

# CORESTATE Capital

H1-2018 Results

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**2018**

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Glossary: € = Euro; \$ = (US)Dollar; (F)Y = (financial) year(s); H = half year(s); M = month(s); Q = quarter(s); % = percentage; a = actual; acc. = according; adj. = adjusted; aggr. = aggregated; approx. = approximately; c./ca. = circa; e = expected; k = thousand(s); m = million(s); bn = billion(s)

## Operational Performance

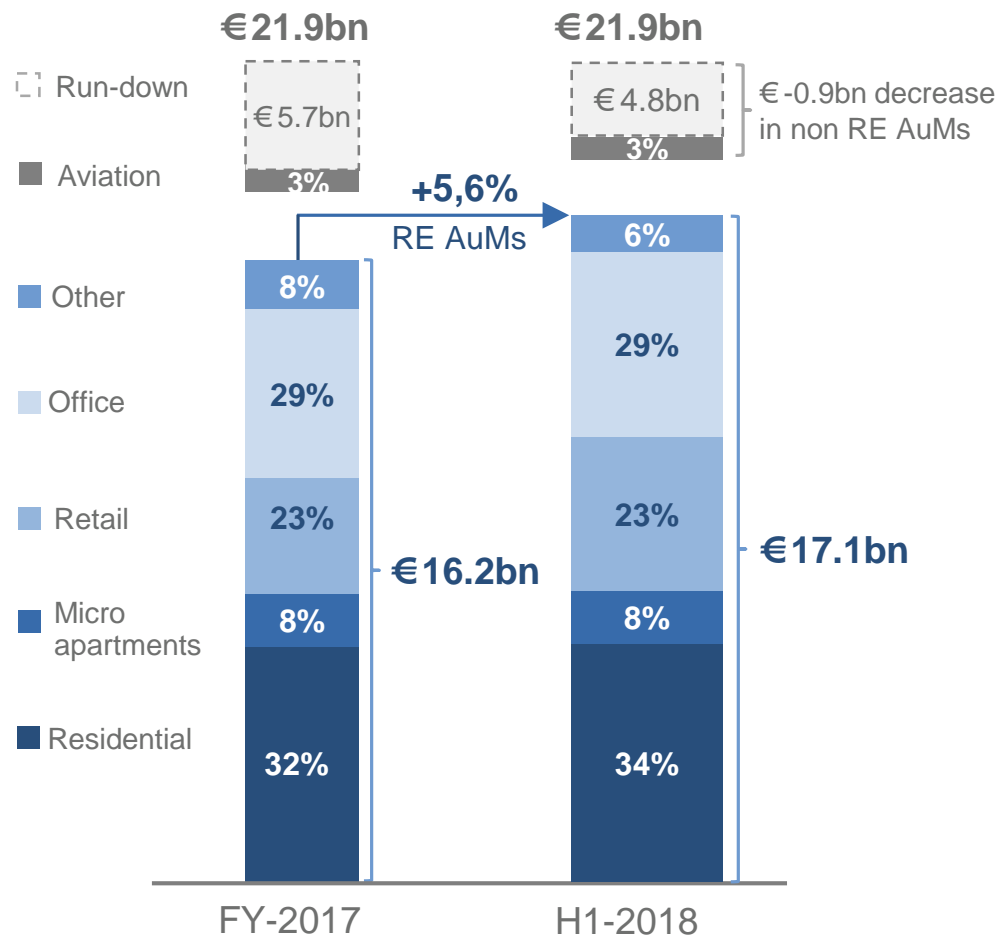
- Attractive **organic growth** with **>5% RE AuMs**
- **Solid H1 earnings** fully in-line with budgets
- All **acquisitions** from 2017 **delivered sound results**
- Several new funds/products launched and currently in marketing process

## Corporate Structure

- Roll-out of group-wide **performance initiative “Zugspitze”** with ancillary projects
  - Goal: **quality leadership** supported by consistent group standards and internal procedures
  - Comprehensive organizational and process development
  - IT harmonization and complexity reduction on internal functions and structures
- Strengthening our market position with promising **co-operations and partnerships**
- **Two** additional broker-initiated **research coverage** with **“buy”** recommendation in June

