49.3	53.8
TOTAL				**2,409.9**	**2,336.0**

(i) Exposure to the risks arising from investment in the funds managed by the Group

- Capital Market Strategies: a change in the net asset value of the funds (€206.1 million as at 31 December 2020) of +/-10% would impact Tikehau Capital's exposure by €20.6 million;
- Private Debt and CLO: stress tests for interest rates are run on a quarterly basis. The test scenario is a +/- 100 basis point shock to the risk-free rate curve.

  A change in interest rates of 100 basis points could impact Tikehau Capital's exposure by €11.5 million.
- Real Estate activities: stress tests are run on a quarterly basis. The stress scenario used is a price shock to unlisted Real Estate assets in each country: - 32.9% in France, - 30.8% in Italy, - 31.2% in Germany, - 36.0% in Belgium, - 36.4% in the Netherlands (economic shocks based on scenarios defined by the European Central Bank and the European Systemic Risk Board and used in the 2020 EU stress tests of commercial Real Estate assets, published on 31 January 2021).

  The impact on Tikehau Capital's exposure would be €396.9 million.

(ii) Exposure of investments in shares

Investments in shares or equity investments are classified according to the different levels (see note 5 “Determining fair value”):

(in millions of €)	31 December 2020	31 December 2019
Level 1[(1)]	680.4	739.9
Level 2	8.8	-
Level 3	159.7	175.6
TOTAL	**849.0**	**915.5**

(1) IREIT Global and Selectirente are classified as Level 1 Equity for analysis purposes, although they are Real Estate Investment Funds managed respectively by IREIT Global Group (subsidiary directly controlled by Tikehau Capital with 50.5% of the voting rights) and Sofidy (wholly-owned subsidiary of Tikehau Capital).

The portfolio of listed shares of Tikehau Capital is subject to continuous monitoring and daily assessment for the management of this risk.

Tikehau Capital may be affected by adverse changes in the market price of its publicly traded securities. A decline in the share price over a given period, especially at the end of the financial year, would be reflected in the financial statements as a fall in the net value of the portfolio and its shareholders’ equity and could in particular affect the ability of the Group to pay dividends. Thus, a 10% decline in the fair value of listed shares as at 31 December 2020 would have resulted in an additional charge of - €68.0 million in the consolidated result before tax for 2020. A fall in the share price is also likely to impact the capital gain or loss on disposal realised at the time of any sales into the market by Tikehau Capital.

Furthermore, fluctuations in the equity markets may have an impact on the stock market comparable used as part of the multi-criteria valuation approach for non-listed equity securities. These fluctuations are likely to have a negative effect on the consolidated shareholders’ equity and on the Group’s result, without being able to establish an accurate correlation between the occurrence of these fluctuations and the valuation of said securities. As a result, sensitivity to this risk cannot be quantified. Finally, depending on the amount of credit that it has drawn down under certain financing agreements, and depending on the magnitude of any possible price decreases impacting assets used as collateral for such financing, Tikehau Capital may have to make temporary payments and/or contributions of liquid assets as collateral in order to support such financing agreements.

The Company performed a sensitivity test on the non-listed assets of its investment portfolio as at 31 December 2020 (fair value net of the related debt where applicable and excluding (i) non-listed bonds which are subject to a sensitivity test on interest rates and (ii) assets whose value is fixed because they are subject to a sale contract). The sensitivity test on non-listed shares was performed on the basis of the income or EBITDA multiples used to value the corresponding assets as at 31 December 2020 or, when a method other than valuation by multiples was used, by retaining an implicit multiple. Investment holdings or Real Estate assets are excluded from the analysis.

The sensitivity test thus covers 67.4% in value of investments in non-listed shares of its portfolio as at 31 December 2020. The sensitivity to a change of +/-10% in the income or EBITDA multiples of non-listed companies amounts to €17.2 million.

