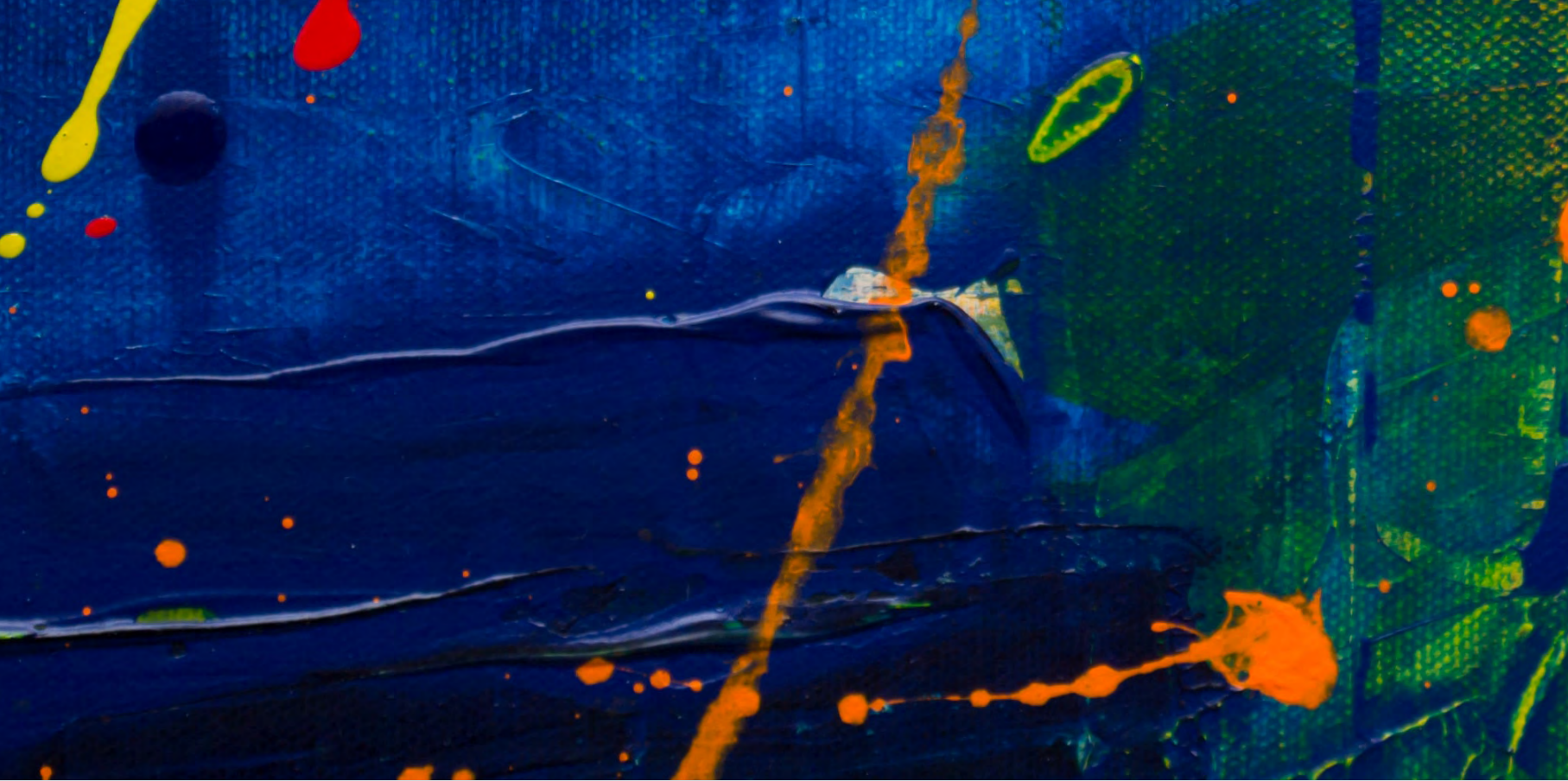
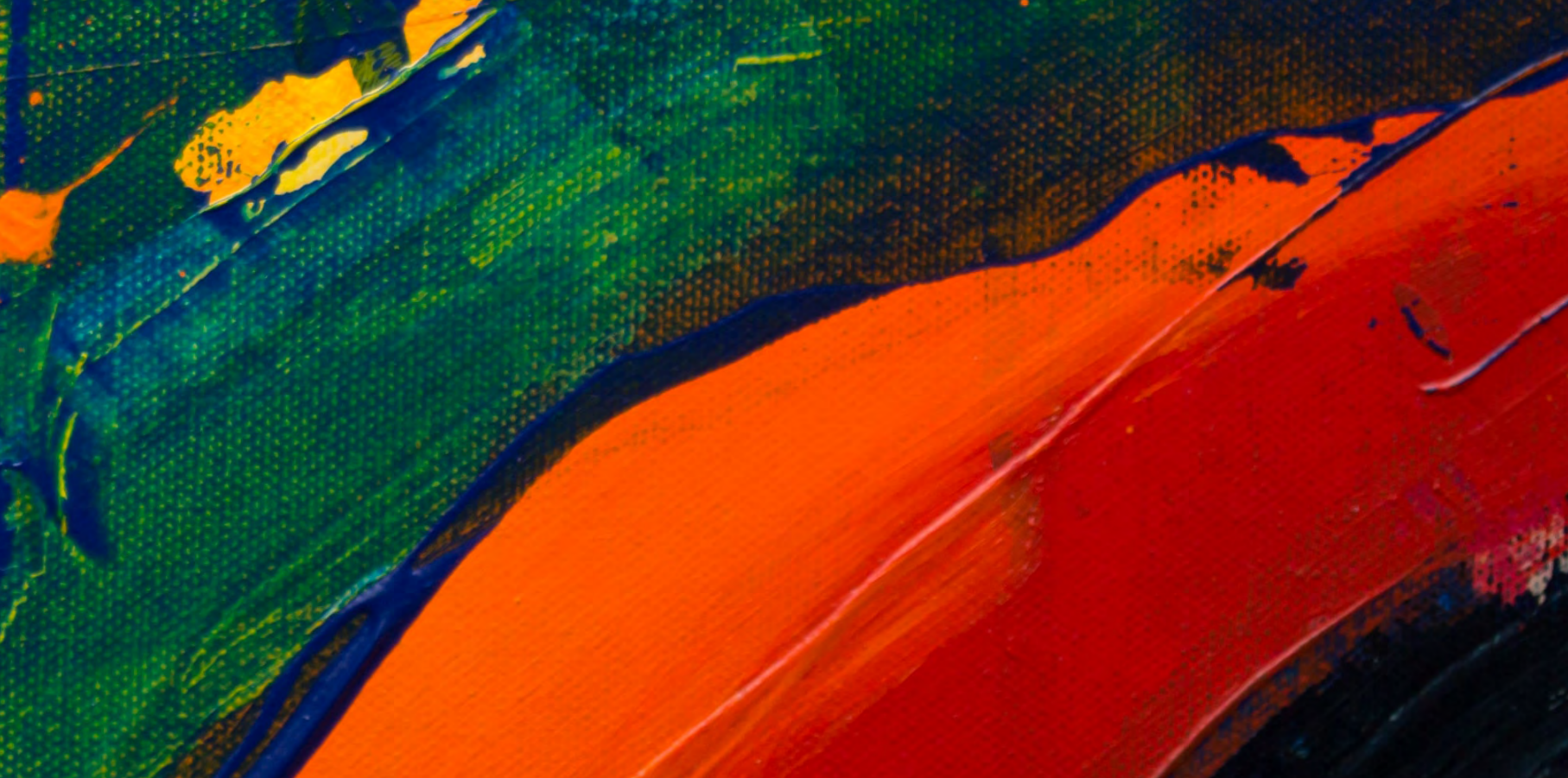

ACTIVITY
REPORT
2019



TK TIKEHAU
CAPITAL



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Profile

€25.8bn

Assets under management
+17% vs. 2018

€3.1bn

Group shareholders' equity
+35% vs. 2018

532

Employees

Tikehau Capital is an alternative asset management and investment group, and a pioneer and key European player in its field. By providing long-term financing solutions to its investor-clients and investing responsibly, **Tikehau Capital acts as a bridge between the world's savings and the financing needs of the real economy.**

For over 15 years, we have been developing our profitable growth model, consisting of strong capital as well as disciplined and selective investments in high-performance growth strategies. We work with expert teams in Europe, Asia and North America alongside our investor-clients, across four business lines: private debt, real estate, private equity and capital markets strategies.

