CORESTATE Capital Group

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Q3 2017 Earnings Presentation

November 2017

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All information on Q3 2017 is unaudited.

Agenda

CORESTATE at a glance

A leading fully integrated Real Estate Investment manager

Assets under management (AuM) of c. € 22 bn(1)

Total **transaction volume of more than € 34 bn**(1) since inception 2006

Diversified offering across asset and risk types (residential, office, retail, student housing, micro-living)

Matching needs of **different investor types** (institutional, family office and retail)

Tangible acquisition pipeline of **€ 5.7 bn** reflects **strong sourcing capabilities**

More than **€ 12 bn equity raised from large and broad client network**

More than 530 FTEs in 41 offices in 6 countries with direct access to local real estate markets

Expansion strategy from a solid basis in Germany across Europe enhances our long-term growth profile

Comprehensive local and international footprint

Notes:
The key figures of the Hannover Leasing Group (HL) and Helvetic Financial Services AG (HFS) have already been taken into account in the corporate figures of the CORESTATE Group on this page, if not indicated otherwise.
(1) Including HFS, HL and ATOS. Total AuM as per year-end 2017.

CORESTATE is a fully integrated real estate investment manager

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Covering the full real estate investment lifecycle

Phase 1	Phase 2	Phase 3
~0-6months	~3-15+ years	~0-6 months
Deal Structuring / Acquisition	Hold Period	Exit/ Realization
Transaction-related fees	**Investment management fees**	**Success-based fees**
Asset light business model	Fund Management	Sale
Temporary On-Balance Sheet Warehousing → Off-Balance Sheet Structures	Asset Management	
	Development Management	
	Property & Facility Management	
Investment Management	Project Monitoring (HFS)	

Complementary product offering to serve client needs

CORESTATE
- Value-add assets
- Residential
- Micro-living / student housing
- Highstreet retail
- Established in 2006

HANNOVER LEASING
- Core commercial assets
- Long track record
- Established in 1981

HFS (HELVETIC FINANCIAL SERVICES AG)
- Real Estate debt
- Market leader in German speaking countries
- Established in 2009

ATOS
- Highly recognised value-add commercial asset manager
- Established in 2006

Best-in-class sourcing platform with long track record throughout all risk and asset classes

Key investment highlights

1. **Fully integrated real estate investment manager** with € 22 bn[1] AuM and diversified product offering

2. **Strong recurring fee income streams (c. 85%)** provide stability

3. **Unique sourcing capabilities** with **€ 5.7 bn** pipeline drive superior **organic AuM growth**

4. **Diversified investor base with growing allocation to real estate** provides sustainable fundraising base

5. **Scalable platform** to create economies of scale and ensure smooth integration

6. **Strong profitability and attractive dividend capacity**

Notes:
(1) Including HFS, HL and ATOS. Total AuM as per year-end 2017.

Strong performance in Q3 2017

Financial performance	**Confirmation of guidance 2017 and increase of guidance 2018** ▪ 9 months adjusted Net Profit amounts to € 62 m (1) ▪ 71% of mid-point adjusted net profit guidance for FY2017 already achieved ✓
Integration HANNOVER LEASING	**Turnaround of HL** ▪ Achieved € 4.6 m profit in Q3 2017 ▪ Highest profit since almost a decade ✓
External growth ATOS	**Continued growth through bolt-on acquisition** ▪ Strengthens asset management expertise and footprint for commercial properties ▪ Highly accretive acquisition at 5x earnings multiple ✓
Capital Markets access S&P Global	**First time credit rating of "BB+ / stable" from S&P** ▪ Unique access towards debt capital markets to reduce financing costs, support warehousing and enable continues growth ✓
Enhanced stock profile DEUTSCHE BÖRSE GROUP	**Uplisting to Prime Standard of Deutsche Börse (segment with highest transparency)** ▪ Completed on 2 November ▪ Increases investability of the CORESTATE stock ✓

Notes:
(1) Including HFS Coupon Participation Fee (CPF) for 9 months, that has been recognised in October 2017.

