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Tikehau Capital in Q1 2020

**€500m of net new money in asset management activity
€25.4bn of assets under management as at 31 March 2020
Plan to acquire Star America Infrastructure Partners in the
United States**

- The Group's assets under management as at 31 March 2020 were €25.4 billion, an increase of 13.7% year-on-year, a slight decrease of 1.5% during the first quarter due to unfavourable market effects on certain asset classes, in the very volatile economic environment caused by the Covid-19 pandemic;
- Net new money for asset management activity was €500 million in Q1 2020, bringing its assets under management to €23.4 billion as at 31 March 2020 (up 12.5% year-on-year, and down 0.8% for the first quarter). Fee-paying assets under management for closed-end funds were up slightly during the quarter;
- The Group has a particularly solid financial structure and significant financial resources with, at end-March 2020, €1.2 billion of cash on its balance sheet and €5.0 billion of dry powder across the funds that it manages;
- Tikehau Capital accelerates its development in the United States and announces its entry into exclusive negotiations to acquire Star America Infrastructure Partners, an independent asset management company specialising in mid-market infrastructure in North America, allowing the Group to expand its expertise in real assets.

The Group's assets under management as at 31 March 2020 were €25.4 billion, up 13.7%¹ year-on-year. During the first quarter of 2020, the change was slightly negative (-1.5%), with positive net new money for the Group of +€490 million, offset by distributions of -€200 million (primarily within private debt strategies) and negative market effects of -€680 million, in a sharply deteriorated market environment due to the Covid-19 pandemic.

At the end of March 2020, the Group's assets under management were split between the Asset Management activity (€23.4 billion) and the Investment activity (€2.0 billion).

€500 million of net new money in the first quarter of 2020 for the Asset Management activity

As at 31 March 2020, Tikehau Capital's assets under management totalled €23.4 billion, up €2.6 billion year-on-year (+12.5%). During the first quarter of 2020, assets under management were down slightly by 0.8%, or -€200 million, as a result of the following effects:

- **Net new money of €500 million**, thanks to Real Estate and Private Equity activities
- **Distributions** totalling -€200 million during the first quarter, primarily for Private Debt business (in particular in the area of leveraged loans).
- Against the backdrop of a sharp deterioration in the macroeconomic environment linked to the Covid-19 pandemic, assets under management at the end of March reflect the significant **market effects** during the first quarter of -€500 million, primarily recorded in the Capital Markets Strategies (fixed income and flexible funds) for -€300m..

More specifically, market effects in Q1 2020 only had a minor impact on the level of **fee-paying assets under management**, which posted a more positive change than the total Group assets under management. Thus, fee-paying assets under management for Tikehau Capital's closed-end funds are up slightly during the quarter.

Private Debt: €8.3 billion assets under management as at 31 March 2020

Assets under management for **Private Debt** activities amounted to €8.3 billion at the end of March 2020, a decrease of 3.8% compared to 31 December 2019.

As expected, this asset class did not realize any specific fundraising during the quarter, as there was no particular fund launched ahead of the marketing of the Group's fifth generation of Direct Lending fund, planned for the second quarter, and the launch of a private debt impact fund, in line with the Group's strong convictions in

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

climate change and contribution to the emergence of a low-carbon economy.

Distributions amounted to -€160 million during the quarter, particularly as a result of the leveraged loans activity. **Market effects** had a negative impact of -€130 million on Private Debt assets under management as at 31 March 2020, i.e. a -1.5% impact on Q1 growth.

Real Estate: €9.5 billion assets under management as at 31 March 2020

Assets under management for the Group's **Real estate** activities grew 3.9% during the first quarter, reaching €9.5 billion at the end of March 2020.

Net new money was approximately €440 million in Q1, thanks to a continued positive momentum for Sofidy and to the Group's first pan-European discretionary real estate fund, which successfully raised €560 million of capital between its launch in 2018 and its final closing on 28 February 2020.

The **distribution** effects and **market** effects amounted to -€40m and -€50m respectively over the first quarter, mainly linked to Sofidy.

Private Equity: €2.1 billion assets under management as at 31 March 2020

Assets under management for the Group's **Private Equity** practice at the end of March 2020 were up by €100m compared with 31 December, reaching €2.1 billion.

