CORESTATE
Capital Group

# CORESTATE Capital

Management Presentation

## Q1 Results 2019

Lars Schnidrig, CEO | 14 May 2019

# Disclaimer

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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)

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## Promising start into 2019

- Financials full on track to deliver on our FY targets
- Real Estate Assets under Management up organically by c +4%
- HFS with ongoing high demand and stable margin
- Seasonal increase in warehousing and temporary balance sheet usage
- Strong pipeline showing more than € 6bn
- Further cross-sellings realized, also between debt and equity

## Attractive new product offering with high client demand

1. Residential funds in Germany´s bigger cities
2. Micro-living in several European countries
3. Opportunity Fund
4. Value-add club deals

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## AGM

- Successful AGM: distribution of **€ 2.50** per share approved (approx. € 53m)
- Share buyback programme completed (approx. € 7m)
- Supervisory Board enlarged – Jonathan Lurie newly elected to the Supervisory Board

## Group Management

- Management structure sustainably aligned
  - New CEO Lars Schnidrig
  - CIO Thomas Landschreiber appointed for another three-year term
  - Comprehensive group steering via „ExCom“ and „OpCom“

Efficient organizational structure implemented for further growth and quality for our clients

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## Our rationale

- Sustainability as driver for further growth
- Institutional clients expect the proof of ESG
  - improving efficiencies
  - reducing operational risks
  - safeguarding trust

## Our objectives

- Combat climate change
- Foster societal impact
- Sustain reliable partnership

PRI

SUSTAINABLE DEVELOPMENT GOALS

INREV

## Our approach

- Signatory of UNPRI
- Member of INREV
- Monthly ESG Committee
  - structured process
  - group-wide role out plan

## Next steps

- First ESG Report coming soon
- ESG criteria implemented in
  - all operations
  - all products
  - all services

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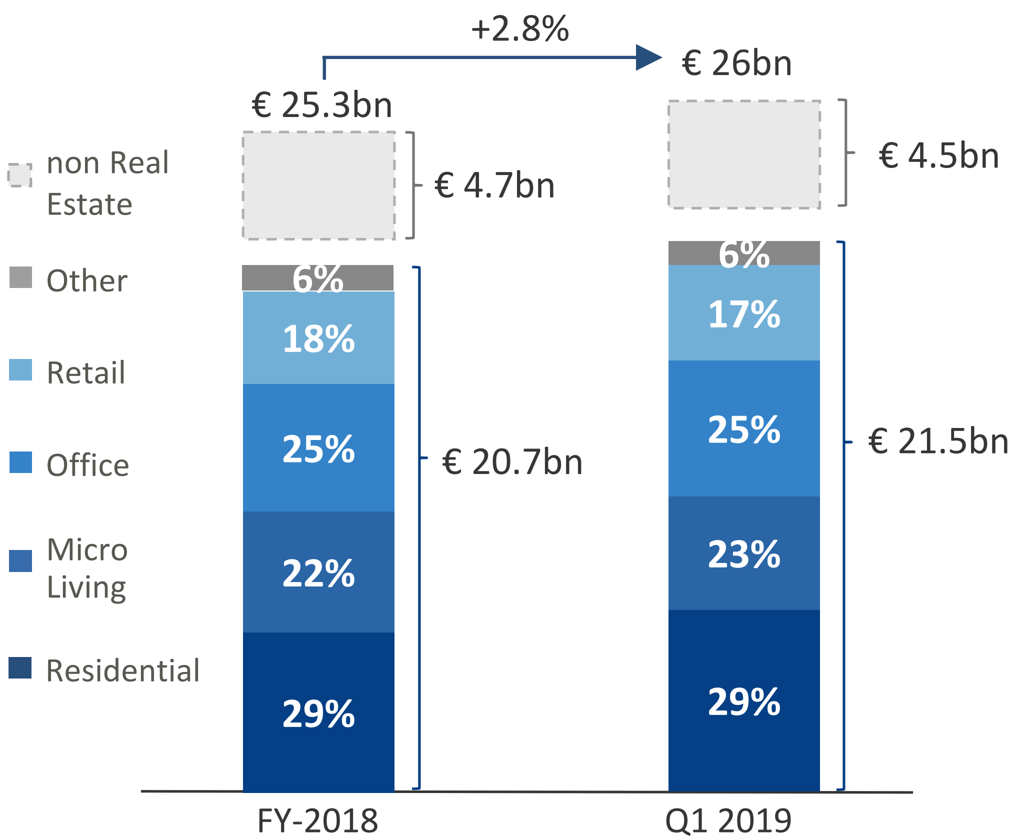
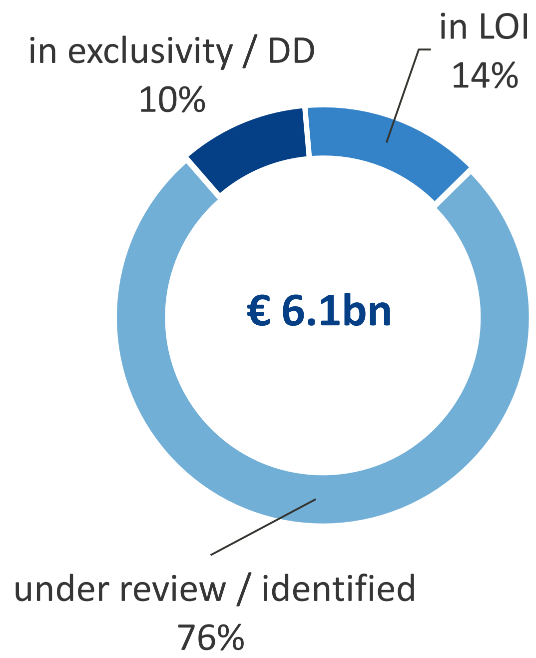
## Assets under Management

