



# Q1-2020 Results

Presentation – Conference Call for Analysts & Investors, 12 May 2020

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## Glossary

€ = Euro

\$ = (US)Dollar

% = percentage

a = actual

acc. = according

adj. = adjusted

aggr. = aggregated

approx. = approximately

c(a) = circa

e = expected

(F)Y = (financial) year(s)

H = half year(s)

LTM = last twelve months

M = month(s)

Q = quarter(s)

k = thousand(s)

m = million(s)

bn = billion(s)

## COVID-19 Key Consequences & Ambitions

### **Responsibility**

- Safety and healthiness for staff and clients as well as maintenance of operations and quality

### **Resilience**

- Change of near-term focus from active growth to consistent corporate de-risking
- Preserve liquidity, safeguard financial flexibility and limit balance sheet exposure

### **Recovery**

- All market drivers intact
- Shifted transactions facilitate significant catch-up effects for 2021

## Solid Start in 2020 Followed by Increasing Market Turmoil

- Decent set off in January and February followed by dynamic impact from COVID-19-pandemic in March
- Nearly complete market slow down in real estate investment
- >2% organic growth on RE AuMs



**Nils Huebener**

New CIO since 1 April 2020

## Distinct Market Slow Down since March

- Near-term uncertainty and potential macro impact
- Credit crunch & variance in valuations
- Reluctant client sentiment

## Various Segments Show Different Vulnerabilities

### **Retail, hotel and leisure**

- Partly rent postponements/losses (on fund levels)

### **Residential**

- Very defensive product

### **Logistics and office**

- Very limited impact

### **Micro Living**

- Student homes depend on universities re-openings
- Standstill in Spanish projects
- Temporary reduced occupancy in serviced apartments

## Sneak Preview on Upcoming Months

- Since May, prudent steps to re-start public life
- Clients will very carefully observe the situation, especially in segments like hotel or retail
- General focus will stay on core and core+ (residential, logistics and office in top cities)
- Investments in micro living might start later this year
- We expect interesting market opportunities to materialise over the next six to twelve month

## Virtual AGM

- On 5 June 2020 as an entirely virtual meeting
- Main topic: election of a new Supervisory Board
- Distribution of FY 2019 waived due to focus on preservation of liquidity