(iii) Exposure of investments in bonds

Investments in bonds are classified according to the different levels (see note 5 “Determining fair value”):

(in millions of €)	31 December 2020	31 December 2019
Level 1	0.2	1.1
Level 2	-	-
Level 3	49.1	52.7
TOTAL	**49.3**	**53.8**

The bonds in which Tikehau Capital has invested are issued at a fixed rate. The instantaneous variation of plus (or minus) 100 bps in rates would have resulted in a change in the value of the portfolio of minus (or plus) €1.7 million, given the average duration recorded on this portfolio (3.5 years).

(iv) Exposure of investments in external funds and co-investments

Most assets underlying the invested funds are in non-cyclical sectors. This reduces the likelihood of variations in returns. The risk of variations in returns is default risk and forecast-related risk.

(in millions of €)	31 December 2020	31 December 2019
Fair value	226.5	186.9
Number of funds	78	79
Average line of investment	2.9	2.4
Share of investments >€5m (in %)	73%	59%

The table below details the unobservable inputs used for the main Level 3 external investment funds:

Investment funds	Valuation method	Unobservable data	Range	Fair value *(in millions of €)*
Radiology Partners	Comparable listed companies	Multiple EBITDA	[7.1x - 35.6x]	50.5
UNIVISION	Recent acquisition price	n/a	n/a	24.4
Ring Capital	Comparable unlisted companies	Revenue multiple	[2.0x - 5.0x]	21.4
Fairstone	Realised selling price	N/A	N/A	18.5
Voyage Care	Comparable listed companies (33%) Comparable transactions (67%)	Multiple EBITDA Multiple EBITDA Discount rate	10.7x 11.7x 15%	12.7
Jefferson	Comparable listed companies	Multiple EBITDA P/E multiple Discount rate	6.8x 4.4x 10%	11.7
BNPP Agility Fund	Acquisition multiple Comparable transactions Comparable listed companies GPs net asset value	Multiple EBITDA	[8.2x - 15.3x]	8.2
JC FLOWER IV	Comparable listed companies	Multiple EBITDA P/E multiple Net book value Carrying amount Goodwill/AUM Multiple net asset value Multiple excess capital Revenue multiple Illiquidity discount Discount rate	[6.8x - 19.4x] [4.4x - 16.6x] [0.27x - 1.0x] 0.7x 1.5x 0.35x [0.5x - 0.8x] 5.1x 20.0% [10.0% - 50.0%]	5.8
MIDOCEAN V	Realised selling price Comparable listed companies (Services) Comparable listed companies (Consumer industry)	N/A Multiple EBITDA Multiple EBITDA Revenue multiple	N/A [8.0x - 11.0x] 12.0x 1.0x	5.7
Crescent Lily	Spot price stock market price	N/A	N/A	5.5
TOTAL INVESTMENT FUNDS > €5M				**164.3**

(c) Exposure to market risk on the derivatives portfolio

Tikehau Capital is exposed to market risk on its portfolio of derivatives set up as part of its market risk management policy. As at 31 December 2020, this portfolio consisted of 34,000 futures contracts on the EURO STOXX 50 index with a maturity of less than 3 months and a leverage of 10.

As at 31 December 2020, the margin deposit and margin calls on future contracts amounted to €115.1 million. This margin deposit and margin calls are recognised in the current investment portfolio net of unrealised losses of - €17.4 million.

The sensitivity of derivative instruments to a variation of plus or minus 1 point in the EURO STOXX 50 index is reflected in the following table:

(in millions of €)	**EURO STOXX 50**	
	Change of +1 point	**Change of -1 point**
Sensitivity to income	0.3	(0.3)
Sensitivity to shareholders' equity (excluding income)	-	-

(d) Exposure to currency risk

Tikehau Capital's exposure to currency risk relates to its investments in foreign currencies. As at 31 December 2020, Tikehau Capital had an exposure to currency risk on the pound sterling, the US dollar, the Singapore dollar and the Canadian dollar, as well as the Australian dollar, the Polish zloty, the Swiss franc, South Korean won and Japanese yen to a lesser extent. Tikehau Capital had no currency hedging as at 31 December 2020.

Exposure to currency risk increased by €222.6 million between 31 December 2019 and 31 December 2020.