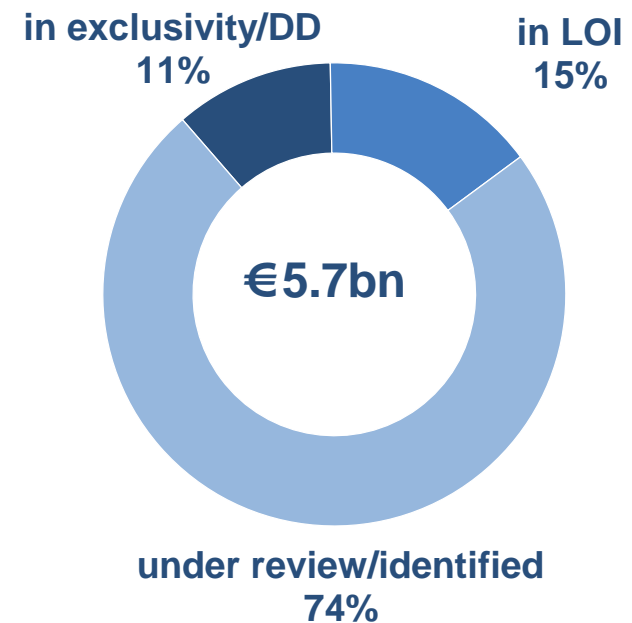
## Increasing Real Estate AuMs

- Strong organic growth in Real Estate AuMs
- Run-down AuMs reduced as planned



## Strong Sourcing Pipeline

- Transaction volumes picking up pace during the course of the year



## Micro Living: CORESTATE to provide >2.7k new apartments in the next three years

### Market driver

- >1.4m single apartments are missing in Germany<sup>1)</sup>
- Rents are up for students/young professionals by 40% since 2011<sup>2)</sup>

### Existing portfolio

- 5.9k apartments already in operation
- 155.2k sqm

1) Hans-Böckler-Stiftung

2) Survey by immobilienScout24



## Further fields of demand in specialized metropolitan niches with attractive market potential

### Urgent demand on more urban housing space

- >700k missing apartments in Germany's Top7 cities alone till 2020<sup>4)</sup>
- Booming residential development projects
- **Financing gap** from banks according to regulation (max. 60-65% LTV)
- **HFS**, by far the **Market Leader**, with most comprehensive market knowledge in "DACH" developments (esp. in residential)

### Structural shortage of daycare centers in German cities

- >3,300 daycare facilities for children are needed<sup>3)</sup>
- Set-up of first product with volume: > €100m
- 30 daycare centers in Germany
- 5 centers are already operating, 25 to be built by 2020
- Guaranteed by municipalities

3) Research Institute IDW

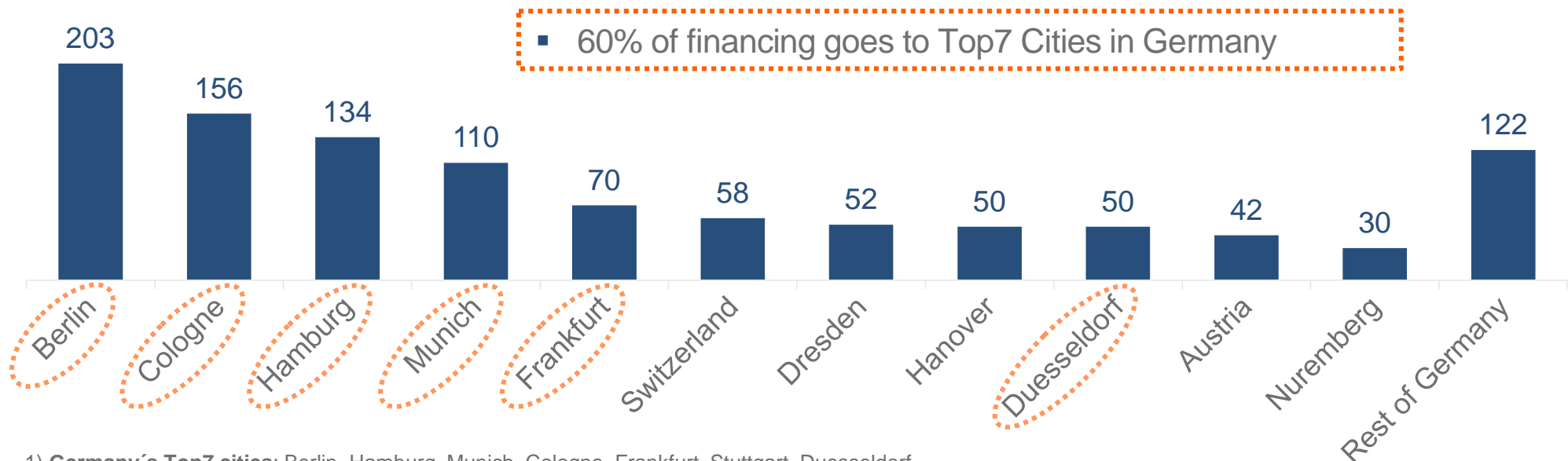
4) Several sources

## Profile of HFS Mezzanine Funds end of June 2018

- Total fund volume > €1,2bn
- # of financed projects 57
- Ø size of mezzanine financing ~ €21m
- >75% German residential