Agenda

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1 Introduction and investment highlights

2 **Update on operating performance**

3 Q3 2017 financial performance

4 Update on corporate acquisitions

5 Outlook and guidance

Strong acquisition pipeline provides visibility on near-term organic growth

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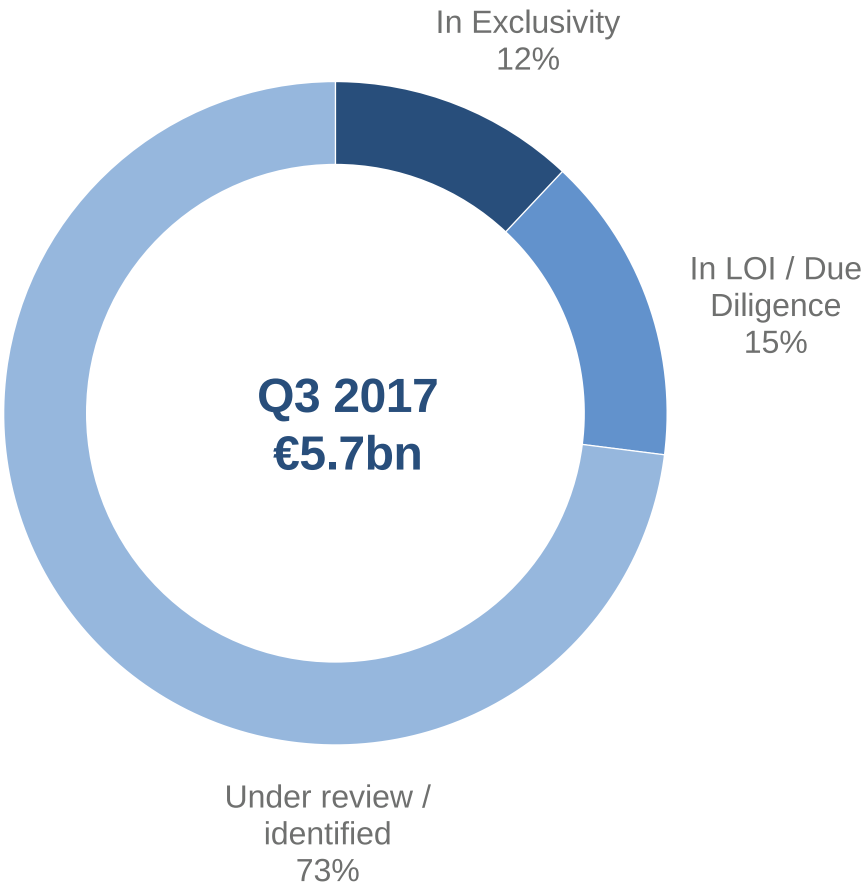
CORESTATE acquisition pipeline

- Large and diversified pipeline
- Particular importance of pipeline for growth in current market environment
- Unique **sourcing capabilities grown over the past 10 years**
- Creation of **diversified platform** from opportunistic to core
- **Diversified** asset classes



- **Intergroup synergies** lead to high percentage of **off-market transactions**
- In depth footprint in the **DACH** region with increased focus on **European countries**
- Long standing track-record and **sourcing** competence in **secondary markets**

Examples of new products and recent transactions

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1 **Hannover Leasing** - Open-ended residential property special AIF with at least € 300 m equity

- Target volume of at least € 300 m
- HL mandated as the investment management company
- Focused on newly built residential property in metropolitan areas in Germany
- Annual payout rate of at least 4%

2 **Innovative product offering** - Acquisition of micro-living project in Vienna

- Acquired from UBM Development AG in a "Forward Funding" deal structure
- 131 fully furnished micro apartments and extensive services
- Completion planned in spring 2019
- Club deal with UHNWI and Family Offices