The table below shows the impact in profit and loss accounts of a +/-10% change in these currencies against the euro and on the basis of the consolidated financial statements as at 31 December 2020 and 31 December 2019:

(in millions of €)	**Appreciation of 10% in the euro against the currency**	**Depreciation of 10% in the euro against the currency**
As at 31 December 2020		
Pound sterling	- 15.5	+ 19.0
US dollar	- 26.9	+ 32.9
Singapore dollar	- 10.7	+ 13.1
Canadian dollar	- 1.7	+ 2.1
Australian dollar	- 0.0	+ 0.0
Polish zloty	- 0.0	+ 0.0
Swiss franc	- 0.0	+ 0.0
South Korean won	- 0.0	+ 0.0
Japanese yen	- 0.1	+ 0.1

(in millions of €)	**Appreciation of 10% in the euro against the currency**	**Depreciation of 10% in the euro against the currency**
As at 31 December 2019		
Pound sterling	- 12.4	+ 15.2
US dollar	- 15.4	+ 18.9
Singapore dollar	- 5.4	+ 6.6
Canadian dollar	- 1.3	+ 1.6
Australian dollar	- 0.0	+ 0.1
Polish zloty	- 0.1	+ 0.1
Swiss franc	- 0.0	+ 0.0
South Korean won	- 0.0	+ 0.0
Japanese yen	- 0.0	+ 0.0

(e) Exposure to counterparty risk

To manage its counterparty risk related to cash and marketable securities, Tikehau Capital only works with banks selected in view of their credit rating and has recourse to investments whose horizon is suited to its projected needs. Cash investments are reviewed on a weekly basis particularly in terms of credit risk. The selection of investment vehicles and counterparties and the volatility of the instruments are also subject to regular review. It is based on prudential rules ensuring the diversification of custodians and account keepers as well as the variety of vehicles and risk/return profiles. In 2020, Tikehau Capital was not exposed to any counterparty default.

(f) Exposure to liquidity risk

Tikehau Capital manages its liquidity risk by maintaining a level of available cash and liquid investments (the current portfolio) that is sufficient for covering its current debts.

As at 31 December 2020 the Group's cash and cash equivalents were approximately €671 million and its cash management financial assets were valued at around €76 million, compared to approximately €1,175 million and €132 million respectively as at 31 December 2019 (see note 12 "Cash and cash equivalents, cash management financial assets").

Note 28 IFRS 16 "Leases"

(a) Leases where the Group is a lessee

The Group leases mainly real estate assets. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. In accordance with IFRS 16, the Group records a "right-of-use" asset and a lease liability for most of its leases and these are now presented on the balance sheet.

However, the Group has selected not to recognise “right-of-use” assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Short-term leases (<12 months) are recognised in lease expenses.

Changes in the right-of-use assets are as follows:

(in thousands of €)	Buildings and Real Estate
31 December 2019	**30,695**
New right-of-use assets	2,538
Effect of lease amendments (duration)	1,014
Change in scope	1,123
Amortisation of right-of-use assets	(6,641)
Foreign currency translation effect	(611)
31 December 2020	**28,118**

Changes in lease liabilities are as follows:

(in thousands of €)	Lease liabilities
31 December 2019	**31,885**
New lease liabilities	2,538
Effect of lease amendments (duration)	1,014
Change in scope	1,123
Interest expenses on lease liabilities	891
Payments	(6,937)
Foreign currency translation effect	(899)
31 December 2020	**29,615**
of which current lease liabilities	5,721
of which non-current lease liabilities	23,894

The following items have been recorded on the income statement:

(in thousands of €)	2020 (12 months)	2019 (12 months)
Amortisation of right-of-use assets	(6,641)	(5,449)
Interest expenses on lease liabilities	(891)	(724)
Lease expenses related to low-value assets	(1,764)	(513)
Impact of terminations of leases recognised on the balance sheet	-	(189)
TOTAL	**(9,296)**	**(6,875)**

(b) Leases where the Group is a lessor

The Group operates as a lessor with regard to its subsidiaries. The application of IFRS 16 concerning these leases has no impact on the consolidated financial statements.

