

# CORESTATE Capital Group

A Leading Real Estate Investment Manager

H1 2017 Earnings Presentation  
16 August 2017

This presentation contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the forward-looking statements of CORESTATE Capital Holding S.A. (the “Company”) as a result of a variety of factors, many of which are beyond the control of the Company, including those set forth from time to time in the Company’s press releases and reports and those set forth from time to time in the Company’s analyst calls and discussions. The Company does not assume any obligation to update the forward-looking statements contained in this presentation.

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All information on H1 2017 is unaudited.



**Sascha  
Wilhelm**

CEO

**Key Responsibilities:**

- Strategy
- Equity raising and client relations
- Organisation & corporate functions
- Real estate management services
- Human resources
- Risk management

**Experience:**

- >14 years of real estate investment and general management experience
- Selected prior experience: Advisor to Cerberus Capital Management



**Lars  
Schnidrig**

CFO

**Key Responsibilities:**

- Financing
- Investor Relations
- Accounting and consolidation
- Controlling and reporting
- Tax and investment structuring

**Experience:**

- 17 years of CFO experience on board / senior management level
- Selected prior experience: Vonovia Finance B.V, Vonovia SE, HypoVereinsbank AG



**Thomas  
Landschreiber**


CIO & Co-Founder


**Key Responsibilities:**


- Deal sourcing
- Acquisition structuring
- Transaction execution
- Asset disposals


**Experience:**


- >27 years of executing real estate transactions
- Selected prior experience: Cerberus Capital Management and UniCredit


- 


Total assets under management (AuM) of c. € 20 bn<sup>(1)</sup>
- 

Total transaction volume of more than € 30 bn<sup>(2)</sup>
- 

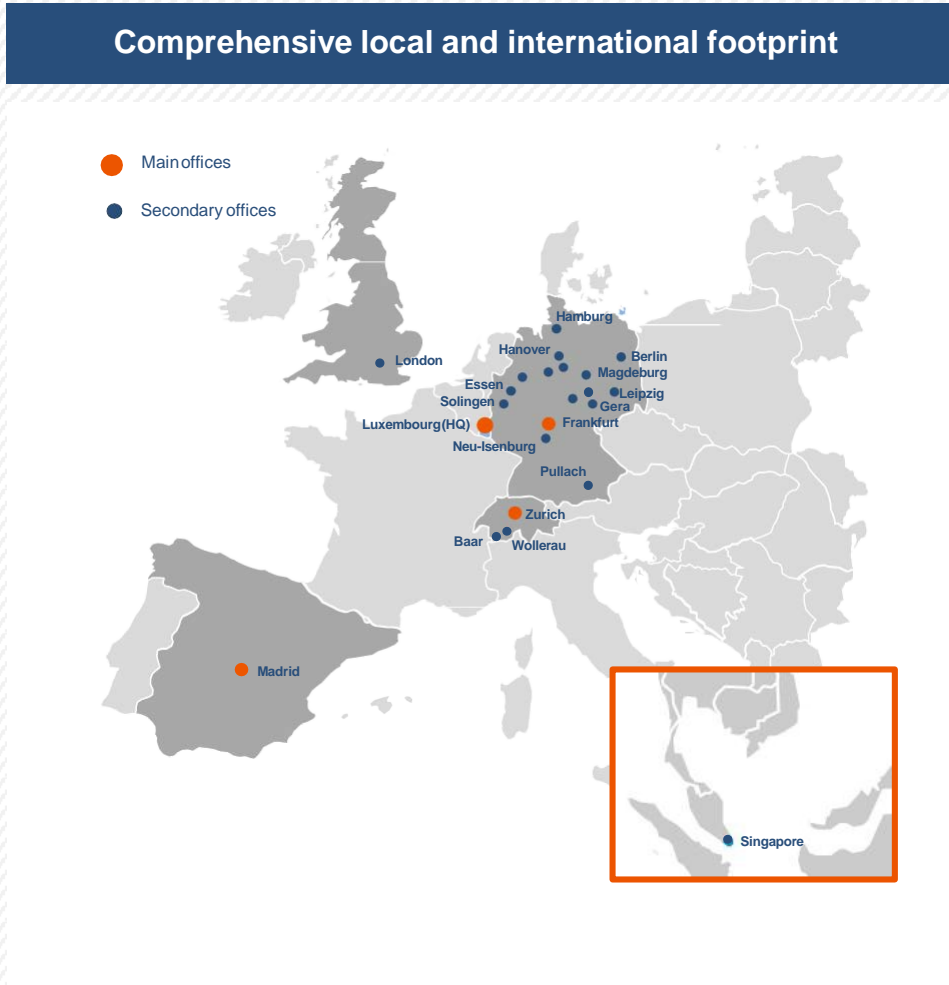
Attractive and diversified offering across many asset classes, matching needs of different client types (institutional, family office and retail)
- 

Excellent access to assets through strong sourcing capabilities (current pipeline worth € 4.9 bn)
- 

> € 12 bn<sup>(2)</sup> equity raised from large and broad client network
- 

> 470 FTEs in 29 offices in 6 countries with direct access to local real estate markets
- 

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



Note: 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) Forecast end of period 2017

(2) Since inception

**1**

**H1 2017 Highlights**

**2**

**Update on Acquisitions**

**3**

**Outlook**

**4**

**Appendix**



**1 H1 2017 Highlights**

# H1 2017 – Key Highlights (1/3)

Reported figures do not include the HL and HFS acquisitions, unless indicated otherwise

