27 April 2020

CORESTATE publishes **further information** on the Covid-19 pandemic-related **revocation of the 2020 financial outlook** and the **cancellation of the proposed dividend** for FY 2019

1. **Product portfolio** – Contact restrictions and the "shut down" to have a short-term negative affect on the performance of certain real estate segments
    - The transaction and financing markets are currently severely disrupted, normalization is unlikely to set in until the 4th quarter of 2020
    - Retail, hotel & leisure properties: in some cases significant rent losses at the fund level
    - Logistics, office and residential: hardly any adverse effects
    - Micro Living: temporary fluctuation in occupancy particularly with serviced apartments
    - Mezzanine: regular analyses of all projects and borrowers have not shown any negative results or approaches to critical risk levels to date
    - Opportunistic investments: relative stability, but also accompanied by regular stress tests
2. **Forecast for 2020** – Transaction business partly shifting to 2021, reliable predictions for the current year are therefore no longer possible
    - Shifts in income to 2021 to mainly take place in acquisition and performance fees, warehousing and alignment capital with value-add projects
    - All plan analyses assume operating profits for 2020 despite high earnings bandwidths – current income covers all expenses, even in worst case scenarios
    - Catalogue of measures on the cost side also opens up significant potential for savings
    - A reliable financial outlook for 2020 will be published as soon as possible. This is currently expected in the 3rd quarter
3. **Liquidity** – Strengthening the company's liquidity has short-term priority
    - At the end of the first quarter, the Group had around € 80m in cash and cash equivalents and thus sufficient liquidity, even if the current situation were to last longer
    - The payment of a dividend in 2020 would have considerably reduced the company's liquidity and is not justifiable from a precautionary point of view at the beginning of a crisis
    - In addition, net financial debt is to be reduced in the medium term and any associated risks contained. Therefore, the future payout ratio will be adjusted to at least 30 percent of earnings per share and will apply for the first time for FY 2020
4. **Financing** – CORESTATE has a solid, long-term financing base
    - No significant refinancing requirement before the end of 2022
    - Leverage covenants: exceeding 3.5x net debt to EBITDA limits the raising of further debt capital for the € 300m bond, but does not offer grounds to terminate the bond.
    - There is no leverage covenant for the € 200m convertible bond
5. **Outlook** – In the medium and long term, all the main market drivers of the business model are intact and should allow for a very quick return to pre-crisis levels of earnings and profitability in 2021
    - Significant catch-up effects from transactions postponed in 2020 when the investment markets return to normal
    - Due to the long-term zero interest rate policy, continued high customer demand and investment need for high-yield properties based on the megatrends urbanization and demographic change
    - CORESTATE's product range with a focus on residential properties in combination with additional services or "Core+" and "Value-add" elements covers this demand situation perfectly. In addition, the current market situation is likely to create further deal flow in opportunistic investments
    - In general, larger players benefit disproportionately from market consolidation in times of crisis

CEO Lars Schnidrig: "We will clearly overcome this crisis and emerge from it even stronger. To this end, we are positioning ourselves in the best and safest way possible. The resulting entrepreneurial decision regarding the dividend was not an easy one for us to make, however there was no alternative in view of the high dynamics of the crisis in recent weeks. Nevertheless, we are very optimistic for 2021, given our strategic positioning and the concrete catch-up effects, and remain firmly convinced that we can generate sustainable shareholder value for our stock investors.”