We promote an original way of thinking and see our business lines differently. Harnessing this independent thinking and analysis allows us to offer conviction-driven asset management backed by strongly aligned interests between shareholders, management and investor-clients. By investing alongside our investor-clients, we place trust and mutual interest at the heart of our business activities. This proximity, combined with our entrepreneurial DNA, makes Tikehau Capital a unique player in its industry.

As at 31 December 2019

11

offices

Paris, Amsterdam, Brussels, London, Luxembourg, Madrid, Milan, New York, Seoul, Singapore and Tokyo

4

business lines

Private Debt

€8.6_{bn}

Private Equity

€4.1*_{bn}

Real Estate

€9.2_{bn}

of assets
under
manage-
ment

Capital
Markets Strategies

€3.8_{bn}

* Of which €2bn for the asset management activity and €2.1bn for the investment activity

+220

companies financed
in France and Europe

Over

€10_{bn}

in financing solutions
to develop the growth of SMEs

Shareholders

INSTITUTIONAL SHAREHOLDERS AND FREE FLOAT

Fonds Stratégique de Participations ¹	9%	SURAVENIR	2%
TEMASEK	4%	MACIF	2%
CARAC	3%	FFP Invest	2%
		Others	19%

41%

59%

SHAREHOLDERS' AGREEMENT

Management and employees	44%	Crédit Mutuel ARKEA	4%
MACSF	9%	Neufilize Vie	2%

¹ The FSP's shareholders are CNP Assurances, Société Générale Assurances, Groupama, Natixis Assurances, Suravenir, BNP Paribas Cardif and Crédit Agricole Assurances.

TKO
LISTED
EURONEXT

Outlook



**Antoine
Flamarion**



**Mathieu
Chabran**

Co-Founders of Tikehau Capital

What guides Tikehau Capital on a day-to-day basis?

AF: We aim to fulfil two crucial needs of our globalised ecosystems: generate returns on savings and finance the real economy. We are convinced that only the financing of truly sustainable projects can drive long-term growth and profitability. To be sustainable, companies must be profitable. To be profitable, they must be sustainable. Environmental, social and governance (ESG) factors have the same importance in our investment policy as economic, financial and operational factors.

MC: Our entrepreneurial DNA guides our actions. This unique asset ensures that our interests are aligned with our shareholders who place their trust in us, our partners

who entrust their savings to us, and with the companies that we finance. Our disciplined approach to investment, based on in-depth analyses rather than trends, guides us in our everyday work.

Tikehau Capital posted strong results in 2019. What is your assessment of this year?

AF: Tikehau Capital posted strong growth in 2019, with record net new money of €4.6bn. With €25.8bn of assets under management at the end of December, we exceeded our target for 2019, consolidating our leading position in alternative asset management in Europe and in financing the real economy.

MC: The Group also continued to expand its range of funds and attract investor-clients from different backgrounds. International investors accounted for almost a third of assets under management at the end of 2019, compared with 16% four years ago. We are also opening up more broadly to retail investors, as demonstrated by the success of our InCA fund, which topped the €1bn mark this year.

To be
profitable,
companies
must be
sustainable.

How do you see the coming months, given the backdrop of uncertain global economic growth?

AF: The Covid-19 pandemic is destabilising the international environment and weakening the global economy. However, we have begun the 2020 financial year with strength and determination. Our financial structure was robust at end-2019, with capital of over €3.1bn, available cash of €1.3bn and limited debt. We are well placed to be an active investor and grasp opportunities, specifically in the promising energy-transition sector.

MC: This strong balance sheet, combined with our careful approach to each investment decision, the agility inherent to our entrepreneurial spirit and our long-term outlook set us apart and enable us to address the uncertain market environment. We are confirming our target of €35bn in assets under management by 2022.

Our roadmap

Maintaining dynamic, profitable and sustainable organic growth

- Continue to develop existing asset classes
- Innovate to expand the product range, the investor-client base and marketing approaches
- Increase the international footprint
- Invest selectively and sustainably, to generate long-term performance
- Increase revenue and profitability from the Asset Management activity

Deploy the Group's capital to create value

- Increase the Group's investments in its funds and strategies
- Continue the rotation of the investment portfolio
- Make selective acquisitions

The values that guide us

Proximity
Sustainability
Diversity
Independence

A virtuous business model

Long-lasting
resources

A long-term
financial
partner

Creating
sustainable
value

A MULTI-LOCAL PLATFORM

11 countries

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

Global **sourcing** of investment
opportunities

HIGHLY DIVERSE EXPERT TEAMS

532 partners and employees

14 years' experience on average

25 nationalities

44% share of women in the workforce

4 BUSINESS LINES

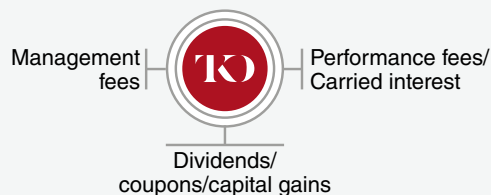
that contribute to financing
the economy

Tikehau Capital directs global
savings towards

financing
the real economy

and supports the vitality of businesses

3 DRIVERS FOR CREATING FINANCIAL VALUE



CONVICTION-BASED MANAGEMENT



+€10bn

in financing solutions to develop SMEs



Developing a dedicated impact and thematic
investment platform with a clear focus
on the **energy and ecological transition**
by capitalising on the **first major private equity
fund** focused on this issue

An entrepreneurial DNA:
alignment of interests between shareholders,
investor-clients and management

A SOLID FINANCIAL STRUCTURE

Assets under management
€25.8bn

Available cash
€1.3bn

Group shareholders' equity
€3.1bn

Net result - Group share
€178.7m

AT END-2019

LEADING INSTITUTIONAL SHAREHOLDERS COMMITTED OVER THE LONG-TERM

LONG-TERM SUPPORT

98%
of the assets under
management in closed-ended
funds committed for 3 years
or more

over 220
companies financed
through our long-term
strategies

44% OF CAPITAL CONTROLLED BY THE MANAGEMENT AND EMPLOYEES

LONG-TERM OBJECTIVES

Reach
over €35bn
in assets under management

Achieve a net operating
profit **above €100m**
from Asset Management
activities

BY 2022

61% OF OUR PORTFOLIO INVESTED IN OUR STRATEGIES ALONGSIDE OUR CLIENTS

A solid balance sheet



Henri Marcoux,
Deputy CEO of Tikehau Capital
CEO of Tikehau IM

How did Tikehau Capital fare in 2019?

The Group achieved strong growth in 2019, with major progress in three fundamental areas.

Firstly, our asset management activity enjoyed many successes. This gave Tikehau Capital a record year in fundraising, with €4.6bn in net new money, a significant rise of 24% compared with 2018. This dynamism, combined with the change in our business mix (which now focuses more heavily on private equity and real estate) and a moderate growth in operating costs, generated a strong increase in our profitability.

The Group was also active in terms of investment, both within its funds and via the portfolio held on its balance sheet. The Group invested €3.5bn via the funds it manages, up 35% on 2018, while maintaining strict discipline in investment selection.

In addition, we actively rotated our portfolio, by making major value-creating divestments, (HDL-Développement, Spie Batignolles, JustCo, part of the investment in Eurazeo) and by continuing the strategy of aligning the interests of management, shareholders and investor-clients, bringing the Group's investments in its own strategies to 61% of the portfolio, compared with 48% in 2018. This is a priority for the Group, and one that sets it apart from other industry players.

Lastly, Tikehau Capital significantly strengthened its balance sheet to support its strategy. At 31 December 2019 we had available cash of €1.3bn, thanks to the successful €715m capital increase completed at the end of June and the €500m bond issue in the fourth quarter. As a result, our equity increased 35% to €3.1bn at the end of 2019. We are convinced that having significant capital is key to the longevity of our growth model and prepares us for economic cycles.

The future is full of uncertainty; does this affect your ambitions?