## Supervisory Board Candidates: Focus on Competences, Independence and Diversity\*



**Dr. Georg Allendorf** (candidate for Chairman)  
Former Head of Real Estate Europe at DWS

**Dr. Gabriele Apfelbacher**  
Former Partner at Cleary Gottlieb Steen & Hamilton



**Timothy Blackwell**  
Former Head of Real Estate IM at Credit Suisse

**Marc Driessen**

CEO, Bloxxter, former MD of HansalInvest



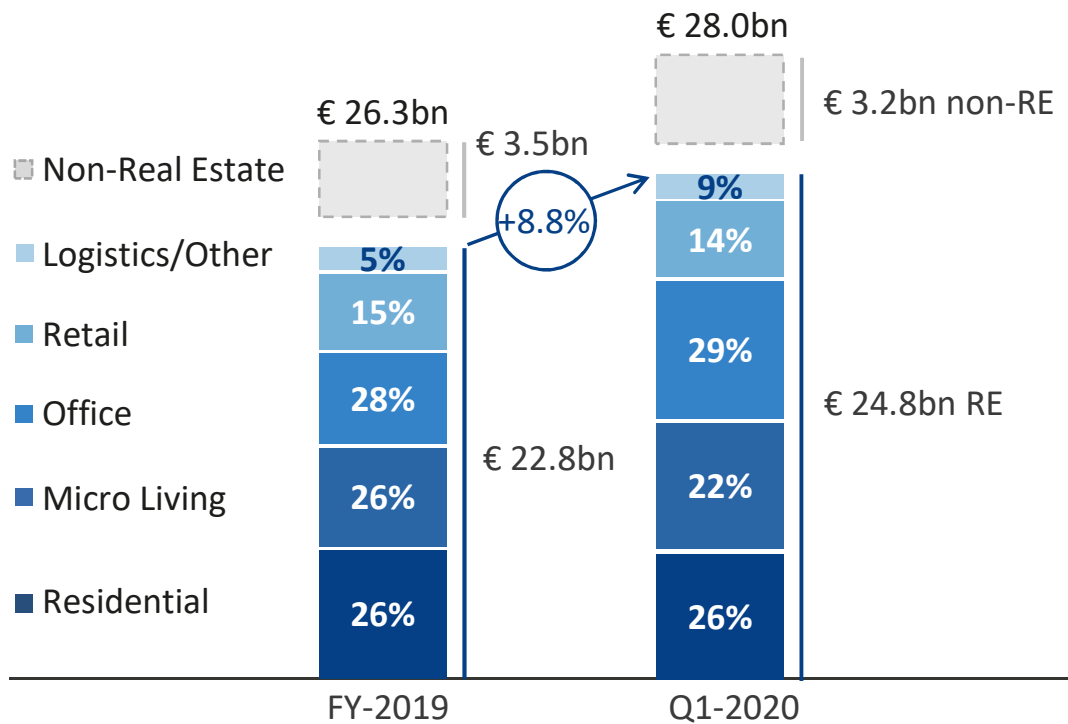
**Olaf Klinger**  
CFO of Symrise

\* Further information and full CVs on our website

# Assets under Management on Record High

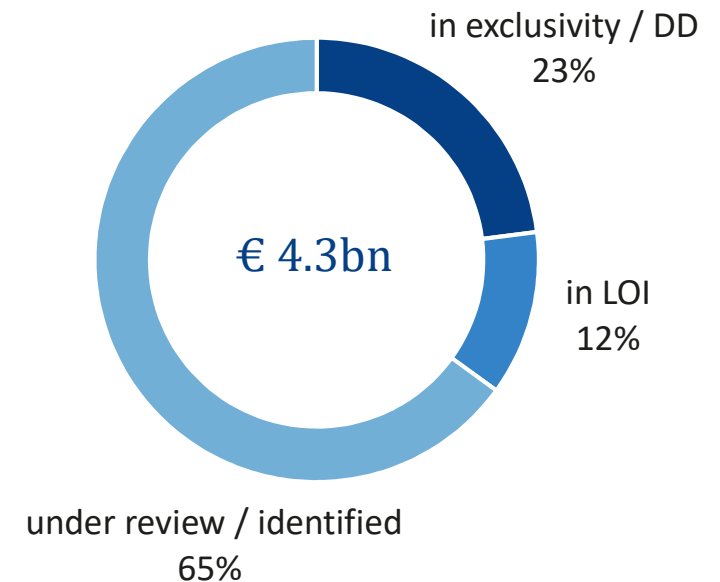
## Assets under Management

- +2.2% net organic growth in RE AuM in Q1-2020
- STAM added initially net c € 1.4bn in AuM
- Planned decrease in non-Real Estate AuM of € -0.3bn



## Sourcing pipeline

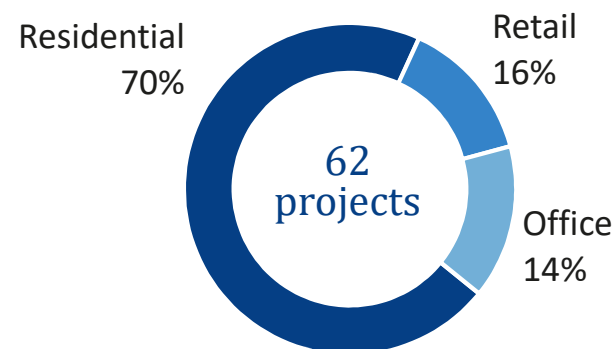
- Deal pipeline down due to market slow down
- Cautious deal appetite from clients is reflected in reduced offerings from sellers
- High percentage in advanced contractual status