## Company Development:

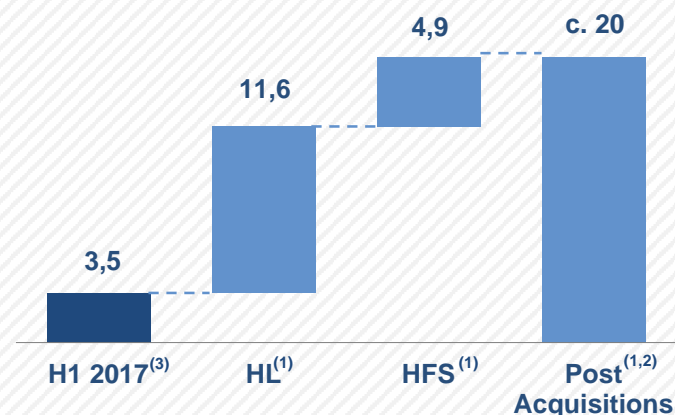
- Increased AuM to c. €20 bn<sup>(1,2)</sup> through transformational acquisitions of Hannover Leasing (HL) and Helvetic Financial Services (HFS)
- Substantially broadened product offering across real estate equity and mezzanine debt
- Sourcing pipeline increased to €4.9 bn<sup>(2)</sup>, enabling further organic growth

## Operations:

- Significantly increased transaction volume through new and exclusive investment mandates
- Organic AuM growth of €1.2 bn on a year-on-year basis
- Continued focus on realising further synergies and growth opportunities post HL and HFS acquisition

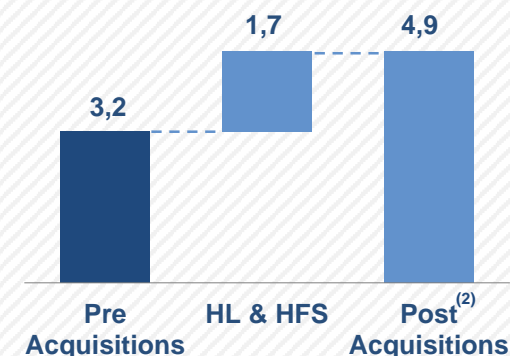
### Pro Forma Assets Under Management

€ billion



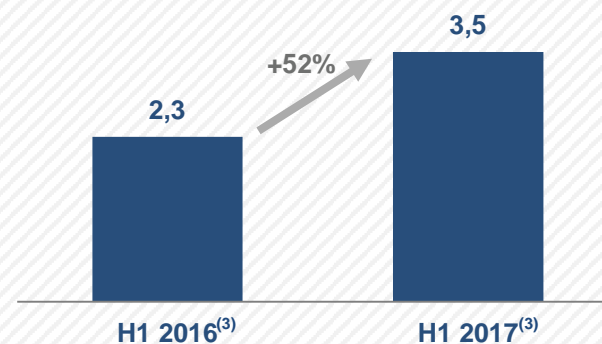
### Sourcing Pipeline

€ billion



### Stand-alone Assets Under Management

€ billion



**Strong organic AuM growth pre acquisitions of HL and HFS**

(1) Forecast end of period 2017

(2) Post acquisition of Hannover Leasing and Helvetic Financial Services

(3) As of 30 June

# H1 2017 – Key Highlights (2/3)

Reported figures do not include the HL and HFS acquisitions, unless indicated otherwise

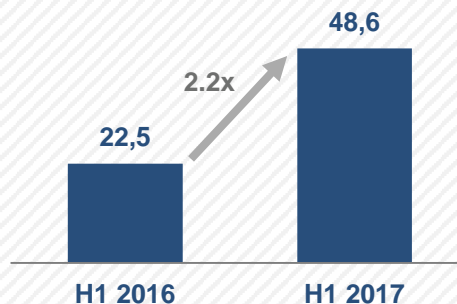
## Financials:

- Aggregate revenues grew by 116% organically to €48.6 m
- Strong growth of recurring fee revenues
- Achieved high organic growth across key (adjusted) profitability metrics
- Dividend payout of €1.00 per share (70% of adjusted 2016A net income)

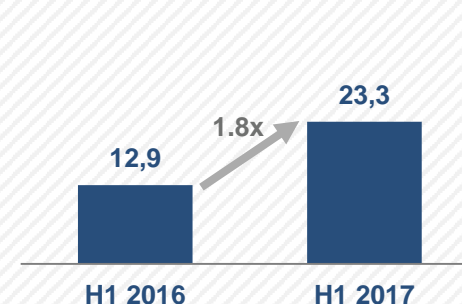
## Guidance:

- Increased 2017E guidance during H1 2017 for the second time since the 2016 financial report
- Increase in guidance primarily driven by contributions from HL and HFS acquisitions

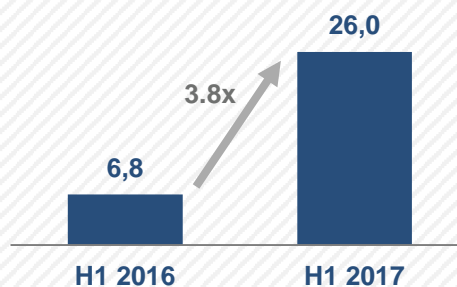
Aggregate Revenues<sup>(1)</sup>  
€ million



