



PRESS RELEASE

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Tikehau Capital – Q3 2020

Solid levels of net new money bringing the Group's assets under management to €27.2 billion at end-September 2020 (up 12.0% year over year and 6.0% in Q3)

- At 30 September 2020, assets under management at Tikehau Capital reached €27.2 billion¹, up by 12.0% year over year and by 6.0% in Q3
- This strong growth was driven by a robust asset management business, with assets under management reaching €25.9 billion at 30 September 2020, up by €3.7 billion (16.5%) year over year and by €1.9 billion (7.9%) in Q3
- The third quarter was particularly positive, with net new money from asset management of €1.5 billion, boosted primarily by successes in private debt and private equity
- The Group successfully integrated Star America into its asset management platform, adding €580 million to assets under management at end-September 2020 and boosting assets under management for the real assets business to over €10 billion
- In accordance with its strategy to align its interests, Tikehau Capital continued to stand by its clients by committing close to €400 million in its funds over the third quarter
- The Group confirms its objective to exceed €27.5 billion² in assets under management by the end of 2020, as well as its organic growth targets for 2022

¹ The Group's assets under management are not included in the audit process.

² At constant assets under management in the capital market strategies business versus end-June 2020.

At 30 September 2020, Tikehau Capital had **assets under management** that totalled €27.2 billion, which represents an increase of 12.0%³ (€2.9 billion) on the year and 6.0% (€1.5 billion) in Q3 2020.

Antoine Flamarion, co-founder of Tikehau Capital, said: *“The growth momentum in our business continued throughout the third quarter, demonstrating the resilience of our business model and sustained performance of our teams, who despite the extremely challenging times have been able to maintain a solid sales momentum and further prove the relevance of our investment strategies. Given the highly uncertain economic environment over the last quarter, we have remained cautious, disciplined and selective in our investments.”*

Mathieu Chabran, co-founder of Tikehau Capital, added: *“The second wave of the Covid-19 pandemic and the various government measures put in place have encouraged us to continue along this path and adapt our organisation. That is why we have taken the necessary steps, as during the first wave, to maintain business continuity in the best possible conditions and protect the health of our employees and partners. During these challenging times, Tikehau Capital intends to remain a preferred partner to its clients and an active investor in its portfolio companies.”*

At end-September 2020, the asset management division accounted for €25.9 billion of the Group’s total assets under management, while the investment business contributed €1.3 billion.

Asset management generated €1.5 billion in net new money over the third quarter, driving the total for the first 9 months of the year to €2.6 billion

At 30 September 2020, the **assets under management of the Group’s asset management division** totalled €25.9 billion, up an impressive 16.5% (€3.7 billion) on the previous year. Over the third quarter of 2020, assets under management grew 7.9% (€1.9 billion), which represents a total increase of 9.6% (€2.3 billion) for the first 9 months of the year. The performance in the third quarter arose from:

- **Particularly strong net new money** of €1.5 billion, greater than the €1.1 billion generated over the first half of 2020, thereby totalling €2.6 billion in net new money for the first 9 months of the year. These highly encouraging figures follow positive momentum in private debt, in particular in relation to the initial closing of the Group’s fifth generation of Direct Lending funds. Private equity and real asset strategies continued to grow throughout the third quarter, accounting for over two thirds of net new money generated by the asset management business since the beginning of 2020, which has enabled the Group to improve its business mix and revenue generation.
- **Distributions** totalled €250 million in the third quarter, primarily arising from private debt.
- Positive **market effects**, mainly observed in the capital market strategies business, generated €120 million.
- The integration of Star America Infrastructure Partners led to positive **scope effects**

³ Figures have been rounded for presentation purposes, which in some cases may result in rounding differences.

worth €540 million in the third quarter.

At end-September 2020, Tikehau Capital had a record dry powder of €6.0 billion within the funds it manages, enabling them to take advantage of investment opportunities.

Private debt: €8.9 billion in assets under management at 30 September 2020

Assets under management in the **private debt** business totalled €8.9 billion at end-September 2020, compared with €8.6 billion at end-December 2019. In the third quarter of 2020, assets under management in this area rose 6.5%, boosted by **net new money** of around €700 million, which was offset slightly by paying out €185 million in **distributions**, related in particular to direct lending. Positive **market effects** in private debt amounted to around €40 million in the third quarter.