The alternative asset management sector is supported by structurally promising trends (the need for savings diversification, ageing populations, appetite for alternative assets, etc.) and in 2019 we exceeded our forecasts. Since its creation in 2004, Tikehau Capital has proven its ability to perform well in varied economic scenarios. Our investment policy is driven by caution, discipline and selectivity. Therefore, our targets for 2022 remain the same: over €35bn in assets under management for the Group and a net operating profit from the asset management activity of over €100m. The strength of our balance sheet gives us the freedom to take initiatives. We remain vigilant and we will carefully and selectively examine all investments, as we have always done.

€5.2_{bn}

Dry powder*

** Available capital that can be used by funds to quickly seize market opportunities*

€1.3_{bn}

Available cash

€3.1_{bn}

Shareholders' equity

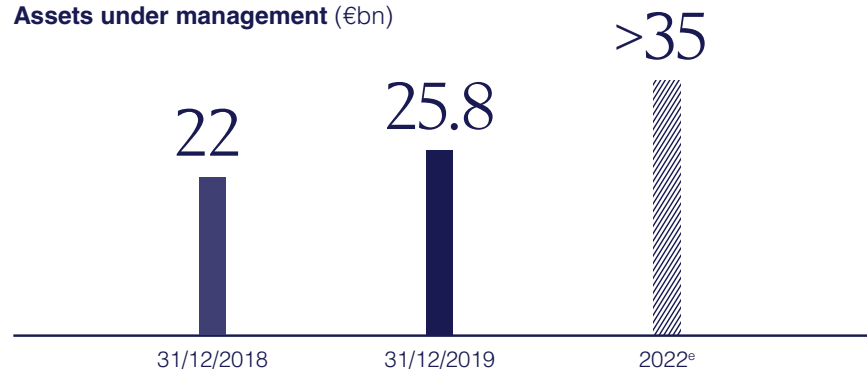
€500_m

Undrawn credit lines

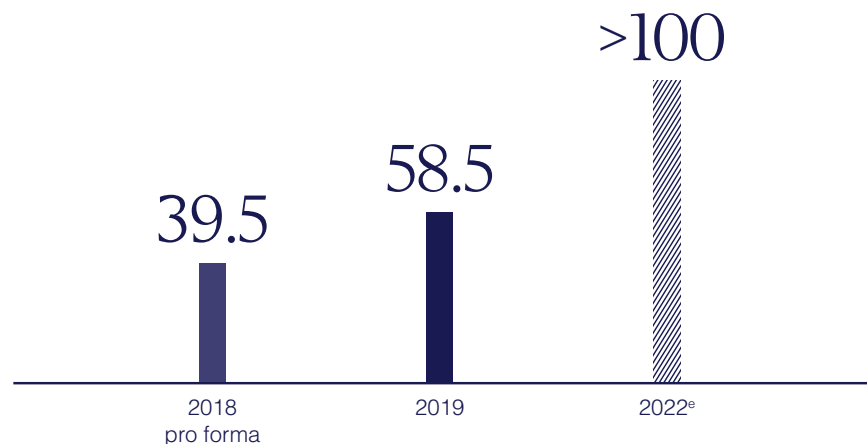
As at 31 December 2019

Confirmation of the 2022 targets

Assets under management (€bn)



Net Operating Profit from the Asset Management activity (€m)



Highlights

Fitch Ratings has highlighted the strength of the Group's financial profile, giving it an Investment Grade rating (BBB-, stable outlook).

January 2019

Acquisition of Homunity, the leader in real estate crowdfunding in France

This 100% takeover via its subsidiary Credit.fr enables Tikehau Capital to accelerate its growth, improve its position and diversify its offering in the booming crowdfunding loan market.

January 2019

Opening of an office in Japan

May 2019

The largest capital increase of the year in France

€715m final amount

32,500,000 new shares issued

The success of Tikehau Capital's capital increase, completed in June 2019, demonstrates the strong appeal of the model developed by Tikehau Capital for international investors and confirms the Group's growing global footprint.

The proceeds from this capital increase are intended to ensure Tikehau Capital's growth, with the following objectives:

- increasing its investments through its balance sheet in the Group's funds or co-investments with the Group's funds to create an alignment of interests between its balance sheet investments and the investments of its investor-clients and to contribute to the growth of its asset management activity;
- providing it with the additional financial resources to seize potential external growth opportunities in order to accelerate the growth of its asset management platform;
- enabling it to expand into new geographies;
- enabling it to continue to rebalance its business towards its Real Estate and Private Equity business lines; and
- expanding its product offering to incorporate additional alternative assets.

Inclusion in 3 Euronext Paris indices

CAC SMALL, CAC MID & SMALL and CAC ALL-TRADABLE

June 2019

Partnership with the Japanese life insurance group T&D Insurance Group

September 2019

€500m, 7-year bond issue

The success of this senior unsecured bond issue confirms the trust in Tikehau Capital's credit quality. Placed with a diversified base of around 100 institutional investors, it was 70% subscribed by international investors.

October 2019

Tactical Strategies: a cross-functional team to accelerate growth

During the third quarter of 2019, Tikehau Capital established a team to **carry out asset management activities across several asset classes**. The 'Tactical Strategies' team supports the strategy to broaden the Group's range of products, enhance its expertise and increase the number of investor-clients.

The new team's roadmap features two major objectives:

- Developing a range of "special situations" funds, with an opportunistic, multi-sector profile, which in some cases may invest in several different asset classes.
- Continuing to develop innovative solutions enabling new types of clients, particularly retail investors, to invest in private asset funds.

Headed by Maxime Laurent-Bellue (13 years' experience at the Group), the Tactical Strategies team has a wide and flexible remit, enabling it to deploy capital in various market situations and to act quickly.

First successes in 2019:

Partnership with Fideuram - Intesa Sanpaolo Private Banking, the largest private bank in Italy, which raised around €400m from around 3,000 private investors.

Launch of the Tikehau Special Opportunities II (TSO II) fund, dedicated to special opportunities.

A multi-local presence

Although Tikehau Capital has French roots, its investor-clients are now global. The Group very quickly adopted an international outlook, choosing to establish itself locally in its target markets. By developing a strong presence across multiple locations, the Group maintains close relationships with its investor-clients, increasing the number of investment opportunities and building a globally-recognised network of partners.

32%

International share of the assets under management at end-2019

NORTH AMERICA New York

Regional Head:
Timothy Grell



2019 highlights

- Formation of a **private debt** secondaries team
- **Takeover of the management of a fund of around €90m** investing in High Yield bonds issued by US mid-caps.

UNITED KINGDOM London

Regional Head:
Peter Cirenza



2019 highlights

- **First real estate acquisitions**
Two shopping centres close to London (Maidenhead and Orpington)
- **£23m (approx. €26m) invested in Medtrade Products Limited**, a medical devices company with recognised experience in the professional wound care market.

ITALY

Milan

Regional Heads:

Luca Bucelli and Andrea Potsios



2019 highlights

- **€29m invested in the capital of DoveVivo**, positioning Tikehau Capital as a major shareholder in one of Europe's largest co-living operators.
- **Over €400m raised for a fund designed to offer investment solutions on the European private markets to the retail clients** of Fideuram – Intesa Sanpaolo Private Banking, Italy's largest private banking network.

BENELUX

Amsterdam, Brussels and Luxembourg

Regional Head:

Edouard Chatenoud



2019 highlights

- **First real estate transaction in Belgium**
Acquisition of a mixed portfolio of real estate assets covering around 30,000m² in the centre of Brussels.
- **Financing of a consortium of investors, including the public investment company for the Flemish region (PMV), the public investment company for the Belgian state (FPIM), and Monaco Resources Group (MRG), for the acquisition of Euroports**, one of Europe's largest port infrastructure companies.

IBERIAN PENINSULA

Madrid

Regional Head:

Carmen Alonso



2019 highlight

- **First real estate acquisition in Spain**
Through IREIT Global, its listed subsidiary in Singapore, Tikehau Capital invested in four office buildings in Madrid and Barcelona, covering 72,000m².

ASIA

Singapore

Regional Head:

Bruno de Pampelonne



2019 highlight

- Strengthening of the Group's economic presence in Asia with the **acquisition by CDL, one of Singapore's leading listed real estate companies, of a stake in IREIT Global**, a real estate company that focuses on the European real estate market. Tikehau Capital and CDL have held over half of IREIT Global's capital since April 2020.