Net new money was €100 million for the quarter, with on the one hand an allocation from the multi-asset strategy launched at end- 2019 in partnership with Fideuram, and on the other hand, continued fundraising for the fund dedicated to energy transition.

Market effects did not have any significant impact on asset management for private equity over the first quarter of 2020.

Capital Markets Strategies: €3.5 billion assets under management as at 31 March 2020

In a particularly challenging market environment, the **capital markets strategies** demonstrated resilience during the quarter with slightly positive net new money, driven by inflows into flexible strategies, offset by outflows from some credit funds.

Assets under management in Capital Markets Strategies therefore amounted to €3.5 billion at the end of March 2020 (compared with €3.8 billion at the end of December 2019). This €300 million decline is solely due to unfavourable market effects during the quarter, impacting the assets under management of most of Group's funds in this activity.

Additionally, on 11 May 2020, the Group strengthened its team with the appointment of **Raphael Thuin** as Director of the Capital Markets Strategies activity who will now head up the management of Tikehau Capital's fixed income, equity and flexible investment strategies.

Investment activity assets under management amounted to €2.0 billion at the end of March 2020.

Assets under management within the Group's investment activity amounted to €2.0 billion at the end of March 2020, compared with €2.2 billion at the end of December 2019. This change takes into account commitments made by the Group in several of its funds (for approximately -€140 million), in line with its strategy of aligning its interests with those of its investor-clients.

The Group's Direct Investment portfolio at the end of March 2020 also takes into account negative market effects for approximately -€170 million, mainly impacting the listed component of the portfolio by approximately -€150 million. Fair value adjustments on the unlisted component of the Group's investment portfolio in the first quarter amounted to -€25 million, representing a negative impact of -6.1% in the period.

Tikehau Capital is an active and mobilised investor in the context of the current crisis

The health crisis linked to the Covid-19 pandemic is causing unprecedented turbulence on all world markets, with major repercussions for all components of economic life.

In this context, Tikehau Capital's priority was first and foremost to do everything possible to ensure the **safety of all its employees** and to enable them to maintain business continuity, with a sustained presence alongside investor-clients and portfolio companies.

The Group has thus carried out **detailed reviews of the investment lines** within each of its funds and in its own portfolio, in order to identify the risk levels and the additional support and needs of the companies in which the Group is invested.

To date, by financing over 220 companies in Europe, Tikehau Capital is **a key player in the financing of the economy**. The Group is convinced that the alternative financing solutions that it is developing, whether through debt or equity are now, more than ever, essential drivers to finance economic recovery, as they directly channel global available savings towards companies and the financing of the real economy, with a long-term horizon.

It should also be noted that a large share of the funds managed by Tikehau Capital are in a period of **investment**. The Group is indeed deploying, progressively and in a disciplined manner, the large amounts of capital raised in 2020 and in previous years. As a consequence, Tikehau Capital has a level of dry powder of €5.0 billion at the end of March 2020 within the funds it manages, enabling it to position itself alongside companies and to be able to seize investment opportunities.

Tikehau Capital has developed a **differentiated model** in the alternative asset management sector by systematically investing its equity into the funds managed by the Group, alongside its investor-clients. These investments represented 61% of the Group's portfolio at the end of December 2019, and this proportion is expected to continue to grow over the coming years. This logic of alignment of interests, a particularly differentiated strategy in the financial industry, leads the Group to take limited risks in deploying capital across its various strategies.

In addition, the **business model** and the growth in profitability of the Group's Asset Management activity does not rely on the generation of carried interest in the short term; the Group's closed-end funds are indeed able to remain invested in their assets with a long-term investment horizon.

The Group has a **particularly robust balance sheet structure**, with significant shareholders' equity as well as €1.2 billion of available cash at the end of March 2020. The Group remains committed to the dynamic management of its balance sheet, both through its investment portfolio and the structure of its indebtedness.

Finally, Tikehau Capital confirms that it will propose to the General (Shareholders') Meeting of May 19, 2020 the payment of a **dividend of €0.50** per share in respect of the financial year 2019 (compared to a dividend of €0.25 per share in respect of the financial year 2018). The ex-dividend date will be 22 May 2020 with payment from 26 May 2020.