3 **CORESTATE real estate expertise** - Acquisition of former Headquarter of Perfume Brand 4711 in Cologne

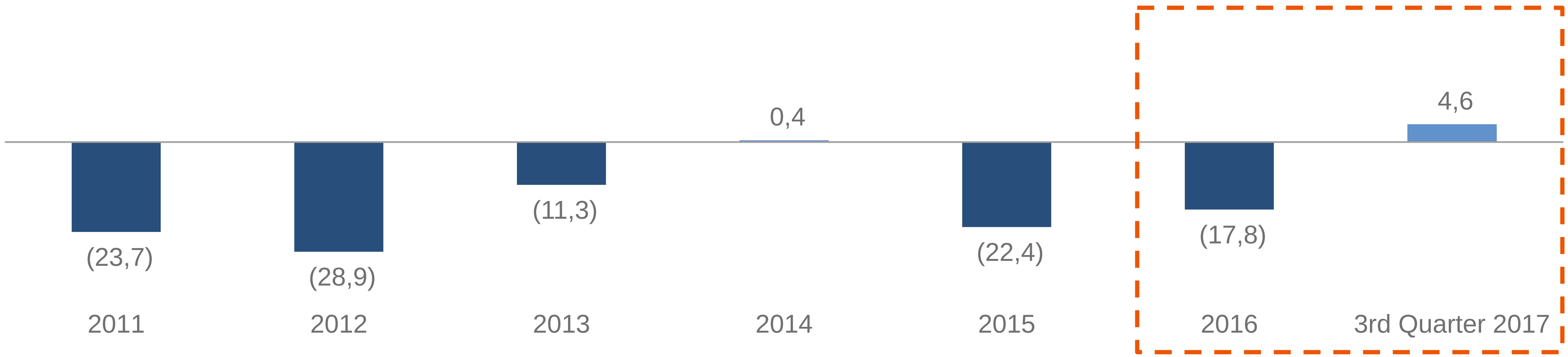
- Redevelopment of office asset into apartment hotel project
- Projected market value at completion of € 60 m
- Located in the district of Ehrenfeld, with direct access to shopping amenities, restaurants and bars, a gym, and excellent access to public transportation
- Part of a new product line of boarding houses (6 Club deals with c. €450 m)
- CORESTATE will develop further projects (strong pipeline)

Hannover Leasing back to profitability in Q3 2017

Succesful turnaround – cost reduction executed and focus on future growth

Results from ordinary operations

(in € m)



Turnaround include

- Successful closing of club deals, fund exits (Colosseo) and launch of new retail funds (Denkmal Münster, Leonardo Ulm (in preparation))
- FTEs reduced from 131 (2016) down to 90 (2017)

Notes:
(1) Considering only the 3rd Quarter 2017; i.e. not year to date.