SOUTH KOREA Seoul

Regional Head:
Young Joon Moon



JAPAN Tokyo

Regional Head:
Sergei Diakov



2019 highlights

- **Opening of an office in Tokyo**

The Group expanded its footprint in Asia and forged closer relationships with Japanese financial institutions showing increasing interest in European private markets.

- **Tikehau Capital and T&D Insurance Group**

a leading Japanese insurance company, committed to a business and financial alliance to distribute Tikehau Capital's private debt products. The strategic partnership may be subsequently extended to other asset classes managed by the Group.

International Advisory Board

To support its international expansion, Tikehau Capital has set up an advisory body, the International Advisory Board, which since January 2019 has been chaired by Sir Peter Westmacott, former UK ambassador.

Composed of 13 members with a diverse range of political and economic backgrounds, the board meets several times a year to discuss the global economic and geopolitical outlook and analyse its potential impacts on the markets in which Tikehau Capital operates. These experienced individuals from a range of geographic areas provide the Group with enlightened points of view and recommendations to guide its growth strategies.

Members

- Sir Peter Westmacott (former UK Ambassador) – [United Kingdom](#)
- Stéphane Abrial (former Chief of Staff of the French Air Force and NATO strategic commander) – [France](#)
- Jean Charest (former Prime Minister of Quebec) – [Canada](#)
- François Fillon (former Prime Minister) – [France](#)
- Avril Haines (former US National Security Adviser and Deputy Director of the CIA) – [United States](#)
- Fu Hua Hsieh (Chairman of ACR Capital and former Chairman of Temasek Holdings) – [Singapore](#)
- Nobuyuki Idei (former Chairman of Sony Corporation) – [Japan](#)
- Margery Kraus (founder and Chairman of APCO Worldwide) – [United States](#)
- Enrico Letta (former Prime Minister) – [Italy](#)
- Lord Peter Levene (former Lord Mayor of London and former Chairman of Lloyd's) – [United Kingdom](#)
- François Pauly (Chairman of Compagnie Financière La Luxembourgeoise) – [Luxembourg](#)
- Kenichiro Sasae (former Japan Ambassador) – [Japan](#)
- Fernando Zobel de Ayala (Chairman of Ayala Corporation) – [Philippines](#)



Sustainable value creation

Our raison d'être

Financing economic vitality

We are committed to managing the long-term savings entrusted to us by financial institutions, public bodies and individuals around the world in a sustainable, efficient and responsible manner.

We invest these savings via bespoke and innovative financing solutions for companies. The aim of creating long-term value, the cornerstone of our strategy, leads our teams to provide capital or debt financing and investment solutions that meet the needs of companies, the lifeblood of our economies. Companies are selected on the basis of financial and operational data, as well as environmental, social and governance criteria.

The consideration of the impacts on society of portfolio companies is at the heart of the approach of Tikehau Capital and its employees, across all our business lines. Our multi-local presence enables us to finance the real economy and support the vitality of businesses.

Our objective is to promote the development and growth of businesses by offering them customised debt financing solutions (directly or through the capital markets), by investing in their capital and through the financial resources generated by purchasing and financing real assets such as real estate. In this way, we contribute to the functioning of the economy and global prosperity.



**Laure
Villepelet,**
Head of CSR/ESG

In the field of finance, ESG is often seen as a limitation, which can lead to cosmetic policies. Why place it at the heart of your model?

We are a conviction-based company. This is reflected in our investment and management policy and in everything we do. Beyond the effect of a simple statement, this means that we choose to base our decisions and actions on our own analysis, rather than relying on models or following trends.

With regard to sustainable development, we use highly pragmatic analysis at Tikehau Capital. The integration of ESG criteria enables us to improve the risk profile of the assets, minimise the volatility of portfolios, boost their appeal and increase the return on investment over the long-term. As such, we believe that ESG is simply common sense for any asset manager and even more so for any investor seeking long-term profitability and performance.

In concrete terms, how do you integrate ESG criteria into your business activities?

We value our independence to ensure our decisions are free of any bias. We are also committed to fully incorporating ESG analysis in the fundamental analysis of investment opportunities. We empower our investment teams to carry out an initial ESG assessment and in this context, we have chosen to develop our own ESG analysis grid, which is a by-product of our traditional proprietary financial grid, in line with our policy of high selectivity.

From the beginning, the Group's investment teams have incorporated good governance criteria in a highly practical way in their selection policy and in their management model, across our four business lines. We have therefore decided to enhance the knowledge of our employees concerning societal and environmental matters, with ongoing training on these topics remaining a major priority. All of our investment teams have both financial and extra-financial responsibilities.

With our approach based on industry and size-related criteria, we place ESG at the heart of investment decisions. We call it "ESG by Design", as the inclusion of ESG criteria is not limited to our labelled funds or products relating to ESG. It applies to all of Tikehau Capital's investments via the Group's asset management and investment activities.

All of our investment teams have both financial and non-financial responsibilities

We have also formally drafted our responsible investment strategy, which is incorporated in all of the company's activities. A Group ESG Committee manages the overall roadmap, and operational ESG committees have been set up for each platform to ensure that investment decisions are consistent.

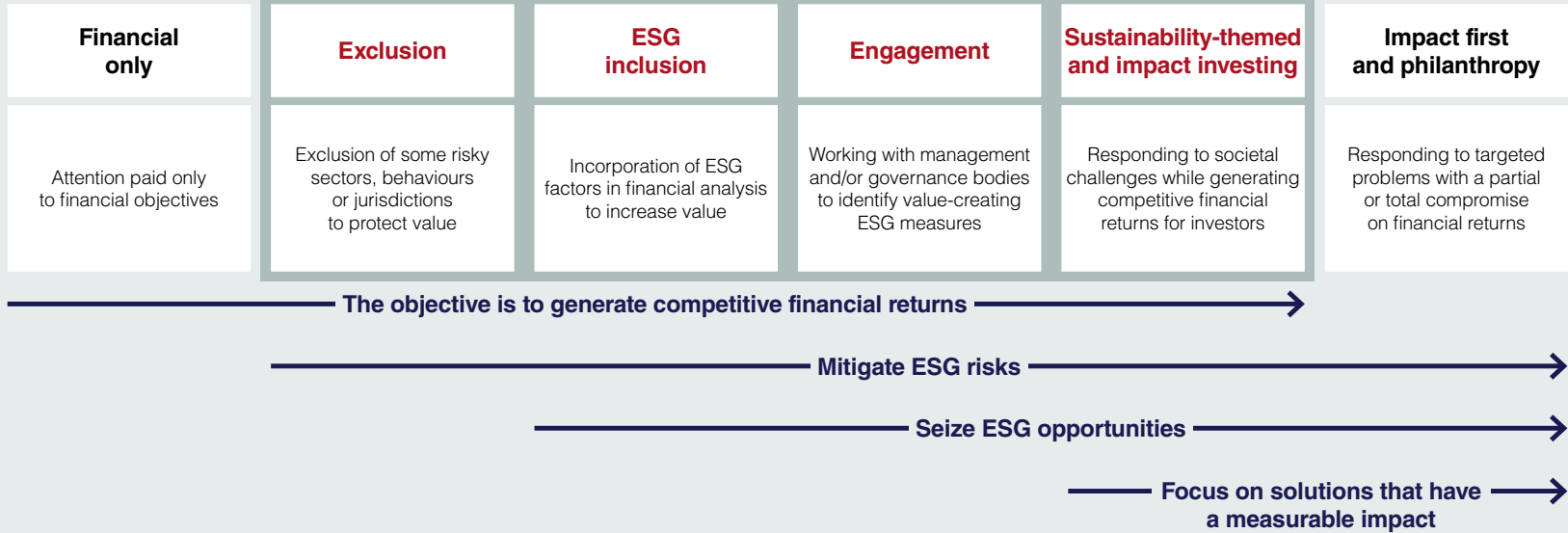
We took a step forward in 2019 through active dialogue with our stakeholders. These discussions led to the creation of our materiality matrix. The matrix enables us to identify our main priorities, such as our response to the climate emergency, via our investments.

What is the Group's outlook regarding ESG?