As previously announced⁴, Tikehau Capital notched up a number of major achievements at the start of the third quarter, including being granted a €150 million evergreen management mandate by a French institutional investor to invest primarily in the Group's private debt strategies.

Tikehau Capital also raised an additional €55 million through the Novo 2020 fund sponsored by institutional investors, which the Group was charged with managing during the first half of the year.

Furthermore, Tikehau Capital successfully continued raising capital for its fifth-generation direct lending fund, following an initial closing in July 2020 of €220 million. A second closing for this fund is expected to take place during the fourth quarter of 2020, involving mainly international investors.

In September 2020, the Group launched its sixth Collateralized Loan Obligation (CLO) with €200 million in assets under management. The Group has maintained strong momentum in this business, issuing one CLO each year since 2015 for a cumulative amount of €2.2 billion at end-September 2020.

Real assets: €10.2 billion in assets under management at 30 September 2020

Tikehau Capital increased its assets under management in its **real assets** business by 11.2% (€1.0 billion) since the beginning of the year to reach €10.2 billion at end-September 2020. In Q3 alone, assets under management grew 6.7% (€0.6 billion)

On 29 July 2020, Tikehau Capital finalised the acquisition of **Star America Infrastructure Partners**, an independent US headquartered asset management firm operating to develop and manage mid-sized infrastructure projects in North America. This integration gave rise to €540 million in positive **scope effects** on the assets under management within the real assets business. **Net new money** reached €150 million over the quarter, primarily driven by Sofidy as well as commitments made from Tikehau Capital's balance sheet in the second generation of Star America' fund, after its integration. **Distributions** amounted to a negative €50m in Q3 while **market effects** did not have a material impact on assets under management growth over the third quarter.

⁴ See press release dated 17 September 2020.

Furthermore, Tikehau Capital consolidated its asset management platform in Asia by launching a rights issue for **IREIT Global**, a real estate investment trust company listed in Singapore, which successfully raised €89 million. Finalised on 19 October 2020, the rights issue was oversubscribed at 166% and will enable IREIT Global to finance the acquisition of the remaining 60% stake held by Tikehau Capital in a real estate portfolio in Spain and repay the shareholder loan granted by City Developments Limited (CDL). IREIT Global's long-term shareholders, in particular Tikehau Capital, CDL and AT Investments, all reiterated their support for the company.

Private equity: €3.0 billion in assets under management at 30 September 2020

The Group continued to successfully expand its **private equity** business, a high-growth asset class in which assets under management have grown by over 59% in the last 12 months to reach €3 billion at end-September 2020. Assets under management increased by around €950 million compared with 31 December 2019 (47.6%) and €650 million in Q3 (29.5%).

Net new money rose significantly, by €700 million on the quarter, driven primarily by an initial closing at €630 million of the fund designed to support the aerospace industry and managed by Ace Management. The fund is currently being actively marketed.

In mid-October, the Group's private equity fund dedicated to energy transition and its growth equity fund were granted the "Relance" label. Put in place by the French government as part of the plan to kick-start the country's economic recovery, this label recognises the funds as investment vehicles that support equity capital funding for businesses in the current health crisis. The label bolsters Tikehau Capital's strong belief that the alternative financing solutions it develops are more essential than ever in funding the economic recovery and the energy transition.

Distributions and market effects did not have any material impact on the private equity business during Q3.

Capital Markets Strategies: €3.9 billion in assets under management at 30 September 2020

Assets under management in the **capital markets strategies** business totalled €3.9 billion at end-September 2020, compared with €3.8 billion at end-December 2019. They are up by 10.1% (€400m) year over year, of which 0.7% (€25 million) in the third quarter, as a result of well oriented fundraising in equity and diversified strategies, which was offset by outflows on certain credit funds.

Net new money was therefore down €50 million on the quarter, but remains considerably positive at €105 million over the first 9 months of the year. **Market effects** were positive, totalling €80 million for the quarter, following the distinct bounce back observed on financial markets since the second quarter.