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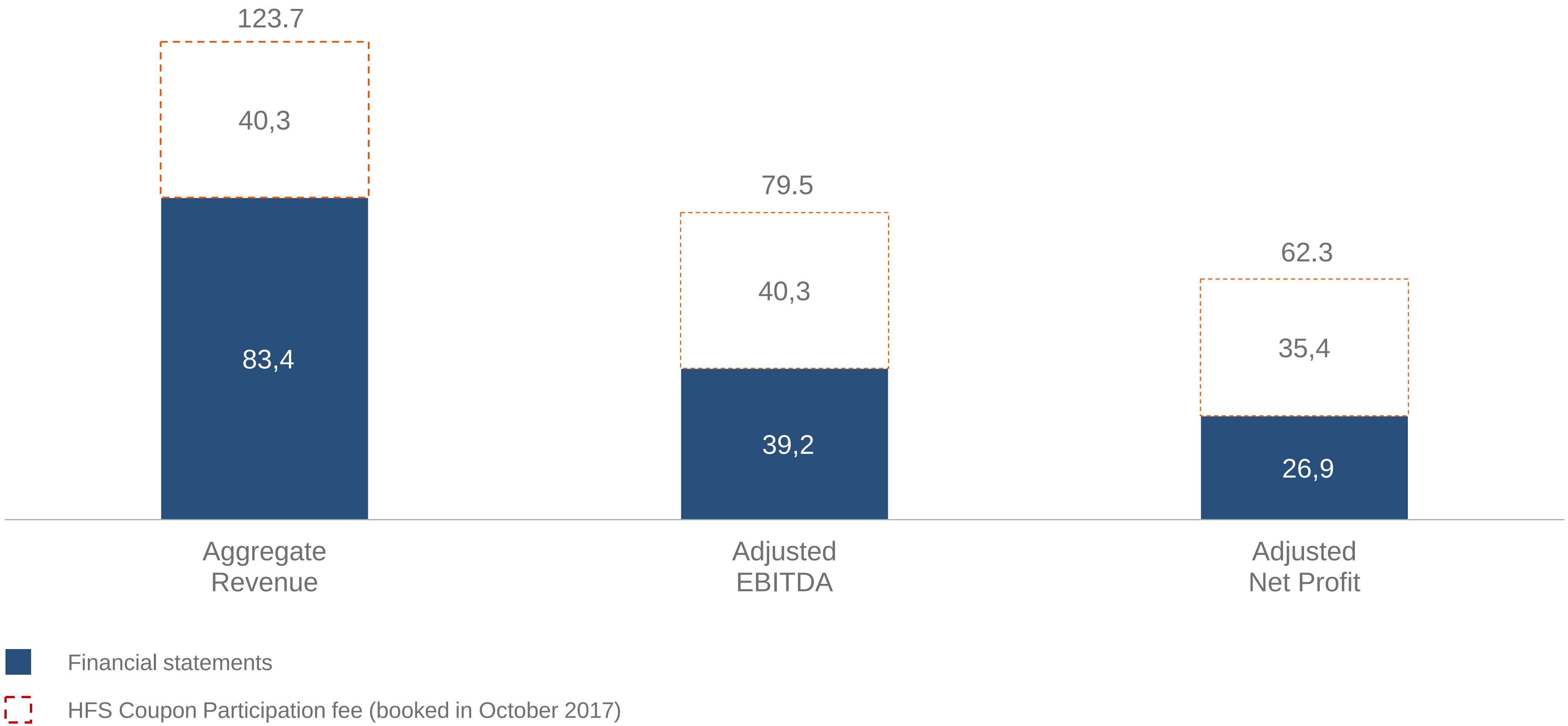
Aggregate Revenue, Adjusted EBITDA and Adjusted Net Profit

Key 9 months 2017 P&L figures, including three quarters Corestate, approx. one quarter HFS and HL

(in € m)



Profit & Loss statement

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	(€ m)	unaudited 01.01.2017–30.09.2017	unaudited 01.01.2016–30.09.2016
	Revenue from Acquisition Related Fees	13.7	5.5
	Revenue from Asset and Property Management	31.9	17.7
	Revenue from Promote Fees realised	14.1	6.1
1	**Revenue from Real Estate Investment Management**	**59.7**	**29.2**
	Management expenses	(32.3)	(19.0)
	Earnings from Real Estate Investment Management	**27.5**	**10.3**
	Net Rental Income	4.8	0.4
	Revenue from Service Charges	0.8	94
2	Net Gain from Selling Property Holding Companies	13.0	8.5
	Total Income from Real Estate Operations / Warehousing	*18.6*	*9.1*
	Expenses from Real Estate Operations / Warehousing	*(2.6)*	*(0.3)*
	Earnings from Real Estate Operations / Warehousing	**16.0**	**8.8**
	Earnings from Alignment Capital	**4.4**	**1.0**
3	General, Administrative and Other Expenses	(21.2)	(5.6)
	EBITDA	**27.3**	**14.5**
	Depreciation and Amortisation	(3.1)	(0.2)
	EBIT	**24.2**	**14.3**
4	Net Financial Expenses	(9.1)	(2.5)
	EBT	**15.1**	**11.7**
	Income Tax Expenses	1.6	(0.9)
	Net Profit for the Period	**16.6**	**10.8**
	Minority interests	(0.5)	
	Adjustments	10.8	1.4
	Adjusted Net Profit for the Period	**26.9**	**12.2**
	Trading update (HFS Coupon Participation Fee)	35.4	
5	**Adjusted Net Profit for the Period incl. trading update**	**62.3**	
	In % of mid-point Guidance 2017	**71%**	