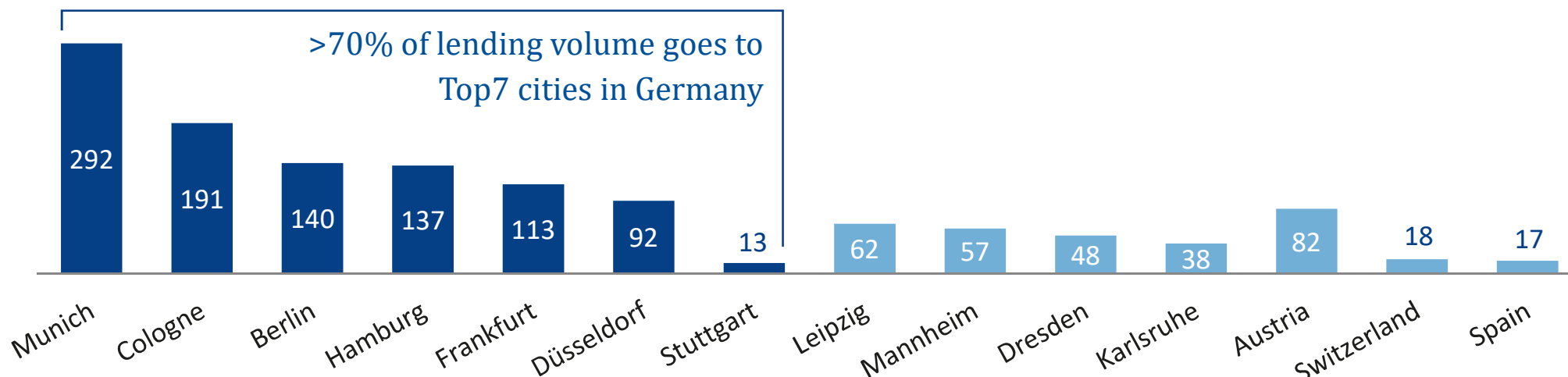
# Real Estate Debt – Highly Diversified with Clear Focus on Residential Projects in Top7 German Cities

## Uses of Mezzanine Funds at the End of Q1-2020

- Total committed fund volume: > € 1.3bn
- # of financed projects: 62
- Ø size of mezzanine financing: c € 22m
- Regular analyses (projects and borrowers) without any negative result or approach to critical risk levels