Direct Investments: €1.3 billion in assets under management at 30 September 2020

Assets under management in the **investment** business totalled €1.3 billion at end-September 2020, compared with €2.2 billion at end-December 2019 and €1.7 billion at end-June 2020.

This change in the third quarter was primarily due to the commitments made by Tikehau Capital in its funds, in accordance with its strategy to align its interests, for close to **€400 million**.

Negative market effects impacting the Group's direct investment portfolio were limited to Q3 and totalled approximately **€25 million** for the period.

The hedging strategy put in place by the Group over the first half of the year as part of its risk management strategy had a €6 million positive impact on the assets under management in the investment business in Q3 2020. To date⁵, these instruments generate a -€146 million impact on the Group's income statement (compared with -€165 million at end-June 2020).

Outlook

The structurally positive tailwinds supporting the market segments where the Group is positioned remain unchanged, therefore confirming investor-clients' appetite and interest for the strategies developed by Tikehau Capital. The Group will therefore continue to actively market its funds currently being raised as well as work to enlarge its offering through new initiatives. In the short term, the environment remains uncertain, particularly with respect to the evolution of the health crisis, which could lead to cyclical effects on the pace of fundraising.

In spite of these uncertainties, Tikehau Capital reiterates its target of reaching **over €27.5 billion in assets under management by end-2020⁶**, and **confirms its core objectives for 2022**, aiming to reach **over €35 billion of assets under management** and generate **over €100 million in operating income from asset management**.

The presentation of assets under management in Q3 2020 will be available to watch on Thursday 05 November 2020 from 6:15 PM (CET) on the Group website www.tikehaucapital.com.

Calendar

11 February 2021	Assets under management at end-December 2020
18 March 2021	2020 annual results
19 May 2021	Assets under management at end-March 2020 Annual Shareholders' Meeting

⁵ Closing at 4 November 2020

⁶ At constant assets under management in the capital market strategies business versus end-June 2020

Change in assets under management in the asset management business⁷

<u>Q3 2020 (€m)</u>	Net new money*	Distributions	Market effects	Scope effects	Change in assets under management	Assets under management at 30 September 2020 (€m)
Private debt	+691	-186	+38	-	+543	8,873
Real assets	+149	-49	+3	+539	+643	10,203
Capital Market Strategies	-48	-1	+76	-	+27	3,862
Private equity	+690	-14	+2	-	+677	2,973
Total asset management	+1,482	-250	+119	+539	+1,891	25,912

* During Q3 2020, net new money by business line has not been affected by internal reallocations from multi-asset strategies, in particular funds raised through the partnership with Fideuram, which were initially recognised as private debt and have been gradually deployed across the Group's different asset classes.

Breakdown of assets under management at 30 September 2020⁸

	Assets under management at 30 September 2020		Change on 30 September 2019		Change on 31 December 2019	
	Amount (€bn)	Weight (%)	In %	In € billions	In %	In € billions
Private debt	8.9	33%	+5%	+0.4	+3%	+0.2
Real assets	10.2	37%	+22%	+1.8	+11%	+1.0
Capital Market Strategies	3.9	14%	+10%	+0.4	+1%	+0.1
Private equity (a)	3.0	11%	+59%	+1.1	+48%	+1.0
Asset management	25.9	95%	+17%	+3.7	+10%	+2.3
Investment* (b)	1.3	5%	-36%	-0.8	-39%	-0.8
Total assets under management	27.2	100%	+12%	+2.9	+6%	+1.4
Total private equity (a+b)	4.3	16%	+9%	+0.4	+3%	+0.1

* For own account

⁷ The figures presented reflect the Group's best estimate at end-Sept. 2020 and may change slightly over time. They have been rounded for presentation purposes, which in some cases may result in rounding differences.

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About Tikehau Capital

Tikehau Capital is an asset management and investment group with €27.2 billion of assets under management (at 30 September 2020) and shareholder equity of €2.8 billion (at 30 June 2020). The Group invests in various asset classes (private debt, real assets, private equity and capital markets strategies) including through its asset management subsidiaries that act on behalf of institutional and private investors. Controlled by its managers alongside leading institutional partners, Tikehau Capital employs more than 570 people (at 30 June 2020) in its offices based in Paris, London, Amsterdam, Brussels, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo.

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

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