Comments

1. Strong increase in Revenues from Real Estate Investment Management providing an attractive and stable source of recurring revenues
2. Showing a recurring income from sale of Warehousing Assets
3. Increase of G&A and Other Expenses is mainly driven by business combination of HL and HFS as well as one-off acquisition related expenses
4. Net financial expenses increase mainly due to the acquisition financing of HFS
5. Adjusted Net Profit including trading update fully on track with the 2017 Guidance

HFS Coupon Participation Fee of € 35.4 m has been booked in October 2017 and is not included in Q3 2017 financials

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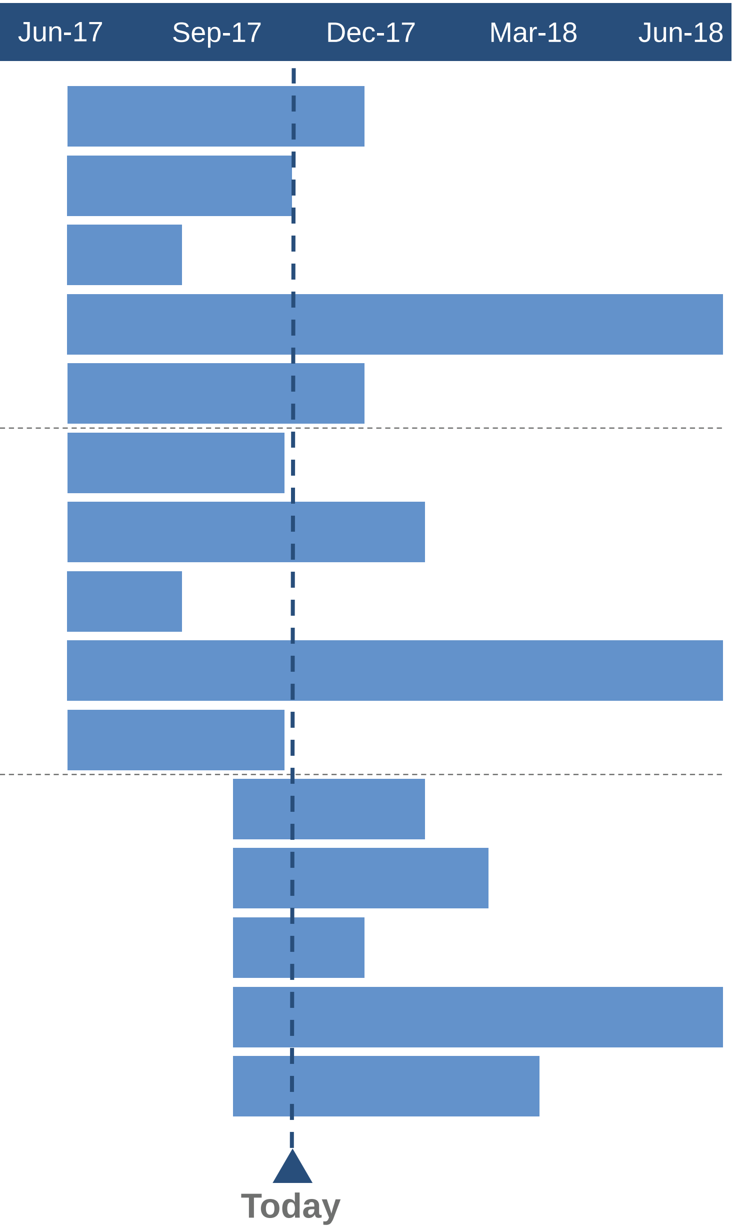
Integration of key shared services well on track