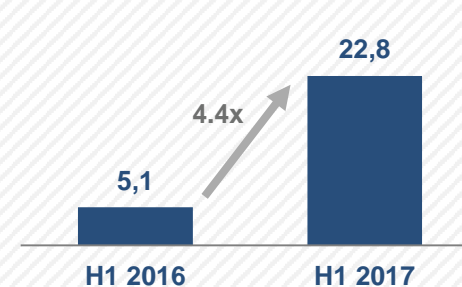
Recurring Fee Revenues<sup>(2)</sup>  
€ million



Adj. EBITDA<sup>(3)</sup>  
€ million



Adj. Net Income<sup>(3)</sup>  
€ million



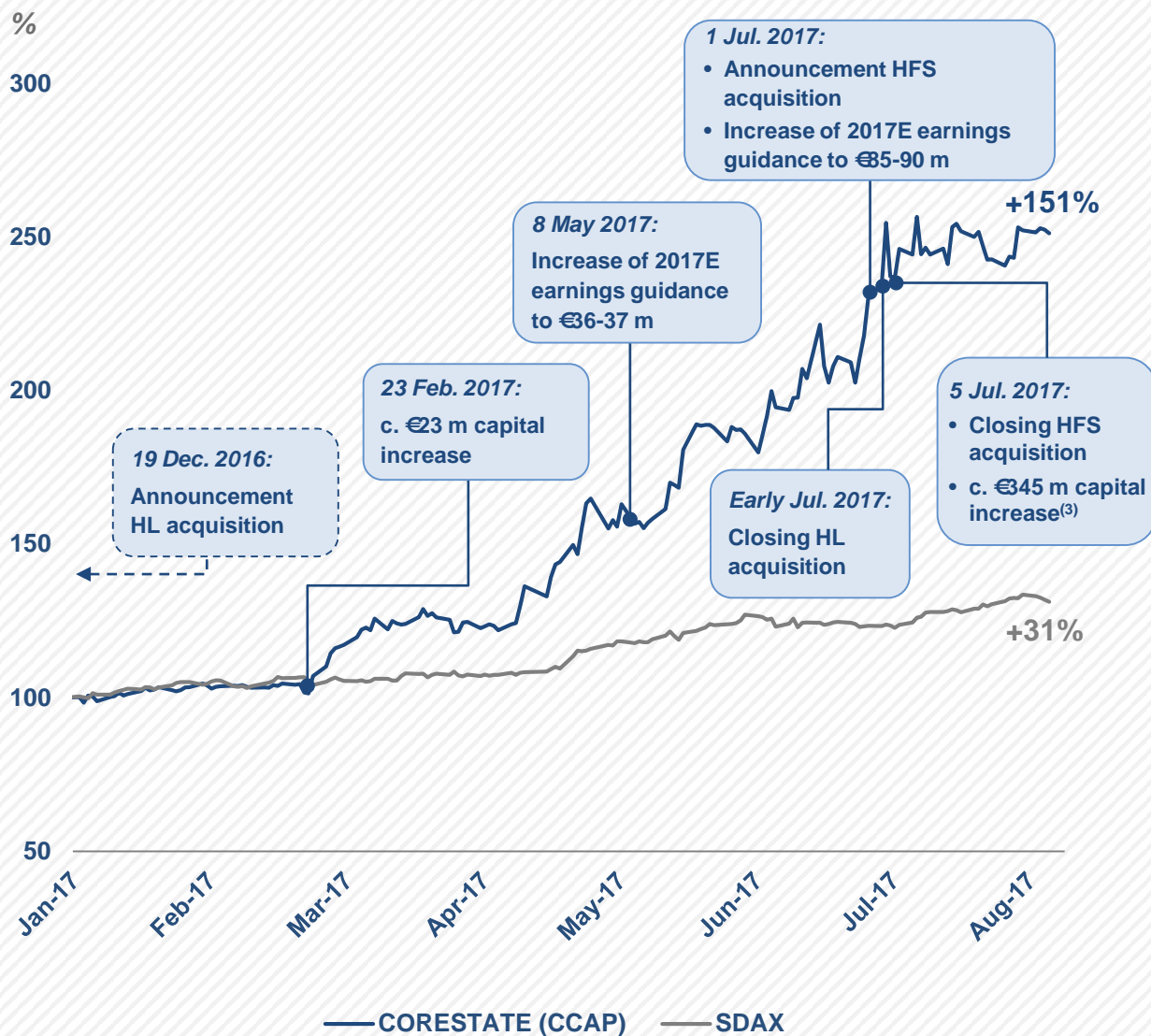
(1) Include Revenue from Acquisition Related Fees, Asset and Property Management, Realised Promote Fees, Share of Profit and Loss from Associates and Joint Ventures, and Total Income from Real Estate Operations / Warehousing

(2) Include Revenue from Acquisition Related Fees and from Asset and Property Management