## Regional break down of current financing (in m€)



1) **Germany's Top7 cities:** Berlin, Hamburg, Munich, Cologne, Frankfurt, Stuttgart, Duesseldorf

2) **Sources:** German Government, regional planning office, Chamber of Industry & Commerce, German Association of Housing Industry

## H1-2018 Revenue Stream (in m€)



1) Coupon participation fee (pro rata temporis)

# Financial Figures Fully on Track to Reach FY Targets

Key P&L Figures in m€	H1-2018	
<b>Aggr. Revenues</b>	<b>125.8</b>	100%
Expenses from RE Investment Mgt.	-34.4	27.3%
Alignm. Capital/Warehousing Exp.	-6.1	4.8%
G&A expenses <sup>1)</sup>	-12.3	9.8%
EBITDA	69.1	55%
<b>Adj. EBITDA</b>	<b>77.7</b>	61.7%
D & A	-12.9	10.3%
EBIT	56.2	44.8%
Financial result	-6.7	5.6%
Net profit	42.7	33.9%
<b>Adj. Net Profit</b>	<b>60.9</b>	48.3%

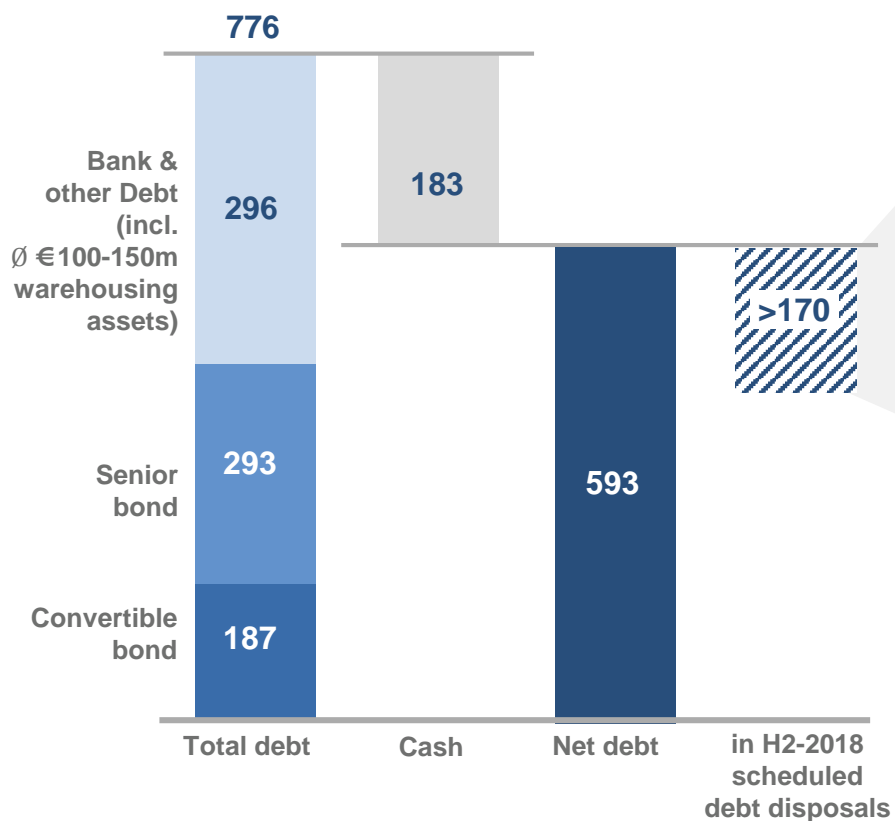
- Operating expenditure facing in H1 underlying and precursory deal cost to materialize our pipeline but also increasing client and regulatory needs on reporting, compliance and administration
- G&A expenses are – especially in Q2 – mainly driven by extraordinary items
- Corresponding one-off adjustments for H1
  - “Zugspitze” and ancillary projects (G&A) € 1.8m
  - Board changes/compensations (G&A) € 6.7m
  - Management contracts (D&A) € 11.5m
  - DTA & non-control. interests (Tax/Net Profit) € -1.9m
- Temporarily increasing interest expenditures from € 300m bond issuance end of March and later/shifted redemptions of existing loans (after positive hedging effects in Q1 2018)