		Completion
HFS – Helvetic Financial Services AG	Sales / Investment / AM	50%
	HR	100%
	Finance / Accounting	100%
	Infrastructure & Applications	70%
	SAP	80%
Hannover Leasing	Sales / Investment / AM	50%
	HR	90%
	Finance / Accounting	100%
	Infrastructure & Applications	70%
	SAP	80%
ATOS	Sales / Investment / AM	50%
	HR	50%
	Finance / Accounting	50%
	Infrastructure & Applications	50%
	SAP	30%



Comments

- Until year end: reduction of IT applications and integration of Group accounting (Tagetik)
- Jan-18: Go live of SAP system for entire Group (finance, book keeping, accounting, controlling)
- Jan-18: Go live for cash management system (Reval)
- Until end of Q1 2018: Group wide cash pooling in place
- Future Group-wide joint fund equity raising with Key Account system across multiple brands

Strengthened Asset Management expertise through bolt-on acquisition of ATOS

Transaction highlights

- Acquisition announced on 29 September 2017
- Closing occurred on 6 October
- ATOS manages 215 properties in Germany and Austria focusing on **commercial property**
- ATOS has three business lines:

1. **Investment management:** develops and implements investment opportunities, in form of special property funds (KAGB), special vehicles structured through Luxembourg, as well as direct investments
2. **Asset management:** provides a complete range of services including acquisition, leasing, management of development and refurbishment as well as disposals/sales
3. **Property management:** provides solutions for all technical, infrastructural and business-related tasks, and enhances the value and profitability of the properties

Selected fund properties

Berlin
Office
15,800 sqm

Kaiserslautern
Office
5,500 sqm

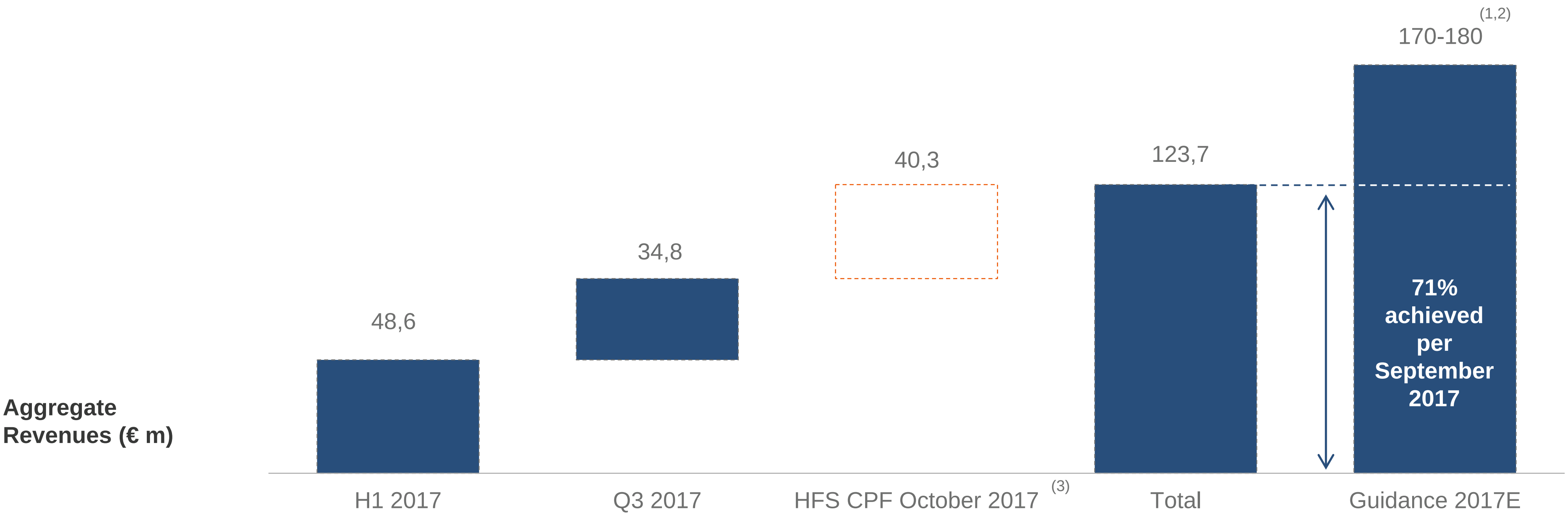
Transaction rationale complies with acquisition criteria