Tikehau Capital enters into exclusive negotiations to acquire Star America Infrastructure Partners in the United States

Tikehau Capital is announcing today the entry into exclusive discussions to acquire **Star America Infrastructure Partners**, a US-based independent asset management company, active in the development and management of infrastructure projects in North America.

Founded in 2011 by two entrepreneurs, **Star America specializes in medium-scale infrastructure projects**, especially through public-private partnerships, in four asset types: transportation (roads, bridges, tunnels, rail in particular), social infrastructure (students and hospitals housing in particular), environment (water and waste management, energy efficiency) and communications (data centers, optical fiber). At the end of April 2020, Star America had over \$600m (€550m) of assets under management and around 20 employees.

Tikehau Capital and Star America believe that the market for infrastructures in the U.S. holds real long-term growth potential. According to the Council on Foreign Relations, the United States only spent 2.4% of the GDP on infrastructure, while European countries spend 5% of their GDP. In that respect, American government officials have recently signalled an intention to pursue investment plans which would reach about \$2 trillion in order to upgrade and build infrastructures throughout the country.

Thanks to the acquisition of a renowned player in the field of infrastructure asset management in the United States, Tikehau Capital would strengthen its expertise in infrastructure assets, beyond its recognized know-how in real estate. Thus, this transaction would allow the Group to diversify its subsidiaries to a new growing asset class, as well as enhancing its geographic footprint in North America.

The proposed acquisition, which concerns 100% of the management company's share capital. The full terms and conditions remain subject to discussion and the transaction, if and when signed, will be subject to closing conditions.

Mathieu Chabran, co-founder of Tikehau Capital, and **Tim Grell**, head of Tikehau Capital North America, added: "This proposed acquisition of Star America Infrastructure Partners is a new step towards the development of Tikehau Capital in North America and will strengthen our expertise in the management of real estate and infrastructure assets. We are delighted to be able to consider this acquisition, in a sector with real growth potential, of a player with the same entrepreneurial DNA as Tikehau Capital and whose founding team will significantly strengthen the Group's know-how."

Bill Marino, co-founder, Managing Partner and Chief Executive Officer, and **Christophe Petit**, co-founder, Managing Partner and President of Star America, said "Star America is delighted to join forces with such an impressive group like Tikehau Capital. Star America will add infrastructure and real assets as a new core competency to Tikehau Capital's already stellar and global platform. Infrastructure and real assets are one of the fastest asset class in the asset management business and we look forward to contributing to Tikehau's development plans in the space."

Share buyback programme

On March 19, 2020, Tikehau Capital mandated an investment services provider for the repurchase of shares under its buyback programme authorised by the General (Shareholders') Meeting of 22 May 2019, the renewal of which will be proposed at the General (Shareholders') Meeting of 19 May 2020. The objectives of the repurchase are modified as of today so that the shares thus repurchased may then be used in the context of external growth, merger, spin-off or investment transactions, within the limit of 5% of the share capital in accordance with the law. The other terms of the share buyback programme remain unchanged.

The description of the share buyback programme (set out in section 8.3.4 of the Tikehau Capital Registration Document filed by the AMF (French Financial Markets Authority) on 14 April 2020 under number D. 20-0290) is available on the company's website in the "Regulatory Information" section (<https://www.tikehaucapital.com/en/shareholders/regulatory-information>).

Outlook

In a particularly uncertain market environment at the beginning of 2020, Tikehau Capital has a number of strengths that will enable it to continue to implement its strategy during the year, aiming at making the Group a leading and differentiated player in the alternative asset management sector in Europe.

Within each asset class in which it operates, the Group has chosen to position itself in thriving verticals which benefit from structurally favourable tailwinds, with for example, in private equity, **energy transition, growth capital** or **cybersecurity**.

Since 31 March, Tikehau Capital has continued to broaden and internationalise its customer base. As an example, the Group announced the launch, in **partnership with Banca March in Spain**, of a fund to offer its customers access to private markets in the energy transition sector, replicating Tikehau Capital's private equity fund dedicated to energy transition (created in 2018 with Total SA). The fund's strategy aims to offer high returns while providing equity to companies involved in accelerating the transition to a low-carbon economy. In the second quarter, the Group also launched a second fundraising campaign among **Banca Fideuram's** private customers, following on from the first campaign finalised at the end of 2019.