Note 29 Contingent liabilities and contingent assets

(in thousands of €)	Amount as at 31 December 2020	Amount as at 31 December 2019
Description	**Value of the guarantee given**	**Value of the guarantee given**
Commitment of payment to current account	80	118
Capital subscription commitment in companies	29,841	29,841
Uncalled commitment by external funds	120,756	104,040
Uncalled commitment by Tikehau Capital funds	994,374	617,639
Pledge for first-demand guarantee	27,937	750
Sundry sureties and guarantees	2,859	4,304
TOTAL COMMITMENTS GIVEN	**1,175,848**	**756,692**

As at 31 December 2020, the pledge for first-demand guarantee corresponds mainly to a guarantee given as part of the buy-out bid for Selectirente shares for an amount of €27.2 million (this commitment was lifted on 25 February 2021).

The total amount of uncalled commitments by the Group's funds from investment entities exempt from consolidation (IFRS 10) was €5.7 million as at 31 December 2020 (€11.2 million at 31 December 2019).

(in thousands of €)	**Amount as at 31 December 2020**	**Amount as at 31 December 2019**
Description	**Value of the guarantee received**	**Value of the guarantee received**
Syndicated loan not drawn at close	500,000	500,000
Sundry sureties and guarantees	7,960	6,770
TOTAL COMMITMENT RECEIVED	**507,960**	**506,770**

As at 31 December 2020, as part of the activity of the subsidiary Alma Property, a sale agreement concerning one of the asset held by the subsidiary was signed for an amount of approximately €0.2 million (€0.9 million at 31 December 2019).

Note 30 Subsequent events

Tikehau Capital partners with Financière Agache, Jean-Pierre Mustier and Diego De Giorgi to sponsor a SPAC (Special Purpose Acquisition Company) focused on the European financial services sector

On 15 February 2021 Tikehau Capital announced its intention to sponsor a first SPAC (Special Purpose Acquisition Company) which will focus on the European financial services sector.

Since its inception in 2004, Tikehau Capital has build a strong track-record of backing high-quality companies through equity or debt financing. Investment vehicles like SPACs are a natural extension of Tikehau Capital's investment expertise, and the Group aims to leverage its global network, origination capacity and strong equity base to sponsor value-creating projects, starting with a first SPAC that will focus on European financial services related businesses, with a primary focus on scalable platforms offering strong profit growth potential.

This initiative will leverage the recognized industry expertise, deal sourcing and execution capabilities of its four founding sponsors. Jean-Pierre Mustier and Diego De Giorgi, two of Europe's most experienced bankers, will be the operating partners of the company. Financière Agache and Tikehau Capital, as strategic and financial sponsors, will bring meaningful resources and support to the company.

Targets will be aligned to four financial services areas undergoing an accelerated transformation: traditional and alternative asset management platforms, innovative financial technology firms, insurance and insurance related services and diversified financial services companies with strong customer propositions in attractive segments.

Financière Agache and Tikehau Capital's founders and investment teams have already collaborated on several deals across various strategies and sectors. An affiliate of Financière Agache has been a shareholder of Tikehau Capital for the last 15 years. Jean-Pierre Mustier was a partner of Tikehau Capital from January 2015 to July 2016 and has worked closely with Diego De Giorgi on mergers and acquisitions and capital markets transactions for over a decade.

The four sponsors plan to invest collectively a minimum of 10 per cent of the initial amount raised and to commit to enter into a substantial forward purchase agreement.

Investment Grade **rating (BBB-, stable outlook) confirmed by the financial rating agency Fitch Ratings**

On 22 January 2021, Tikehau Capital had its financial rating confirmed by the financial rating agency Fitch Ratings. Supported by a stable outlook, this *Investment Grade* rating (BBB-) confirms the strength of Tikehau Capital's financial profile. In its statement, Fitch Ratings highlighted that Tikehau Capital's liquidity remains solid. Indeed, Tikehau Capital maintains a significant level of cash on the balance sheet allowing it to flexibly finance the future growth of its asset management activities.