Strategic fit (e.g. new product capabilities, institutional footprint, internationalisation, cross-selling)	▪ Adds circa € 2 bn AuM ▪ Strengthens expertise in commercial properties, in **particular asset management** ▪ Broadens investor base	✓✓✓
Focus on recurring fees	▪ Majority of fees are recurring	✓✓✓
EPS accretion	▪ Increases net income	✓✓✓

Agenda

2017 guidance on-track

Management confirms FY2017 Guidance



	H1 2017	Q3 2017	HFS CPF October 2017 [3]	Total	Guidance 2017E
Adj. EBITDA (€ m)	26.0	13.2	40.3	79.5	115-120 [1,2]
Adj. Net Income (€ m)	22.8	4.1	35.4	62.3	85-90 [1,2]

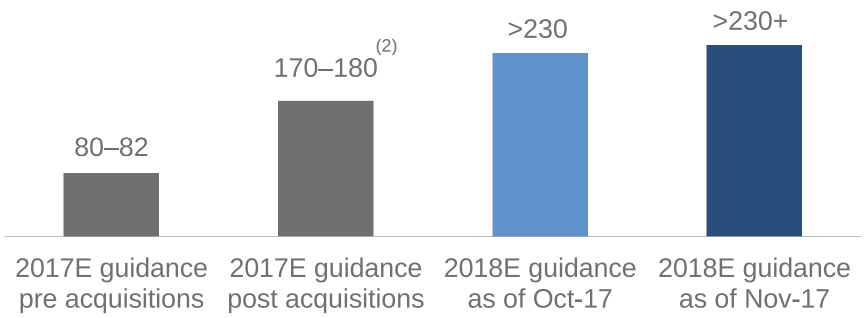
Notes:
(1) Adjusted for one-off items (i.e. M&A transaction-related expenses, etc.); gross debt defined as the sum of financial liabilities to banks and shareholders; net debt defined as gross debt minus cash & cash equivalents (incl. restricted cash).
(2) Post acquisition of Hannover Leasing and Helvetic Financial Services, which are consolidated from Q3 2017 onwards.
(3) HFS Coupon Participation Fee, which has been booked in Q4 2017.

Guidance for 2017 and 2018

Cost synergies drive guidance increase for 2018

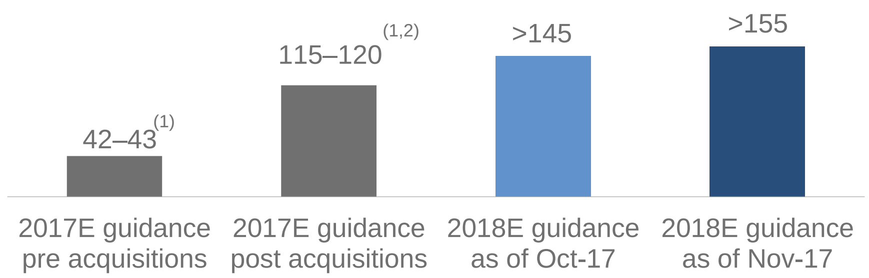
Aggregate revenues

(in € m)