1) incl. other expenses and other income



## Debt overview as of 30 June 2018

- Leverage will be reduced significantly in H2



**Net Debt**  
adj. EBITDA (LTM)\*

**3.4x**

**-1.0x**

\* Adj. EBITDA (LTM) = €174.6m from Q3-2017 to Q2-2018; in FY 2017 Coupon Participation Fee was fully booked in Q4 (acc. to former IFRS regime)

### Assets in placement process



**Düsseldorf Stadttor**  
Space to let: 29.3k sqm  
Anchor tenant: Government of NRW  
Occupancy rate: 100%; WALT: 8.3Y



**Utrecht: Danone Research Center**  
Single tenant  
Space to let: 19.9k sqm  
Occupancy rate: 100%



**Kronberg: Palais**  
Multi Tenants  
Space to let: 12.8k sqm  
Occupancy rate 100%; WALT: 6.6Y

### New warehousing assets in Q2-2018

(run-rate for warehousing assets average € 100-150m)



**Bochum City Point**  
Anchor tenants: H&M, DM, Hallhuber  
Space to let: 10.7k sqm  
Occupancy rate 83%, WALT: 5.2Y

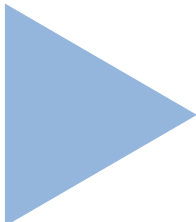


**Rostock EKZ**  
Tenant: EDEKA (cooperative retail group)  
Space to Let: 40.2k sqm  
Occupancy rate 100%; lease term >21Y

## More to come in H2-2018

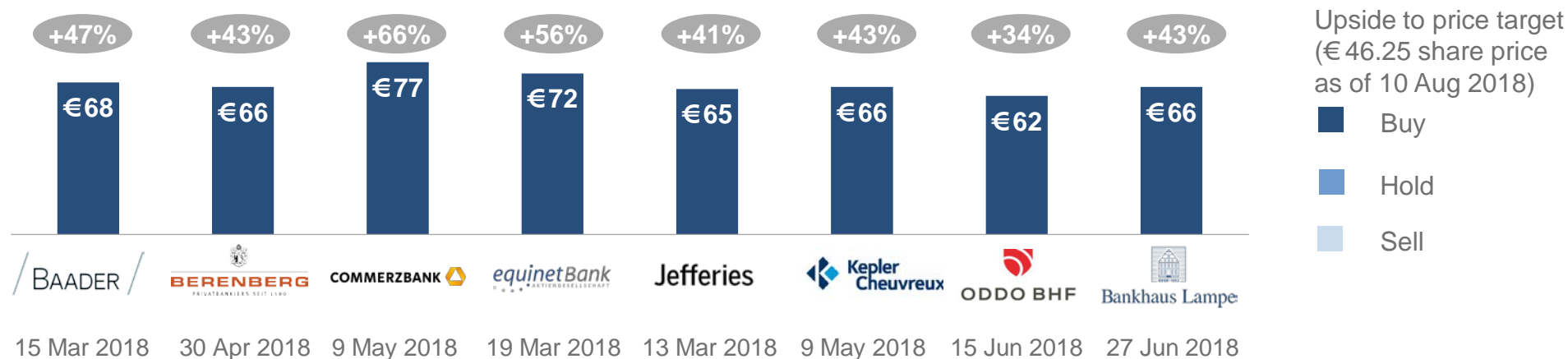
- Deleveraging by placements of warehousing assets
- New funds/products
  - “Highstreet VIII” (mid-cities)
  - Micro living in Spain and other European countries
  - “German opportunity”
  - “European Value-Add Investment program”
  - Specialized Fund for FMCG-assets
  - Expansion of HFS business in selected projects abroad
  - New products for retail investors at Hannover Leasing

## Financial Outlook 2018 Confirmed

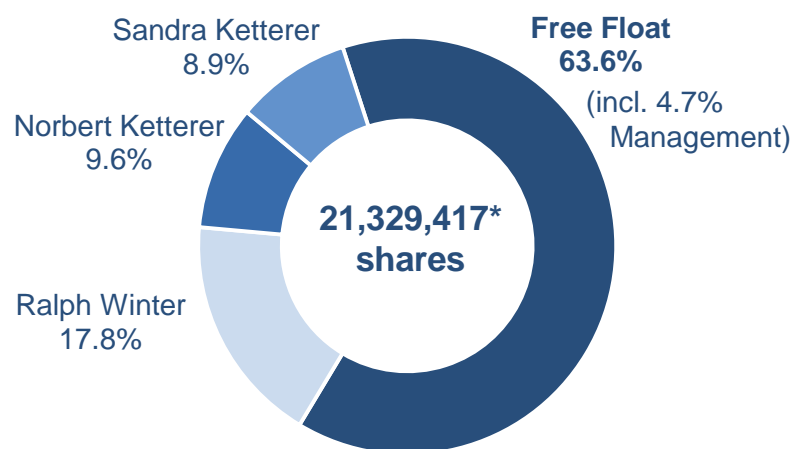
	Aggr. Revenues*	<b>230 - 240 Mio. €</b>
	Adj. EBITDA	<b>155 - 165 Mio. €</b>
	Adj. Net Income	<b>120 - 130 Mio. €</b>

\* Aggregate Revenues include Revenue from Real Estate Investment Management, Share of Profit and Loss from Associates and Joint Ventures, Dividends from other Alignment Capital and Total Income from Real Estate Operations / Warehousing.