The Group also continues to innovate, to adapt to the market, and to offer its investor-clients a variety of investment solutions with complementary characteristics. Some of them are even more relevant in the context of a cyclical downturn, such as the second generation of **special situation funds**, or the first **secondary private debt** fund. Tikehau Capital is indeed convinced that after several years of strong growth in the primary private debt market, a secondary market for this asset class is bound to develop, in particularly against the current backdrop.

Over the coming quarters, the Group will also remain active with the confirmed launch of its **fifth generation of direct lending fund**, which will begin to be marketed in the second quarter, and the extension by six months, until the end of December 2020, of the fundraising period for the private equity fund dedicated to energy transition.

Finally, on 6 April 2020, Tikehau Capital and City Developments Limited (CDL), a leading real estate company listed in Singapore, 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 the management company of which Tikehau Capital invested in November 2016. This acquisition, which brings Tikehau Capital's stake in IREIT Global to 29.2%, was completed on very good financial terms for the Group, as IREIT Global's share price increased by +37% since the transaction.

Tikehau Capital relies on a **differentiating business model**, based on significant shareholders' equity, invested primarily in its various asset management strategies, alongside its investor-clients. In addition to ensuring an unparalleled alignment of interests between the Group and its investor-clients, this approach allows Tikehau Capital to be well equipped to deal with adverse market conditions.

Tikehau Capital thus confirms its objectives for 2022 targeting more than €35 billion in assets under management for the Group and generating more than €100 million in net operating profit from asset management activities.

Calendar

19 May 2020 – General (Shareholders') Meeting

30 July 2020 – Assets under management at end June 2020

17 September 2020 – Half-year results 2020

5 November 2020 – Assets under management at end September 2020

Details of changes in assets under management in the asset management activity²

<u>Q1 2020 (million €)</u>	Net new money *	Distributions	Market effects ³	AuM change	AuM as at 31/03/2020 (€ billion)
Private Debt	-40	-160	-130	-330	8.3
Real Estate	+440	-40	-50	+350	9.5
Capital Markets Strategies	-	-	-300	-300	3.5
Private Equity	+100	-	-30	+70	2.1
Total assets under management	+500	-200	-510	-210	23.4

*The net new money by business line takes into account internal reallocations from multi-asset strategies, in particular funds raised through the partnership with Fideuram, initially recognised as private debt and progressively deployed across the Group's different asset classes. Thus, for the first quarter, the impacts are: -€86 million in net new money in private debt, +€45 million in Real Estate, and +€41 million in private equity.

² The numbers presented are the Group's best estimates at the end of March 2020, and may change slightly. They have been rounded for presentation purposes, which in some cases may result in rounding differences.

³ Including non-material scope changes

Breakdown of Group assets under management as at 31 March 2020³

	Assets under management as at 31/03/2020		Change compared to 31/03/2019		Change compared to 31/12/2019	
	Amounts (in € billion)	Weight (%)	In %	in € billion	In %	in € billion
Private debt	8.3	32.7%	-0.6%	=	-3.8%	-0.3
Real Estate	9.5	37.5%	+23.3%	+1.8	+3.9%	+0.4
Capital Markets Strategies	3.5	13.8%	+4.1%	+0.1	-7.8%	-0.3
Private Equity (a)	2.1	8.2%	+51%	+0.7	+3.7%	+0.1
Asset Management activity	23.4	92.2%	+12.5%	+2.6	-0.8%	-0.2
Investment activities* (b)	2.0	7.8%	+30.8%	+0.5	-8.8%	-0.2
Total assets under management	25.4	100%	+13.7%	+3.1	-1.5%	-0.4
Total Private Equity (a+b)	4.1	16.0%	+40.5%	+1.2	-2.8%	-0.1

*For own account

About Tikehau Capital:

Tikehau Capital is an asset management and investment group with €25.4bn of assets under management (as at 31 March 2020) and shareholders' equity of €3.1bn (as at 31 December 2019). The Group invests in various asset classes (private debt, real estate, private equity and capital markets strategies), including through its asset management subsidiaries, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs more than 530 staff (as at 31 December 2019) in its Paris, London, Amsterdam, Brussels, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo offices.

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

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Disclaimer

The term sheet relating to the Star America acquisition that the parties have signed is non-binding with respect to the terms of the transaction and there can be no assurance that such discussions will result in an agreement or, if an agreement is signed, that it will be consummated.

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