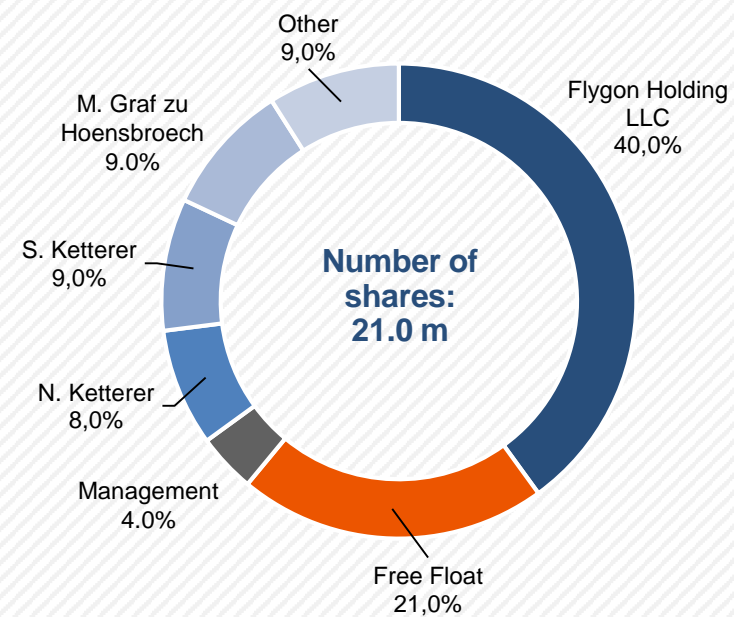
(3) Adjusted for one-off items (i.e. M&A transaction-related expenses, etc.)



## Continued Share Price Outperformance in 2017<sup>(1)</sup>



## Pro Forma Shareholder Structure<sup>(2)</sup>



(1) Dividend-adjusted, re-based to starting value of 100%, share price data from 30 December 2016 to 10 August 2017

(2) Post acquisition of Hannover Leasing and Helvetic Financial Services

(3) Based on June 30, 2017 CCAP closing price of €47 per share issued against contribution in kind of all of the shares in Helvetic Financial Services



## **2** Update on Acquisitions

# Strong Strategic Rationale – HL and HFS Complement CORESTATE

## Broad Range of Assets



Retail



Residential



Microliving



Office



Hotels



Aviation



## Broad Range of Investment Products

### Real estate equity

Managed accounts

Closed-ended funds  
“Club deals“

Real estate special-AIF

Open-ended funds

### Real estate mezzanine / debt

Real estate mezzanine /  
debt funds



## Broad Client Base

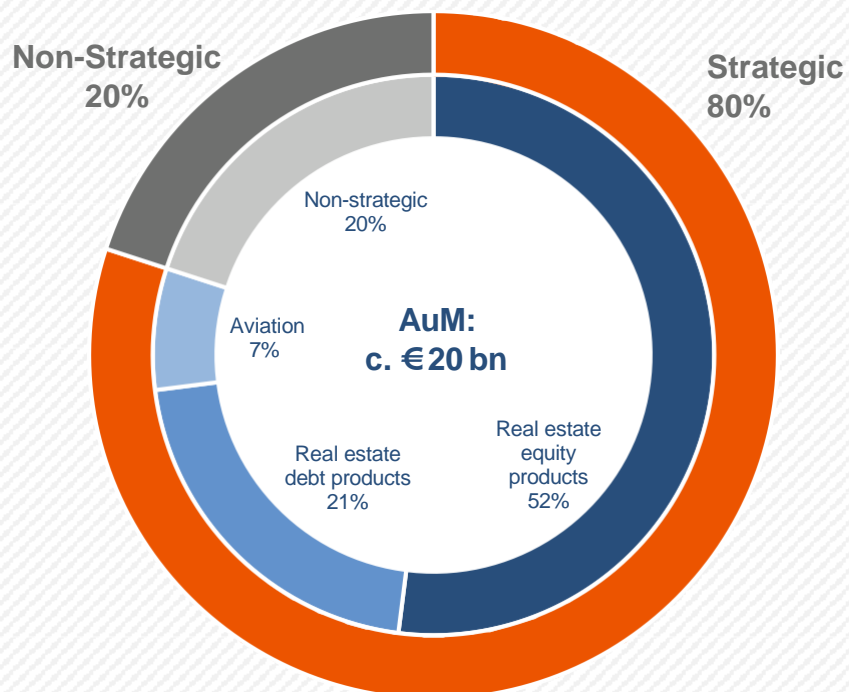
Institutional investors

Semi-institutional clients  
(Family offices / UHNWI)