Capital increase of 18 February 2021

On 18 February 2021, Tikehau Capital carried out a capital increase for an amount of around €1.4 million by capitalisation of the issue premium and by issuance of 116,460 shares. The aim of this capital increase was to deliver free shares granted under the first tranches of the 2019 FSA Plan, the 2019 Performance Share Plan and the 2019 AIFM/UCITS Plan.

Buy and sell transaction on the portfolio derivative instruments

During the month of February and March 2021, Tikehau Capital proceeded with the disposal of all contracts related to purchase / sale operations on derivative instruments positions taken as part of its risk management policy. Those contracts were open on 31 December 2020.

Such operation reflects a realised loss of - €88.9 million, which represents an additional loss of - €71.5 million compared to the unrealised loss of - €17.4 million already booked in the financial statements at 31 December 2020.

On the date on which the Manager approves accounts, the Group do not have opened contracts compared to 34,000 opened contracts as at 31 December 2020.

6.2 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

MAZARS

61, rue Henri-Regnault, 92400 Courbevoie

Limited Company with Executive and Supervisory Boards and share capital of €8 320 000 - Trade and Companies Register No. 784 824 153 Nanterre

Statutory Auditor Member of the regional company of Versailles

ERNST & YOUNG et Autres

Tour First TSA 14444 92037 Paris-La Défense CEDEX

Simplified Joint-Stock Company with variable share capital - 438 476 913 Trade and Companies Register Nanterre

Statutory Auditor Member of the regional company of Versailles

For the year ended 31 December 2020

To the Annual General Meeting of Tikehau Capital

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Tikehau Capital for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules required by the French Commercial Code (code de commerce) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

The global crisis related to the Covid-19 pandemic creates special conditions for the preparation and audit of this year's financial statements. Indeed, this crisis and the exceptional measures taken in the context of the state of health emergency are having multiple consequences for businesses, particularly on their activity and financing, as well as increasing uncertainty about their future outlook. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organisation of companies and on the way audits are carried out.

It is in this complex and evolving context that in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

The assessments thus made are part of the audit of the consolidated financial statements taken as a whole, as approved above, and the formation of our opinion expressed above. We do not express an opinion on these consolidated financial statements taken in isolation.

Valuation of Goodwill

Risk identified	Our response
The goodwill recorded on balance sheet as at December 31, 2020 amounted to M€ 422.5. *As stated in Notes 4 "Main accounting methods" and 7 "Intangible and tangible fixed assets" of the consolidated financial statements, the goodwill is subject to impairment tests whenever there is an objective indication of a loss in value, and at least once a year. These tests are based on a comparison between the book value of each cash generating unit (CGU) and the general value-in-use (i.e. the higher value between the value less costs to sell and the value-in-use). When the recoverable amount is lower than the carrying amount, the goodwill associated with the CGU or group of CGUs is written down accordingly. This impairment is irreversible.* *The two CGUs identified by Tikehau Capital correspond to asset management activities, on the one hand, and investment activities on the other. At December 31, 2020, goodwill was allocated in full to the "Asset management activities" CGU.* *The calculation of the value-in-use is based on discounting the future cash flows generated by the CGU, resulting from the medium-term plans prepared for the purpose of managing the Group.* *In view of the significant amount of the goodwill, and of the level of judgement applied by management in order to determine the various assumptions used in the impairment tests, we considered this issue to be a key audit matter.*	*We analysed the methodology used by Tikehau Capital group to identify any indication of impairment.* *We controlled the calculations performed, and assessed the assumptions used by management to determine the cost of equity and the terminal growth rates included in the discounted cash flow calculation models, comparing them with external sources where applicable.* *We analysed the financial forecasts prepared by Tikehau Capital group's management, and used in the impairment tests, in order to:* ● *compare them with the medium-term business plans prepared by management and presented at the Supervisory Board's meeting in December 2020;* ● *assess the main underlying assumptions, in terms of a comparison between the financial forecasts prepared and the actual achievements.* *We also assessed sensitivity to certain assumptions and analysed the disclosures in the notes to the consolidated financial statements regarding the results of these impairment tests and the level of sensitivity to the various assumptions.*