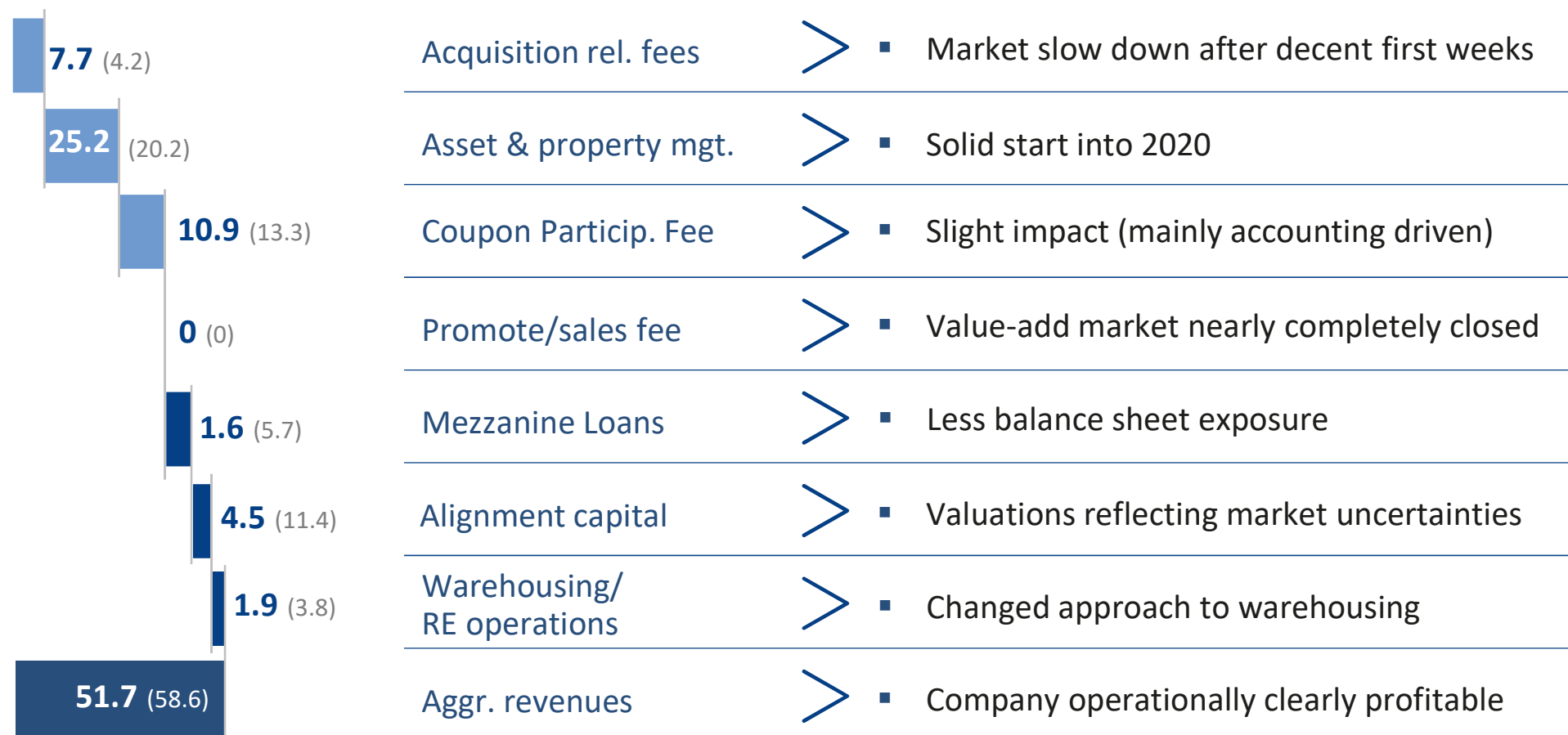
## Regional Break Down of Current Outstanding Financings (in m€)



# Revenue Streams in Q1 Partly Hit by Covid-19 Pandemic

## Q1-2020 Revenue Split-Up

in m€ (Q1-2019)