Private clients

Real estate companies  
& developers

## Pro Forma AuM<sup>(1,2)</sup>

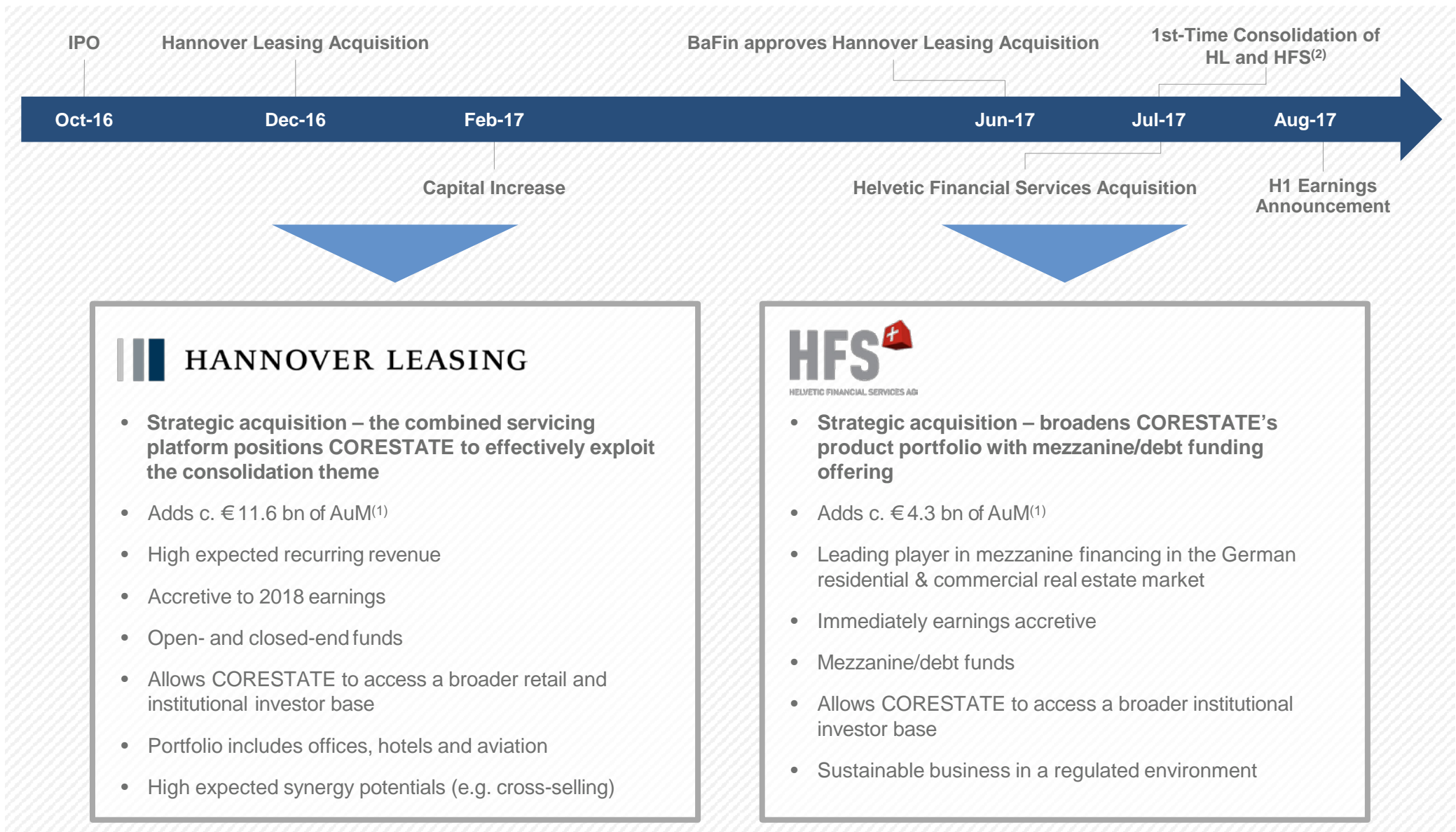


- ✓ Post acquisition of HL and HFS, CORESTATE will reach an AuM base of c. €20 bn<sup>(1,2)</sup>
- ✓ Achievement of critical scale will help drive further synergy potential
- ✓ Combined asset base covers broad product range across attractive market segments
- ✓ Platform approach results in enhanced visibility of sourcing pipeline
- ✓ Non-strategic assets with expected runoff until maturity

(1) Forecast end of period 2017

(2) Post acquisition of Hannover Leasing and Helvetic Financial Services

# HL and HFS Will Be Fully Consolidated From Q3 2017 Onwards

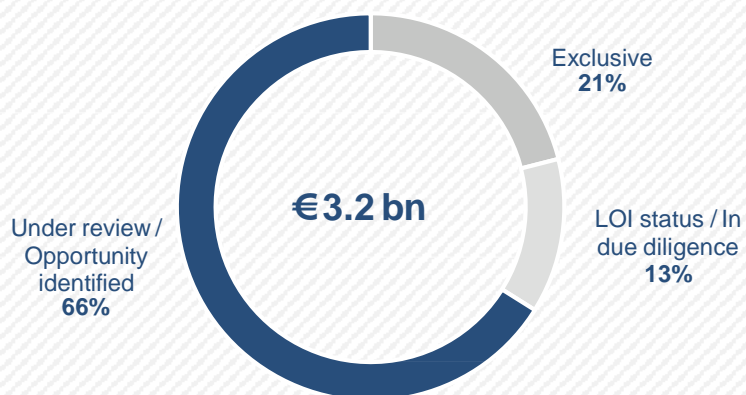


(1) Forecast end of period 2017

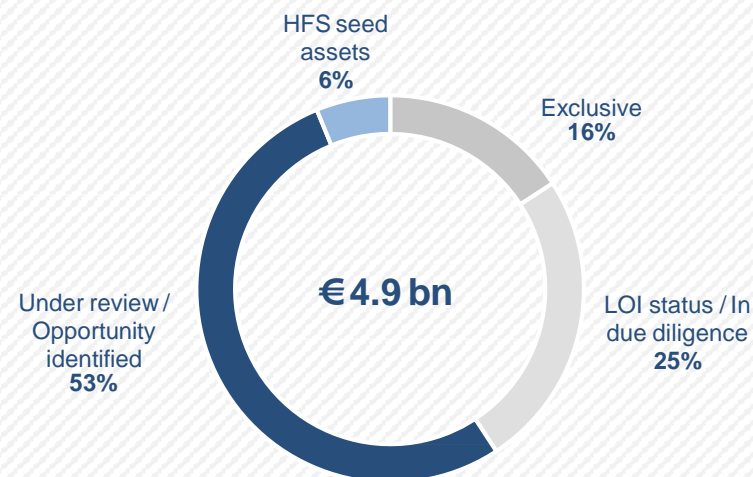
(2) Both the Hannover Leasing and Helvetic Financial Services acquisition closed in early July 2017