## Average target price €67.8 (100% Buy)



## Shareholder structure & important share events



\* As of 31 March 2018

- 4 Oct 2016 First Day of Trading
- 23 Feb 2017 c. €23m Capital Increase
- 20 Sept 2017 Share Placement (c. €157m) by Flygon
- 21 Nov 2017 Placement of Convertible Bond (€200m)
- 27 Feb 2018 Share Placement (c. 20%) by R. Winter and M. Hoensbruch
- 19 March 2018 Inclusion in SDAX

# Appendix – H1-2018 Profit & Loss Statement

(€m)	H1/2018	H1/2017
Revenue from Acquisition Related Fees	26.2	9.1
Revenue from Asset and Property Management	67.9	14.3
Revenue from Promote and Sales Fees realized	0.3	13.1
<b>Revenue from Real Estate Investment Management</b>	<b>94.3</b>	<b>36.5</b>
Management expenses	(34.5)	(16.4)
<b>Earnings from Real Estate Investment Management</b>	<b>59.9</b>	<b>20.1</b>
Net Rental Income	9.7	1.0
Revenue from Service Charges	0.6	0.5
Net Gain from Selling Property Holding Companies	0.4	5.4
Income from other Warehousing activities	5.7	-
<i>Total Income from Real Estate Operations / Warehousing</i>	<i>16.4</i>	<i>6.9</i>
<i>Expenses from Real Estate Operations / Warehousing</i>	<i>(6.1)</i>	<i>(0.9)</i>
<b>Earnings from Real Estate Operations / Warehousing</b>	<b>10.3</b>	<b>5.9</b>
<b>Earnings from Alignment Capital</b>	<b>4.0</b>	<b>-</b>
General, Administrative and Other Expenses	(13.4)	(8.8)
Other Income	1.1	0.1
<b>EBITDA</b>	<b>69.3</b>	<b>22.7</b>
Depreciation and Amortisation	(12.9)	(0.3)
<b>EBIT</b>	<b>56.4</b>	<b>22.3</b>
Net Financial Expenses	(7)	(2.0)
<b>EBT</b>	<b>49.5</b>	<b>20.3</b>
Income Tax Expenses	(6.7)	(0.6)
<b>Net Profit for the Period *</b>	<b>42.7</b>	<b>19.7</b>
<i>of which attributable to equity holders</i>	<i>42.3</i>	<i>19.4</i>

\* As of 31 March 2018

# Appendix – Balance Sheet as of 30 June 2018

(€m)	30.06.2018	31.12.2017
<b>Non-Current Assets</b>		
Goodwill	556.9	556.9
Intangible Assets	129.8	141.0
Investment in Associates and Joint Ventures	66.6	59.9
<b>Total Non-Current Assets</b>	<b>935.0</b>	915.8
<b>Current Assets</b>		
Inventories	348.9	268.3
Receivables	45.2	52.8
Cash and Cash Equivalents	183.0	108.8
<b>Total Current Assets</b>	<b>611.8</b>	511.2
<b>Total Assets</b>	<b>1.546.8</b>	1.427.0
<b>Equity</b>		
Total Equity	568.9	551.4
Long-term Financial Liabilities to Banks	164.6	238.3
Other Long-term Financial Liabilities	509.7	243
Other Non-Current Liabilities	69.6	30.5
<b>Total Non-Current Liabilities</b>	<b>771.8</b>	541.6
<b>Current Liabilities</b>		
Short-term Financial Liabilities to Banks	101.8	132.3
Other Short-term Provisions	36.1	42.9
Other Short-term Financial Liabilities	0	15.5
Other Current Liabilities	28.2	75.9
<b>Total Current Liabilities</b>	<b>206.2</b>	334.0
<b>Total Equity and Liabilities</b>	<b>1.546.8</b>	1.427.0

# Financial Calendar 2018

**06 Sep 2018**      **Capital Markets Day, Frankfurt**

**14 Nov 2018**      **Publication Q3 financial report**

Dates subject to change

## Investor Contact

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