# Adjusted Short Term Strategy on Warehousing and Balance Sheet Exposure Led Temporary to Lower Margins

## Key P&L Figures Q1-2020

in m€

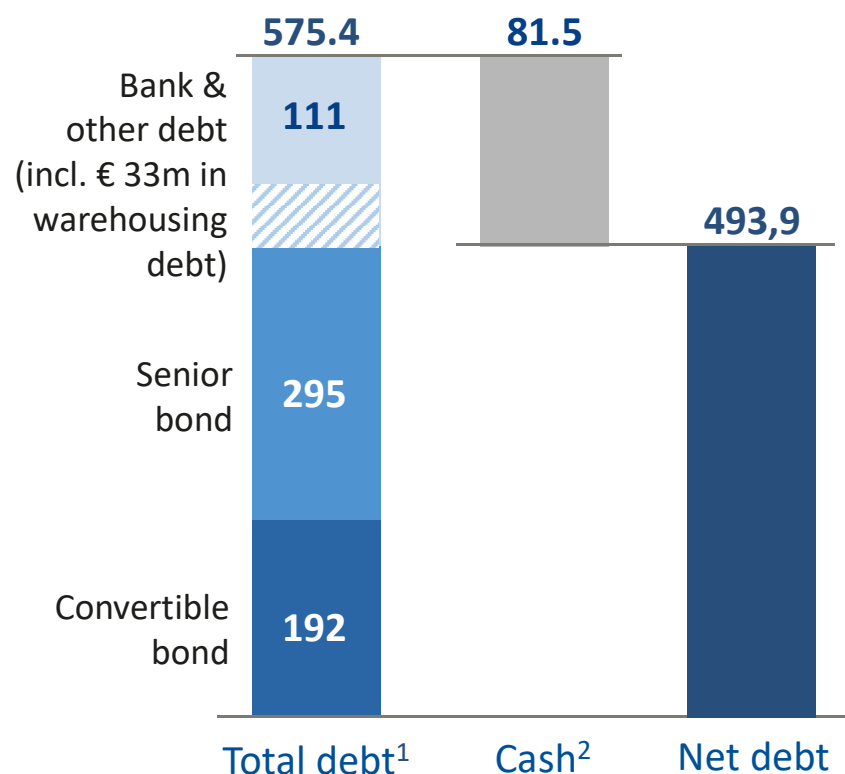
<b>Aggr. revenues</b>	<b>51.7</b>	<b>100%</b>
Expenses from RE Investment Mgt.	-21.9	42.4%
Alignment capital expenses	-2.6	5.0%
Warehousing expenses	-1.7	3.3%
G&A expenses	-7.1	9.7%
Other Income	2.4	4.6%
<b>EBITDA</b>	<b>20.9</b>	<b>40.4%</b>
D&A	-8.4	16.2%
<b>EBIT</b>	<b>12.5</b>	<b>24.2%</b>
Financial result	-2.5	4.8%
Net profit	8.8	16.2%
<b>Adj. net profit</b>	<b>14.3</b>	<b>27.5%</b>

- Higher OpEx ratio (>50%) due to seasonality and weaker revenue lines esp. in warehousing and alignment capital
- Financial result in last year's Q1 was driven by higher warehousing debts
- D&A affected by IFRS 16 and consolidation of STAM
- Adjustments on net profit level
  - Management contracts € 6.3m
  - DTA € -0.8m

# Key Balance Sheet Figures with Solid Cash Position

## Debt Overview at the End of March 2020

in m€



- Robust liquidity position as key priority
- Slight reduction of bank & other debt (warehousing debt down to € 33m reflects cautious usage of balance sheet risk)
- Financial leverage IFRS 16-adjusted at **3.1x**,<sup>3</sup> mid-term target range of between 2x and 3x remains in place
- S&P rating update from April 2020: **BB+**, outlook “stable” (from “positive”)
- No substantial redemptions/refinancing needs until end of 2022

<sup>1</sup> Total financial debt adjusted for rental and leasing liabilities

<sup>2</sup> incl. restricted cash

<sup>3</sup> Net debt / EBITDA LTM of € 157.2m; excl. IFRS 16 adjustments, financial leverage would be at 3.3x

## Weather the Crisis Based on Robust Liquidity, Entrepreneurial Flexibility and a Promising Business Perspective

- High cost and capital discipline based on a comprehensive catalogue of measures
- Clearly profitable operations
- Intensified risk and performance analyses on fund structures
- Further negative impacts from crisis in Q2-2020 expected esp. on alignment capital, warehousing and promote fees
- New financial outlook 2020 as soon as possible, most likely during Q3
- Catch-up effects from postponed transactions in a normalized market environment
- Clear objective to reduce net financial debt in the medium term
- Adjusted pay out ratio: at least 30% of EpS (as from 2021)

# IR Contact and Financial Calendar 2020

## Investor Contact

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Chief Markets Officer

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ir@corestate-capital.com

## Financial Calendar 2020

- 25 February • Publication preliminary results for FY 2019
- 24 March • Annual financial report 2019
- 12 May • Publication results for Q1
- 05 June • Annual General Meeting
- 11 August • Publication results for H1
- 10 September • Capital Markets Day
- 11 November • Publication results for first nine months

Please note that these dates  
may be subject to change