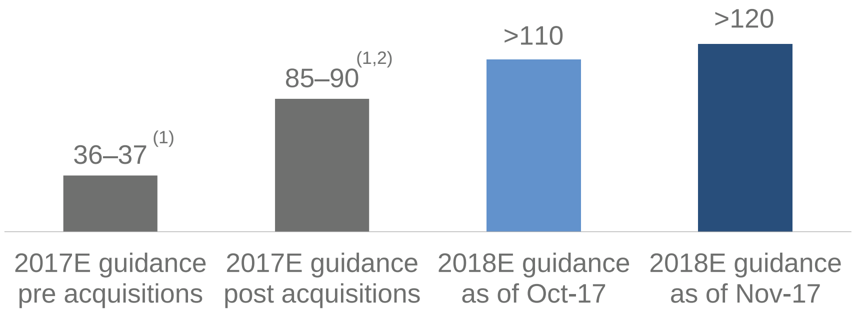
Adjusted EBITDA

(in € m)



Adjusted net income

(in € m)



Commentary

- Growing revenues with high share of recurring income, strong margins and “capital light” business model (= high cash conversion) creating basis for attractive cash returns
- Dividends: target payout ratio of 50%

Notes:
(1) Adjusted for one-off items (i.e. M&A transaction-related expenses, etc.); gross debt defined as the sum of financial liabilities to banks and shareholders; net debt defined as gross debt minus cash & cash equivalents (incl. restricted cash).
(2) Post acquisition of Hannover Leasing and Helvetic Financial Services, which are consolidated from Q3 2017 onwards.

Key focus areas

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1. Integration of recent acquisitions
2. Organic growth through execution of acquisition pipeline
3. Operating performance supported by innovative product offerings and achievement of turnover and cost synergies
4. Debt refinancing by tapping into the debt capital markets to lower funding costs
5. Accretive complementary acquisitions

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Appendix

30 September 2017 Balance Sheet

CORESTATE Capital Group

	(€ m)	unaudited 30.09.2017	audited 31.12.2016
	Non-Current Assets		
1	Goodwill	520.4	-
2	Intangible Assets	150.7	0.9
	Investment in Associates and Joint Ventures	105.6	35.7
3	Other Non-Current Assets	175.9	8.3
	Total Non-Current Assets	**952.7**	**44.9**
	Current Assets		
	Inventories	109.6	15.9
	Receivables	80.3	16.1
	Other Current Assets	27.4	5.4
	Cash and Cash Equivalents	104.4	48.2
	Total Current Assets	**321.7**	**85.6**
	Total Assets	**1,274.4**	**130.6**
	Equity		
4	**Total Equity**	**492.3**	**86.4**
	Non-Current Liabilities		
	Long-term Financial Liabilities	171.7	14.1
5	Acquisition Financing HFS	168.9	-
	Other Non-Current Liabilities	112.8	9.8
	Total Non-Current Liabilities	**453.4**	**23.9**
	Current Liabilities		
	Short-term Financial Liabilities	105.8	4.0
	Other Short-term Provisions	45.5	-
	Short-term Liabilities to Shareholders	39.0	-
6	Other Current Liabilities	138.3	16.2
	Total Current Liabilities	**328.6**	**20.2**
	Total Equity and Liabilities	**1,274.4**	**130.6**

Comments

1. Goodwill for the acquisition of HFS and HL
2. Intangible Assets mainly contain the brand of HFS as well as capitalised Management Agreements
3. Other Non-Current Assets mainly contain loans to third party as well as financial instruments held for sale
4. Total Equity increase based on the acquisition of HFS partially paid with shares in kind
5. Financial debt to finance HFS acquisition
6. Other Current Liabilities primarily include the trading update, liabilities regarding a new project in Dusseldorf and other

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