We are convinced that our role is to support economic growth. As such, the Group has set itself the objective of developing an impact platform focusing in particular on climate change and covering major social and environmental challenges. More generally, we are working to improve the way we measure the impact of investments and to raise awareness among the directors of the companies financed by Tikehau Capital, from the very beginning of the relationship.

Adopting a responsible investment policy

4 pillars



A+ rating in July 2019



10 labelled funds (ESG and ESG applicant fund status labels for open-ended and closed-ended funds)



Ranked 2nd out of 246 asset managers and custodians

Our human capital



Emmanuelle Costa,
Head of Human Capital

What is the human factor in a company such as Tikehau Capital

Asset management is first and foremost based on interpersonal relationships. On a day-to-day basis, we are not supporting "companies", "investments" or "assets", but teams, entrepreneurs, founders, investors and shareholders, each with a unique background and specific needs. The success of our projects hinges on the sum of these exchanges. Tikehau Capital employees, their expertise, experience, commitment, singularity, ability to listen and their vision are the company's most precious capital.

Since 2017, when Tikehau Capital was first listed, the Group's workforce has more than doubled...

That's right! The Human Resources Department has a key role to play in this context: supporting the Group's growth, specifically its international growth, enabling it to fulfil

its strategic ambitions. As in finance, this involves both external and internal growth!

It is a matter of attracting new expertise and the best talent, while paying special attention to soft skills. For example, the ability to embrace and promote a very entrepreneurial culture is essential for us. We value qualities such as curiosity, proactivity, initiative and the ability to come up with new ideas. Tikehau Capital's growth depends on the expertise of its employees and is supported by the collective intelligence that we stimulate. The managers who join us know how to motivate teams containing a varied range of profiles and backgrounds, by going off the beaten track.

The way that we **onboard** these new employees within the company also sets us apart. For over 15 years, the Group's steady growth has resulted in a welcoming and inclusive culture. Each new employee benefits from a process that gives them an understanding of our organisation, culture and strategy. It includes induction sessions and rotations enabling them to be involved in different teams. These processes are the glue of our organisation and promote cross-fertilisation and collective emulation.

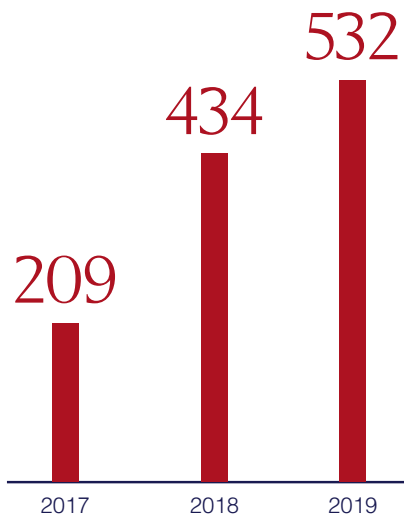
You mentioned "internal growth"...

This is also strategic in nature.

Naturally, we have to **develop** and **train** our employees. Working at Tikehau Capital means being part of a strong corporate learning culture, which promotes development and mobility. All employees have access to training and we support them in taking on new responsibilities, roles or jobs in different locations. We remain attentive to their needs and prefer to take a tailored approach rather than have standard processes, taking into account the skills and interpersonal qualities of each employee. This emulation is supported by a transparent yearly promotion process led by general management, which pays special attention to developing talent within the Group.

The second facet is **proximity**. Management and the Human Resources Department take a hands-on approach and work alongside the teams every day, gaining an in-depth understanding of each activity and the specific nature of their environment.

Rise in the number of Group employees



44% women

25 nationalities
in 11 countries

DIVERSITY BY DESIGN

At Tikehau Capital, we believe in a critical and original way of thinking, and we are convinced that a wide range of backgrounds and profiles feeds into this approach. This is why we pay particular attention to gender balance and diversity at all levels and in all of the Group's activities. Women account for 44% of the Group's workforce, holding 27% of senior management positions, double the industry average (only 12%*).

* Preqin, 2019

Some examples of activities led by women at Tikehau Capital



Debra Anderson
Head of CLO Activities



Olga Kosters
Head of Private Debt Secondaries



Carmen Alonso
Head of the Iberian region



Anne Le Stanguennec
Head of Internal Audit



Nathalie Bleunven
Head of Corporate Lending



Cécile Mayer-Levi
Head of Private Debt



Vanessa Brathwaite
Head of Leveraged Loans



Erika Morris
Senior Co-Portfolio Manager



Emmanuelle Costa
Head of Human Capital



Laure Villepelet
Head of CSR/ESG

Dynamic growth

Since its creation, Tikehau Capital has made the bold choice to structure its asset management activity around four high-performance alternative asset classes, with a clear objective in mind: to find the best risk-return balance to create long-term value for its stakeholders.



Thomas Friedberger,
CEO of Tikehau IM,
and Co-Chief Investment
Officer

At the end of 2018, your objective was to maintain growth across your four business lines. Did you achieve this?

Yes. We performed very well, both in terms of activity and profitability.

Assets under management have risen across all business lines, with an average growth rate of 17%. It was also a record year in terms of net new money in the asset management activity, totalling €4.1bn. This performance was driven by strong business momentum on existing funds and the successful launch of new products.

Since our initial public offering, we have achieved a better balance in our mix, in favour of real estate and private equity activities, which attract higher fees than average. Because the growth in our revenue has outpaced the rise in costs of our platform

(due to its growth), operating profit from the asset management activity increased 48% year-on-year on a like-for-like basis, amounting to €58.5m at the end of 2019.

We are well on the way to achieving another major milestone on our roadmap: the internationalisation of our investor-client base, with strong partnerships and major transactions, particularly in Italy and Spain.

Is your model a good fit for the current environment?

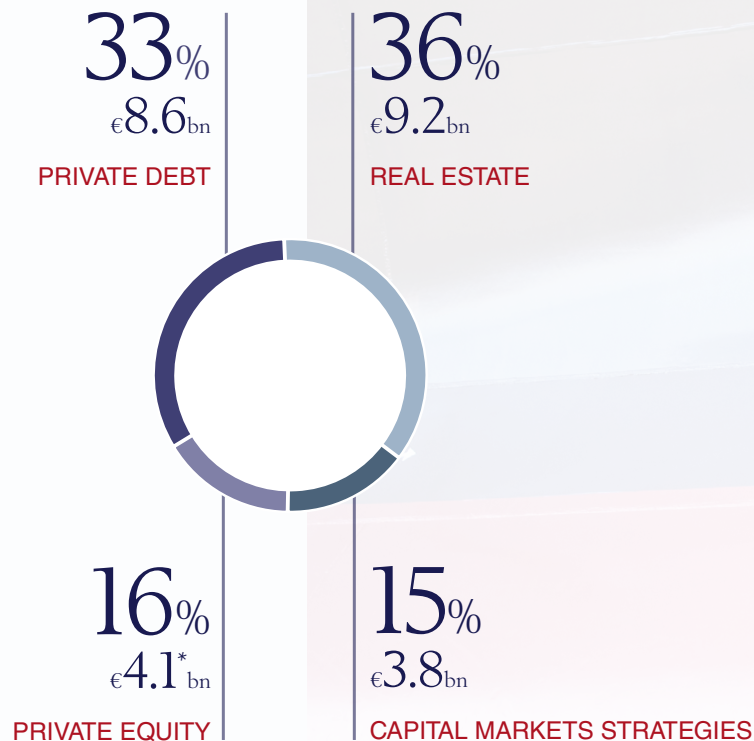
For around ten years, accommodating monetary policies may have given the impression that portfolio construction was a relatively simple way to generate performance. In response to the health crisis, increased volatility and the impending end of a 30-year low-rate cycle, asset management models are undergoing a transformation: value creation will no longer come from global asset allocation, but on the selection of intrinsic value within each asset class.

We had anticipated this trend. For over 15 years, we have been building a diversified investment portfolio with a high level of granularity, exposed to complementary asset classes selected with caution, discipline

Our successes
this year
demonstrate
the relevance
of our platform

and discretion. Our successes this year demonstrate the relevance of our platform, which has proven resilient to short- and medium-term market fluctuations, and its ability to generate sustainable performance through our expertise.