Recognition and recoverable nature of the deferred tax assets relating to tax-loss carry forwards

Risk identified	Our response
The deferred taxes recognised as tax-loss carry-forwards on the balance sheet amounted to €76.0 million as at 31 December 2020. *As stated in Notes 4 "Main accounting methods" and 15 "Tax" of the consolidated financial statements, a tax asset is recorded in the event of tax-loss carry-forwards in the likely event that the concerned entity will generate future taxable profits from which these tax losses can be deducted.* *The recoverable nature of the activated tax losses specifically depends on Tikehau Capital group's ability to achieve the targets defined in the medium-term tax plan prepared by management.* *We considered that the recognition and the recoverable nature of the deferred tax assets was a key audit matter in view of the uncertainty inherent to the recognition and the recoverable nature of deferred tax assets, and the judgment exercised by management in that regard.*	*Our audit approach consisted in analysing the methodology used by management to assess the future taxable profits against which existing tax loss carry-forwards will be set off.* *We also assessed the likelihood that Tikehau Capital will be able to use the tax loss carry-forwards generated to date in the future, in particular with regard to the ability of the Tikehau Capital group to generate future taxable profits to absorb past losses. In order to do so, we examined the financial trajectories prepared by the Management by:* ● *comparing them to the business plan determined by Management;* ● *assessing the main underlying assumptions;* ● *conducting sensitivity analyses.*

Valuation of the non-current investment portfolio classified as level 3

Risk identified	Our response
Tikehau Capital holds non-current equity investments on its balance sheet valued at fair value. *For the purposes of this valuation, and in accordance with IFRS 13, the investment portfolio has been broken down in accordance with the method for determining fair value based on three different levels. Level 3 includes non-listed securities on an active market, where a significant portion of the valuation refers to non-observable data.* *The accounting rules and policies applicable to the investment portfolio, and the methods for determining the fair value of the securities, are set out in Notes 4 "Main accounting methods", 5 "Determining of fair value", and 8 "Non-current investment portfolio" to the consolidated financial statements.* *The Group's non-current investment portfolio amounted to M€ 2.204 as at 31 December 2020 of which €M 1.514 are classified as level 3 non-current investment portfolio.* *We considered that the valuation of the non-current investment portfolio classified as Level 3 to be a key audit matter, as it requires management to exercise its judgement in terms of the choice of methodologies and data used.*	*We familiarised ourselves with the process and key controls implemented by Tikehau Capital, in order to value and to classify as Level 3 the investments in the non-current portfolio.* *For a sample of investments, we:* ● *analysed the assumptions, methodologies, and models used by management;* ● *examined the valuations performed by the Group and tested the assumptions and the main parameters used by supporting them with external sources, with the assistance of the valuation specialists included in our audit team;* ● *We specifically assessed, if applicable, any external benchmarks that supported the multiple levels used as part of the valuation of the investments, or compared the value used with transactions performed over the past 12 months.* *We also analysed the disclosures in the notes to the consolidated financial statements regarding the non-current investment portfolio classified as level 3.*

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Management.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other verifications or information required by law and regulations

Format of the consolidated financial statements to be included in the annual financial report

In accordance with III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 to financial years beginning on or after 1 January 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report mentioned in I of Article L. 451-1-2 of the Monetary and Financial Code (Code Monétaire et Financier).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Tikehau Capital by your Annual General Meeting held on 1 June 2017 for MAZARS and on 7 November 2016 for ERNST & YOUNG et Autres.

As at 31 December 2020, MAZARS was in its fourth year and ERNST & YOUNG et Autres in its fifth year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit. In addition:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 17 March 2021

The Statutory Auditors

<table>
<tr><td>MAZARS
Simon Beillevaire
Partner</td><td>ERNST & YOUNG et Autres
Hassan Baaj
Partner</td></tr>
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