## Large and Visible Pipeline

Pipeline CORESTATE Pre HL / HFS Acquisition<sup>(1)</sup>



Pipeline CORESTATE Post HL / HFS Acquisition



### Unique deal access through complementary sourcing platform:

- ✓ Highly experienced asset sourcing team
- ✓ Collaborating with 1,500 local agents
- ✓ Broad network of advisors, banks, real estate companies, servicers, and insolvency receivers

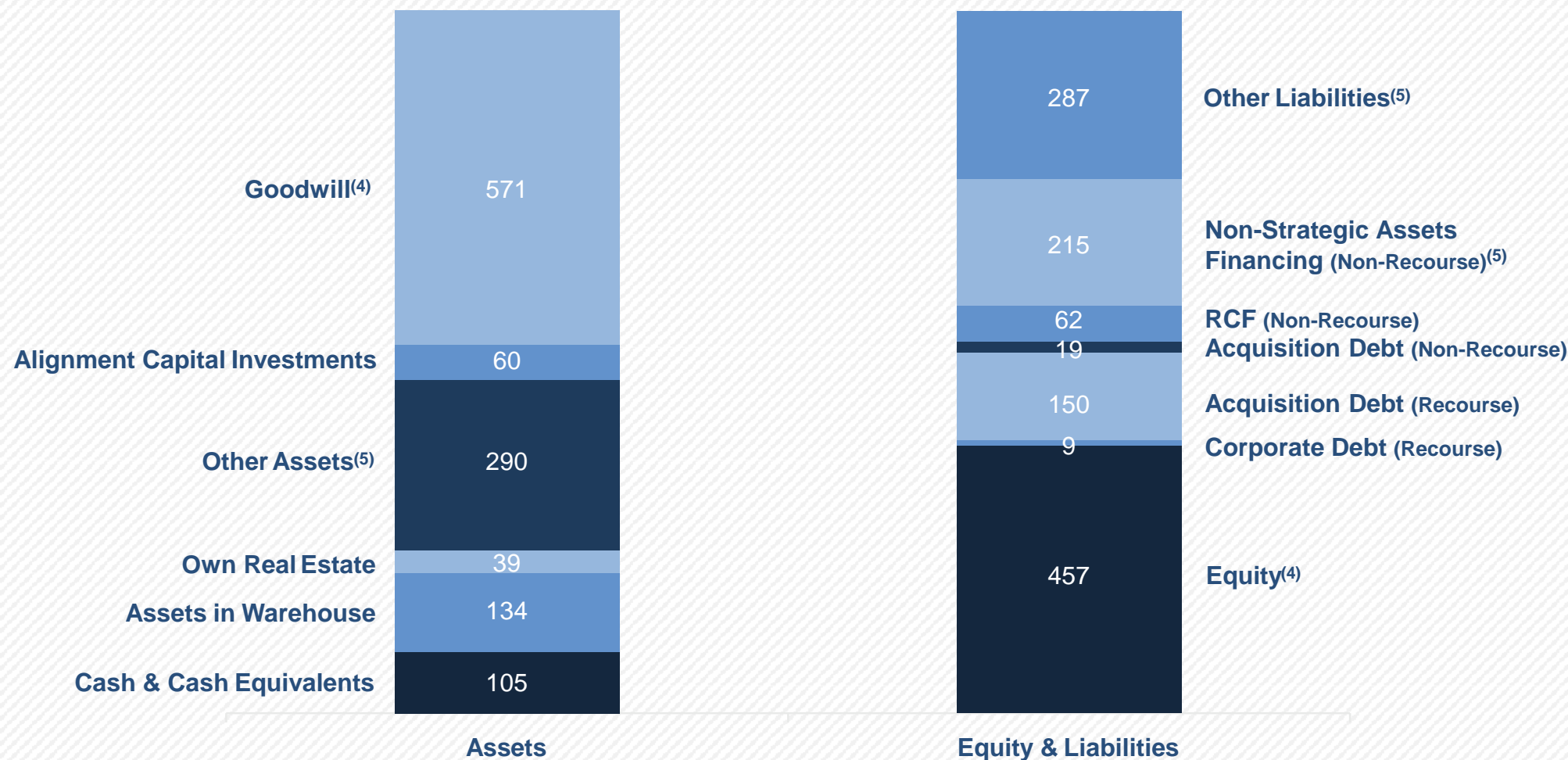


**CORESTATE's strong sourcing capabilities lead to a large deal pipeline with high volume of realisable investment mandates**

(1) As of June, 2017

# Pro Forma Balance Sheet Structure Post HL and HFS Acquisition

Preliminary Pro Forma Consolidated Balance Sheet as of Closing: c. €1,200 m<sup>(1,2,3)</sup>



(1) Preliminary, subject to further review of Purchase Price Allocation (PPA), and Closing Accounts Mechanism for Hannover Leasing Transaction.

(2) CCAP, including Hannover Leasing, Helvetic Financial Services.

(3) Hannover Leasing based on December 31, 2016 accounts.

(4) Based on June 30, 2017 CCAP closing price of € 47 / Share.

(5) Includes non-strategic products from Hannover Leasing to be reduced over medium term and resulting from historic leasing structures.