Breakdown of assets under management



As at 31 December 2019

^{*} of which €2bn for the asset management activity and €2.1bn for the investment activity

Private Debt

- **Financing solutions at all levels of the capital structure**
- Senior and stretched senior debt, unitranche financing, mezzanine debt and preferred equity.
- Main target companies
 - Revenues: €30m – €2bn
 - Value: €50m – €2bn
 - All sectors in Europe

For some years now, private debt financing offered by debt funds has been an attractive alternative to traditional sources of bank financing for companies seeking growth. As a European pioneer and leader in this booming sector, Tikehau Capital has one of the market's most experienced private debt teams to offer these companies solutions to finance acquisitions and growth.



Cécile Mayer-Levi,
Head of Private Debt

What were the highlights of the Private Debt activity in 2019?

In addition to the €300m increase in assets under management with €1.2bn in new money, we enjoyed several private debt successes over 2019.

The fourth generation of the Tikehau Direct Lending (TDL) fund, completed in the first quarter, was a success, attracting record new money of €2.1bn. This fund-raising is three times larger than the previous generation, in particular with over 70% of investors based outside France and 55% new entrants.

We finalised a fifth CLO (collateralised loan obligation) amounting to €440m, drawing on a selection integrating stringent financial and non-financial criteria, which also appealed to a very international investor base.

This positive development confirms the global appeal of our platform. These achievements reflect the quality of our team of expert credit

analysts and our ability to finance a diverse range of transactions in Europe.

We continue to actively monitor emerging, innovative sectors to continue to expand our offering and base of investor-clients. The acquisition of Homunity, France's leading real estate crowdfunding provider, is a good example of this. This new asset, acquired via our subsidiary Credit.fr, enables us to further consolidate and expand our platform of loans to the economy and to expand our financing offering for macro-businesses and SMEs as well as property development.

What is the outlook for 2020?

Several projects are under way, including the launch of the fifth-generation direct lending fund and the launch of a secondary private debt fund, in a market which is still immature and in which the Group can bring to bear its recognised private debt expertise and experience.

Finally, the launch of a private debt impact fund, in line with our strong convictions on climate change, will finance companies developing projects that contribute to the emergence of a more sustainable, inclusive economy, specifically via low-carbon projects and sustainable jobs.



This positive
development
confirms
the global appeal
of our platform.



Private Debt

Supporting entrepreneurs by aligning interests

Tikehau Capital's entrepreneurial spirit allows it to benefit from an immediate understanding of the needs of the companies it finances. This attitude, combined with the Group's desire to align the interests of different stakeholders, lays the foundations of a long-term partnership with entrepreneurs, founding families, directors, and other players.

In 2019, the Group joined forces with Banco Santander to provide €134m in financing to support the Carrillo family's acquisition of minority shareholders' stakes in **Mecalux**, a leading Spanish company, and also to refinance the company's existing debt.

Founded in 1966 by José Luis Carrillo, Mecalux is a global supplier of metal racking and shelving and automated storage solutions. The company serves around 20,000 customers in over 70 countries and manages 11 production sites in Spain, Poland, the United States, Mexico, Argentina and Brazil.



Making a commitment alongside companies to their transition towards a model that combines profitability and sustainability

Europe's **2nd** largest*
provider of financing to SMEs
and mid-caps (excluding banks)

* Source: AlixPartners European Mid-Market Debt Report - H2 2019

€**8.6**bn
in assets under management*
+4% vs. 2018

* Direct Lending + Leveraged Loans
including CLO activities

When Tikehau Capital began working with **ba&sh**, a Parisian clothing, shoe and accessory brand, providing it with unitranche financing, the Group considered non-financial criteria in upstream analyses and in the ongoing monitoring alongside the company. In addition to financial and operational support, the Tikehau Capital teams also provide ba&sh with their experience, expertise and tools.

The teams encourage business models combining financial and non-financial performance. Since 2019, the Group has been providing regular support to ba&sh in its ambition to further accelerate a deep structural insetting* approach, including a plan to transform the supply chain, traceability, new consumer trends (second hand), and the move to a HQE-certified logistics platform.

This year, the private debt teams also broke new ground with the launch of the first private debt impact fund. This will mobilise investments in the transition towards a more sustainable and inclusive economy alongside portfolio companies.

* Consisting in addressing an imbalance or internally offsetting the negative impacts of growth

Real Estate

- **Investment in all classes of real estate assets** (offices, retail, logistics, hospitality, residential), existing or to be redeveloped based on Core, Core+ or Value-Added strategies
- Strong performance by our subsidiary Sofidy, a leader in the French SCPI market

Since 2008, interest rates have made real estate an attractive sector for capital investors seeking high returns. With solid expertise and a strong track record, Tikehau Capital focuses its strategy on real estate assets (retail, hotels, offices, logistics parks, residential real estate and industrial plants) selected for their ability to generate strong long-term performance.



Frédéric Jariel,
Co-Head of Real Estate

What were the key events of the past year?

Tikehau Capital's real estate business accelerated in 2019, both in terms of new money and investments.

We continued to market Tikehau Real Estate Opportunity 2018 (TREO 2018), our discretionary real estate fund with a value-added strategy, with assets under management of €570m at the end of 2019. Six investments were made through this fund in 2019: in France, Belgium and – for the first time for the Group – the United Kingdom. As a reminder, the TREO 2018 value add strategy focuses on three main areas: commercial real estate, hotels and the conversion in uses and/or redevelopment of assets in the European market.

In December, we completed fund-raising of approximately €180m for a residential joint real estate investment vehicle in France.

We also wound up the Tikehau Real Estate 1 fund, with a return on investment of 1.9x for its investors.

Lastly, the strong capital in-flow on the retail investor funds managed by Sofidy, acquired by the Group in December 2018, resulted in net new money of €1.1bn in 2019 and a 22% increase in assets under management during the year to reach €6.2bn. Sofidy, a major French player in real estate asset management, had an excellent year. Meanwhile, Sélectirente, a listed real estate company focused on high street retail assets, completed a successful €217m capital increase. Following the transaction, Tikehau Capital held 37.47%* of the capital of Sélectirente.

How do you see the near future?

We will continue to deploy our knowledge in launching co-investment vehicles dedicated to specific asset portfolios.

More broadly, we will not deviate from our strategy of high selectivity, driven by proprietary analysis grids, particularly for ESG criteria, and managing our positions with conviction. To that end, we will harness our innovative approach and our bespoke structuring ability, backed by a solid track record.

** together with Sofidy, GSA Immobilier, Sofidiane, Makemo Capital, AF&Co, Antoine Flamarion and Christian Flamarion 52.07%*

Real estate business accelerated in 2019



Real Estate

Redeveloping well-situated assets to release their full potential

In March 2019, Tikehau Capital announced the acquisition of **Nicholsons Shopping Centre** in Maidenhead, 42km west of central London. Covering 17,650m² on a site of around 1.8 hectares, it has 68 big-brand stores. The redevelopment of the centre and the shift towards more residential-oriented purposes will be part of the town's ambitious development and revitalisation policy.

Tikehau Capital's first real estate transaction completed in the United Kingdom, the acquisition of Nicholsons Shopping Centre is a key step in the development of the Group's activities in the country in line with its approach to sustainable value creation.



Responsible investment: an opportunity for value creation

€9.2_{bn}
in assets under management
+21% vs. 2018

2,417
projects analysed

Over and above regulatory constraints, ESG criteria, when fully incorporated in an already-robust fundamental management process, prove to be strategic assets in an investment policy. For example, improving the energy efficiency in buildings contributes to adding real value for investors given that the resulting lower costs make the assets more attractive.

Driven by this conviction, **IREIT Global**, the listed real estate company in Singapore managed by Tikehau Capital, has included an ESG clause inspired by France's green leases to increase the transparency of building consumption (energy, water, waste) and identify areas for improvement.

The Tikehau Real Estate Opportunity fund transforms obsolete assets into next-generation buildings which are more environmentally friendly and help to revitalise urban areas.

For the entire Group, a responsible real estate investment charter has been drawn up, formalising the incorporation of ESG criteria at all stages of the investment cycle.

The Group's convictions are also reflected in its subsidiaries. **Sofidy's** themed equities fund dedicated to sustainable cities (S.YTIC) invests in companies involved in managing the ecosystems of large cities and their long-term expansion.

Private Equity

- **Supporting the development of growing unlisted companies in Europe**
- Positioned as an active minority investor - situations without taking over control
- Operating in a wide range of sectors and geographies

Tikehau Capital supports private companies with major growth potential by offering them stable capital and operational support, to add decisive, long-term value. Its expertise is put at work in a fund dedicated to growth capital and sector-based funds (energy transition, medtechs, aerospace and cybersecurity).



Emmanuel Laillier,
Head of Private Equity

How would you sum up your activity in 2019?

It has been extremely positive. It was a remarkably dynamic year for private equity in all of the countries in which Tikehau Capital operates, in terms of both fundraising and investment.

We reviewed 742 proposals, 29 of which were signed off, for a conversion rate of 3.9%. This reflects our high selectivity in choosing our investments.

Our objective was to increase our contribution to the Group's assets under management, which rose by €800m over the year (67% for the asset management scope).

In growth capital, we continued to raise funds in our Tikehau Growth Equity II fund, totalling €370m at the end of 2019.

The launch of the Tikehau Growth Equity Secondary fund was also a success. Our first secondary private equity fund raised

€245m and was oversubscribed by a diverse base of French and international investors. There were also three exits: Spie Batignolles (2.3x), Assystem (2.5x) and JustCo (8.3x).

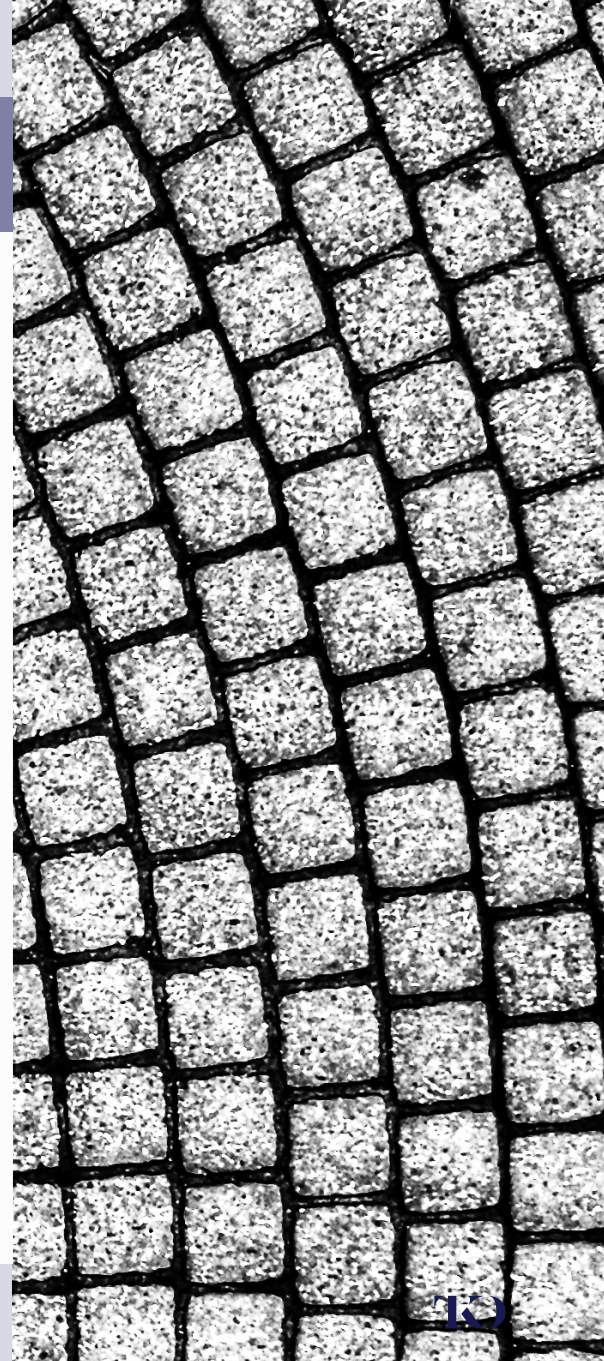
Our T2 Energy Transition fund continued its momentum in raising new money in 2019, reaching €510m in assets under management. At 31 December 2019, T2 had completed investments to improve energy efficiency in three sectors – retail, industry and construction: in France in GreenYellow and the Rougnon Group and in Ireland with Crowley Carbon.

ACE Management, acquired at the end of 2018, completed in 2019 the first closing of Brienne III, France's first private equity fund dedicated specifically to cybersecurity, for €80m. This brought ACE Management's total assets under management to €327m at the end of 2019.

What are your ambitions for the future?

We want to pursue and strengthen Tikehau Capital's proactive ESG policy and replicate it in all our segments. The aim is to drive portfolio companies towards a progressive approach by supporting them in the definition of sustainability roadmaps and measuring their impact. The investment teams will be able to monitor highly material criteria throughout the investment, in ongoing consultation with management.

A remarkably
dynamic year
for private
equity



Private Equity

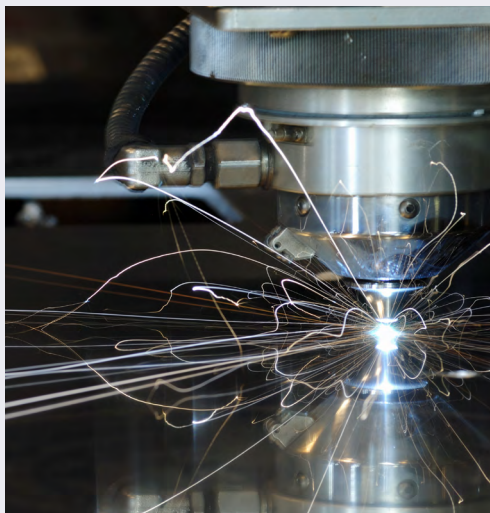
Support that goes beyond financing

Since its creation, Tikehau Capital has strategically chosen to position itself in growth capital, which involves supporting high-potential SMEs and mid-caps with proven profitability in realising their ambitions. In addition to financing, the Group provides them with resources, while remaining a minority presence alongside the management teams, often entrepreneurs or founding families.

In 2019, after making an initial investment of €38m in **ADDEV Materials**, a manufacturing company, the Group also supported it in external growth transactions in Germany, the United Kingdom and the United States.

Specialising in the customised conversion and cutting of high-performance materials (insulation, film for technical applications, adhesives, foams, sealants, etc.), ADDEV Materials has 500 employees and generates annual revenues of almost €110m, the latter having doubled in five years through strong international expansion.

The decision to support the growth of companies via minority investments is guided by Tikehau Capital's fundamentals: an entrepreneurial spirit and the desire to align the interests of all stakeholders.



Growth and the climate emergency: the role of private equity

€4.1^{*} bn
in assets under management
+46% vs. 2018

** Of which €2bn for the asset management activity and €2.1bn for the investment activity*

742
projects analysed

\$67 trillion. This is the financing needed by 2040 to keep global warming below 2°C as per the Paris Agreement. The energy transition thus presents a major investment opportunity, which Tikehau Capital chose to seize by creating a private equity growth fund dedicated to this theme in 2018.

In partnership with Total, the T2 Energy Transition fund aims to support mid-sized European energy transition players in their growth, transformation and expansion. It focuses on clean energy, low-carbon mobility and improved energy efficiency, storage and digitalisation.

T2 offers companies a long-term outlook to generate growth and create jobs. In addition to financial support, the investment team positions itself as a partner to support managers in incorporating ESG-climate issues. This results in high-impact roadmaps to support the sustainable growth of businesses. The Group thus offers an effective response to the climate emergency, without making any concessions on financial performance.

At the end of 2019, T2 totalled €510m under management and had completed three investments in Europe.

Capital Markets Strategies

- **Credit:** High Yield, Investment Grade corporate and subordinated instruments
- **Equities:** Selection of equities from all market capitalisations

Through its Capital Markets Strategies, Tikehau Capital covers two segments: fixed income investments as well as balanced management and equities. By choosing to operate using open-ended funds, i.e. funds from which investors may withdraw at any time, the Group has opted for a differentiating model, driven by its fundamental investment approach and flexible, dynamic management, freeing itself from the benchmark.



Jean-Marc Delfieux,
Head
of Fixed Income
Investments



Vincent Mercadier,
Head
of Diversified
Strategies
and Equities

What were the key outcomes of 2019?