**3** Outlook



## ► **CORESTATE aims to become the leading European real estate investment manager**

### **Product Offering**

- ✓ Introduction of additional mid- and long-term investment products tailored towards our expanding institutional and retail client base

### **Consolidation**

- ✓ CORESTATE's scalable business platform is well-positioned to play an active role as a consolidator

### **Integration**

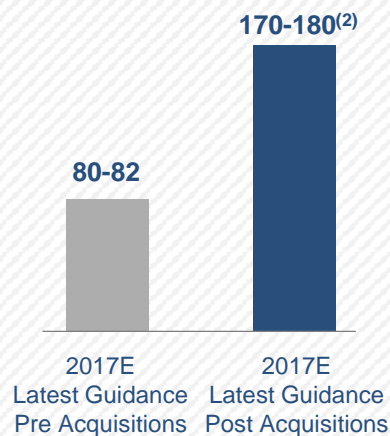
- ✓ Successful integration management through recruitment of managers with relevant expertise and SAP implementation to integrate finance functions across the Group

### **Geographic Presence**

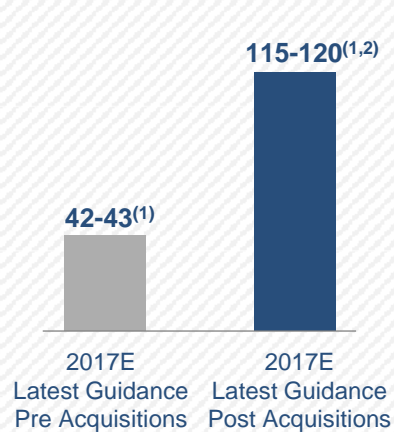
- ✓ Leverage our existing strong footprint in European core markets to increase our international presence

# Confirmation of the 2017 Management Guidance

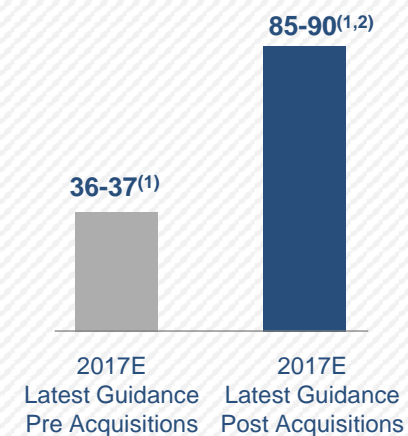
## Aggregate Revenues € million



## Adj. EBITDA € million



## Adj. Net Income € million



CORESTATE confirms its 2017 full-year guidance with expected net income before one-off items of €85–90 million

(1) Adjusted for one-off items (i.e. M&A transaction-related expenses, etc.)

(2) Post acquisition of Hannover Leasing and Helvetic Financial Services, which are consolidated from Q3 2017 onwards



**4** Appendix

## Assets

(k€)	unaudited 30.06.2017	audited 31.12.2016
<b>Non-Current Assets</b>		
Property, Plant and Equipment	1,358	1,235
Intangible Assets	1,578	930
1 Investment in Associates and Joint Ventures	40,486	35,747
Other Financial Instruments	4,199	2,217
Long-term Loans to Associates	656	2,493
Deferred Tax Assets	2,696	2,363
<b>Total Non-Current Assets</b>	<b>50,973</b>	<b>44,985</b>
<b>Current Assets</b>		
Advance Payments for Property Purchase Prices	1,900	1,305
2 Inventories	41,133	15,905
Receivable from Joint Venture & Associates	7,305	9,294
3 Trade Receivables	11,185	5,271
Other Current Assets	10,519	5,636
4 Cash and Cash Equivalents	61,777	48,209
<b>Total Current Assets</b>	<b>133,818</b>	<b>85,619</b>
<b>Total Assets</b>	<b>184,792</b>	<b>130,605</b>

## Comments

Net increase in Investment in Associates and Joint Ventures by 13.3% due to:

- *Project Highstreet*: Real estate portfolio comprising retail properties in mid-sized German cities with a targeted aggregate gross asset value of up to €210m
- *Project Liver*: Acquisition of the Grade A Royal Liver Building office building in Liverpool
- *Asset management mandates* and *sale of retail portfolios* to funds of the Bayerische Versorgungskammer (90 properties in German cities and sub-portfolios acquired as part of HIGHSTREET projects)

1

2

Warehousing transfer of commercial property holding subsidiaries to Project HIGHSTREET VII in June 2017

3

Increase in Receivables due to higher extent of business

4

Increase in cash holdings by 28.1% due to strong operating performance and new equity issuance

## Liabilities & Equity

(k€)	unaudited 30.06.2017	audited 31.12.2016
<b>Equity</b>		
1 Share Capital	1,021	946
1 Other Reserves	94,287	69,699
2 Net Profit / (Loss) for the Period	19,443	15,396
<b>Subtotal Capital Accounts of shareholders of parent company</b>	<b>114,751</b>	<b>86,040</b>
Non-controlling Interests	586	405
<b>Total Equity</b>	<b>115,337</b>	<b>86,446</b>
<b>Non-Current Liabilities</b>		
Long-term Financial Liabilities to Banks	13,983	14,126
Net Employee defined Benefit Liabilities	94	102
3 Other non-current Liabilities	29,567	9,730
<b>Total Non-Current Liabilities</b>	<b>43,643</b>	<b>23,957</b>
<b>Current Liabilities</b>		
Short-term Financial Liabilities to Banks	2,629	4,004
Short-term Liabilities to Associates	283	948
4 Trade Payables	11,966	7,266
Current Income Tax Liabilities	1,085	1,050
Other Current Liabilities	9,848	6,934
<b>Total Current Liabilities</b>	<b>25,812</b>	<b>20,202</b>
<b>Subtotal Liabilities</b>	<b>69,455</b>	<b>44,159</b>
<b>Total Equity and Liabilities</b>	<b>184,792</b>	<b>130,605</b>