Our assets under management rose 15% over the 2019 financial year, to €3.8bn at 31 December.

Our funds continued to perform well. This was especially true of Tikehau Income Cross Assets (InCA), whose assets under management grew by 2.5 times over the year, reaching €1bn by the end of 2019! This record new money was mainly driven by subscriptions from private investors, particularly through private bank networks.

On the credit side, we continued to develop our expertise in fixed maturity funds. Tikehau 2022 doubled its assets under management and was one of the best-performing fixed-maturity European funds, outpacing the performance of the High Yield benchmark index, its main market of exposure.

2019 saw growth not only in results, but also in resources and expertise. We expanded our range with a team specialising in High Yield bonds issued by US mid-caps. We strengthened our franchise in North America by incorporating, at our New York office, the two managers of the fund, each with over 20 years' experience in this asset class. This adds to our existing presence in the segment in Asia and Europe, bringing us global expertise.

The market forecasts for 2020 are still highly uncertain. How are you approaching 2020?

Confident and rigorous. The construction of the range of open-ended funds managed by the Group allows it to respond to any market situation, especially in anticipation of a downward trend.

In the future, we will continue to expand our range, offering investor-clients new non-daily liquidity funds exposed to capital markets, the new vintage of our fixed maturity funds, Tikehau 2027, as well as a High Yield long-only fund with a global mandate.

2019 saw growth not only
in results, but also in resources
and expertise



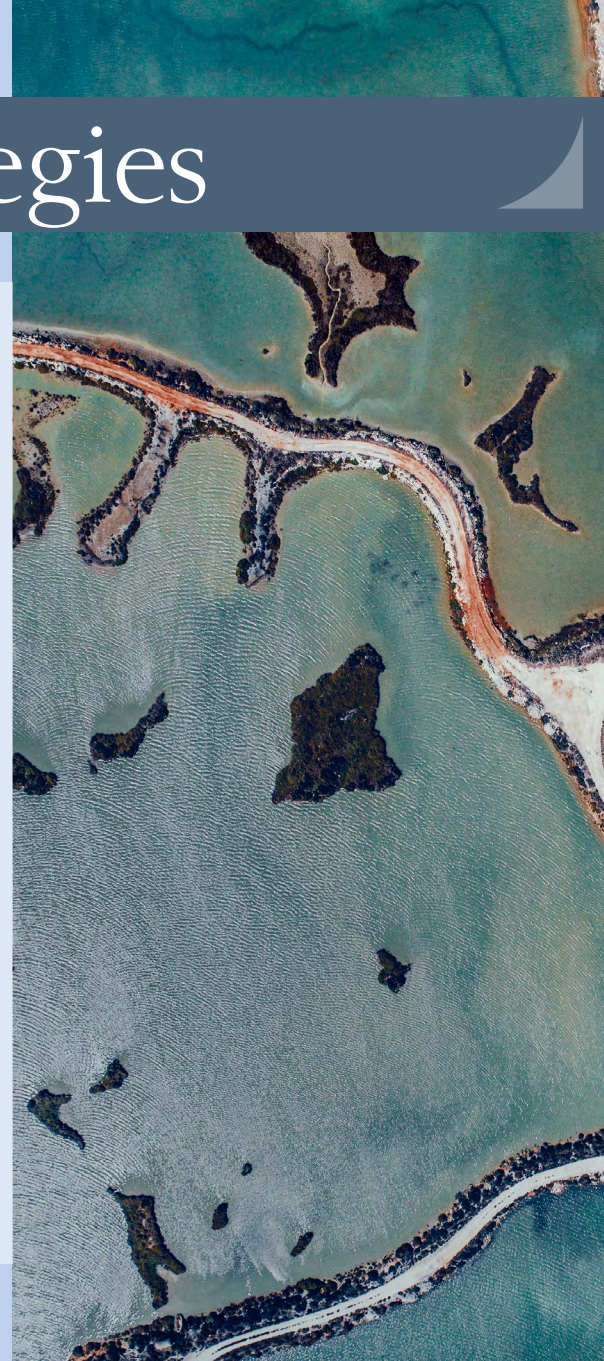
Capital Markets Strategies

Management with conviction: daring to seek long-term performance

Tikehau Capital has a pioneering and entrepreneurial approach, which guides its day-to-day investment approach and sometimes leads it to swim against the tide. As regards the diversified mutual fund (SICAV) Tikehau Income Cross Assets (InCA), the decision to focus the fund on long-term investments may have seemed daring. However, it has turned out to be for the best.

InCA began with €35m in 2011, when Tikehau Capital took over its management. It rose to €392m at the beginning of the year, then to €1bn at the end of 2019. Over the last five years, the fund has had a compound annual growth rate of 3.3%, and has a wide range of investors, including insurance companies, banks and asset managers. This long-term management, which generated returns deemed attractive while proving resilient in a recession, won plaudits in 2019. The mutual fund (SICAV) was awarded first prize in the "EUR Allocation Fund" category by Morningstar and received the LuxFLAG ESG label.

On the credit side, the Tikehau 2022 fund also adheres to this approach. This French fixed maturity bond fund invests in international private bonds with a residual maturity of 6 months or less at the end of 2022. Its objective is to secure net performance in excess of 3.5%, excluding default, with an investment horizon of over 5 years. Proposing a value-based approach to credit and active management by experts in fixed maturity funds, Tikehau 2022 doubled its assets under management in 2019, to reach €190m at the end of the year. It was one of Europe's best-performing fixed maturity funds, outpacing the performance of the High Yield benchmark index, its main market of exposure. It was also awarded the LuxFLAG ESG label.



Independence: the key to performance

€3.8_{bn}
in assets under management
+15% vs. 2018

10
funds awarded the LuxFLAG ESG label

€1_{bn}
assets under management
by the Tikehau InCA fund

Convinced that non-financial analysis is inseparable from financial analysis, Tikehau Capital has chosen to conduct non-financial analysis according to the same philosophy: by developing a proprietary methodology, based on an in-depth study carried out by in-house research teams, of the companies and the sectors in which they operate.

This independence results in a strength that sets us apart. It enables the Group to build original portfolios and manage more concentrated funds which deviate significantly from the benchmarks. It also enables us to support companies that do not necessarily publish non-financial data but which we consider, on the basis of our proprietary analysis, are operating sustainably from an ESG standpoint.

Independence is also a source of financial performance over the long-term. Fully integrating these criteria into the overall analysis helps reduce a company's risk profile, thereby improving its performance.

Beyond business lines

Through its policy of partnership and philanthropy, Tikehau Capital proactively supports initiatives and projects that reflect its values, or respond to pressing issues. A cross-functional working group dedicated to philanthropy has identified young people and social entrepreneurship as priority areas for its partnerships.

Youth solidarity days

Since 2014, around 12 solidarity days have been held, attracting over 170 participants. In 2019, Group employees held events in Paris, London, Madrid and Singapore.

In 2019, the London office continued to support **Bright Centres**, an organisation that helps young people from London's disadvantaged districts to resume their studies and find jobs.

In Singapore, Tikehau Capital and IREIT teams helped autistic children from the **Pathlight School** participate in an extra-curricular culinary activity **for the second year running**.

Employees in Madrid launched a partnership with **Fundación Exit** to support young people forced to abandon their studies prematurely find employment opportunities.

Tikehau Capital takes part in the first Institut de l'Engagement campus

This informal residential event held over three days was attended by 300 Institut de l'Engagement laureates and 150 to 250 corporate professionals. The Group organised two workshops to introduce the Institute's laureates to finance in a unique way and discuss their expectations and perception of this sector.

Participation in the campus is the first aspect of the partnership with the Institut; Tikehau Capital teams are also involved in selecting future laureates and welcoming interns to the company.

The **Institut de l'Engagement** enables young people having shown the potential to build an ambitious future during a period of civic engagement. It helps thousands of young people build and structure their future plans. It is supporting 700 of them – "the Institute's laureates" – through a comprehensive programme designed to bring their plans to fruition.



Social entrepreneurship - Imparting the courage of entrepreneurship for the common good

Since 2018, the Group has supported **Entrepreneurs du Monde**, an organisation that works towards the economic inclusion of financially vulnerable families by offering microfinance services and support in setting up micro-businesses and by facilitating access to clean energy.



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