## Comments

1

Issuance of 996,318 new shares (c.8% of share capital) through placement by way of an accelerated book building process in February 2017. Share count as of 30 June 2017: 13,606,999

2

Ongoing strong momentum in business activities and earnings providing a further boost to the CORESTATE's equity capital

3

Loan facility for the acquisition of real estate assets in Europe

4

Increase in trade payables due to higher extent of business activities

(k€)	unaudited 01.01.2017– 30.06.2017	unaudited 01.01.2016– 30.06.2016
<b>1</b> Revenue from Acquisition Related Fees	9,073	3,129
Revenue from Asset and Property Management	14,263	9,806
Revenue from Promote Fees realised	13,140	(191)
<b>2 Revenue from Real Estate Investment Management</b>	<b>36,476</b>	<b>12,744</b>
Management expenses	(16,351)	(12,116)
<b>Earnings from Real Estate Investment Management</b>	<b>20,125</b>	<b>629</b>
Net Rental Income	1,007	172
Revenue from Service Charges	499	-
Net Gain from Selling Property Holding Companies	5,359	8,543
<i>Total Income from Real Estate Operations / Warehousing</i>	<i>6,865</i>	<i>8,715</i>
<i>Expenses from Real Estate Operations / Warehousing</i>	<i>(935)</i>	<i>(84)</i>
<b>Earnings from Real Estate Operations / Warehousing</b>	<b>5,930</b>	<b>8,631</b>
<b>Earnings from Alignment Capital</b>	<b>5,268</b>	<b>775</b>
<b>3</b> General, Administrative and Other Expenses	(8,664)	(3,261)
<b>EBITDA</b>	<b>22,659</b>	<b>6,773</b>
Depreciation and Amortisation	(337)	(167)
<b>EBIT</b>	<b>22,322</b>	<b>6,606</b>
Net Financial Income / (Expenses)	(2,047)	(1,847)
<b>EBT</b>	<b>20,275</b>	<b>4,759</b>
Income Tax Expenses	(620)	(1,104)
<b>Net Profit / (Loss) for the Period</b>	<b>19,656</b>	<b>3,655</b>
<i>Attributable to equity holders of parent company</i>	<i>19,443</i>	<i>3,554</i>
<i>Attributable to non-controlling interests</i>	<i>212</i>	<i>101</i>

## Comments

1

Strong increase in acquisition related fees due to successful placement of Highstreet retail as well as residential asset based investment products

2

Real estate investment management revenues providing an attractive and stable source of earnings

3

Increase in total expenses reflects expansion of CORESTATE's property management business and can predominantly be attributed to real estate investment management, acquisition related, and other one-off expenses

(k€)	unaudited 01.01.2017– 30.06.2017	unaudited 01.01.2016– 30.06.2016
<b>Earnings before Taxes (EBT)</b>	20,275	4,759
Adjustments:		
Depreciation and Amortisation	332	168
Share of results from Associates and Joint Ventures	(5,255)	(1,031)
Total Other Adjustments	672	100
<i>Total Adjustments</i>	<i>(4,252)</i>	<i>(763)</i>
<b>Operating Cash Flows before changes in Working Capital</b>	<b>16,023</b>	<b>3,996</b>
Changes in Working Capital:		
Net increase / (Decrease) from Inventories and Advance Payments	(68,738)	2,963
Change in Receivables and Other Assets (non-investing activities)	(53,500)	8,353
Changes in Liabilities that are not attributable to Financing Activities	113,785	12,165
<i>Total changes in Working Capital</i>	<i>(8,453)</i>	<i>23,481</i>
<b>Cash Flows from Operations</b>	<b>7,570</b>	<b>27,477</b>
Income Taxes Received / (Paid)	(760)	(403)
<b>Net Cash Flows from Operating Activities</b>	<b>6,810</b>	<b>27,075</b>
Inflow / (Outflow) for Alignment Capital	517	(5,332)
Purchases and Additions of Tangible and Intangible Assets	(738)	(322)
<b>Net Cash Flows generated from / (used in) Investing Activities</b>	<b>(222)</b>	<b>(5,654)</b>
1 Net Proceeds from Issuance of New Share Capital	22,122	-
2 Dividend Payments	(13,659)	-
Sale / (Acquisition) of Non-controlling Interests	-	(108)
Proceeds / (Repayment) of Loans and Borrowings	(1,322)	(7,485)
Net Interest Received / (Paid)	(161)	(2,356)
<b>Net Cash Flows (used in) / from Financing Activities</b>	<b>6,980</b>	<b>(9,948)</b>
<i>Net Increase in Cash and Cash Equivalents</i>	<i>13,568</i>	<i>11,473</i>
<b>Cash and Cash Equivalents at beginning of Period</b>	<b>48,209</b>	<b>12,447</b>
Net Increase in Cash and Cash Equivalents	13,568	11,473
<b>Cash and Cash Equivalents at end of Period</b>	<b>61,777</b>	<b>23,920</b>

## Comments

1

Issuance of 996,318 new shares (c.8% of share capital) through placement by way of an accelerated book building process in February 2017

2

Dividend of €1 per share corresponding to dividend ratio of c.70% based on 2016 adjusted net profit

## Investor Contact

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