- **+3.9% organic growth** in **Real Estate AuMs** since end of 2018
- -4.4% of planned **decrease** in **non-Real Estate** AuMs



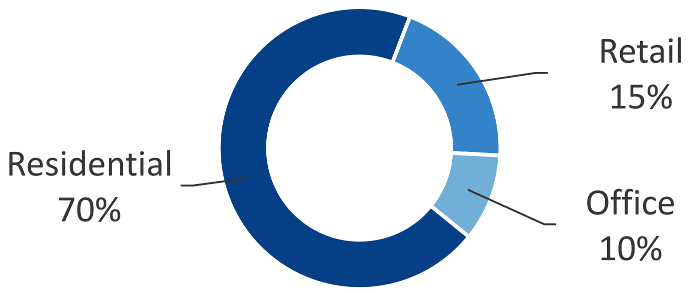

## Sourcing Pipeline

- Strong and tangible deal pipeline with typical seasonal tailwind



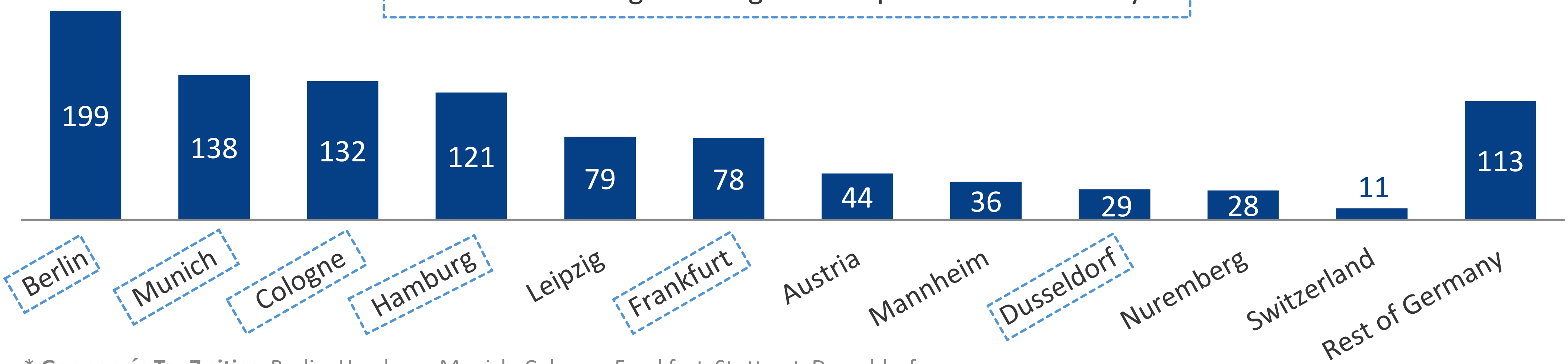
## Profile of HFS Mezzanine Funds end of Q1-2019

- Total committed fund volume: **>€ 1,25bn**
- # of financed projects: **61**
- Ø size of mezzanine financing: c **€ 21m**
- Ø interest rate: between **19%** and **20%**
- Predominantly German residential




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

c 70% of lending volume goes to Top7 Cities* in Germany




* **Germany´s Top7 cities**: Berlin, Hamburg, Munich, Cologne, Frankfurt, Stuttgart, Dusseldorf

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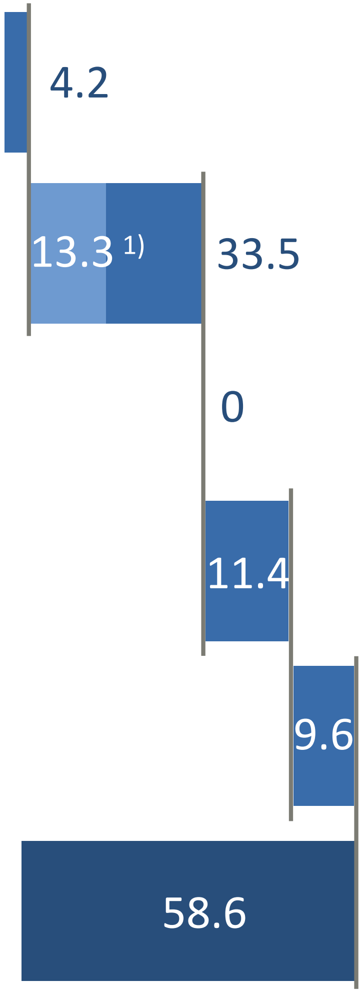
## Q1 2019 Revenue Stream

(in m€ )




| | |
|---|---|
| Acquisition related fees | ▪ Will increase significantly in the course of the year |
| Asset & property mgt. | ▪ Stable revenue stream with slight upside potential |
| Promote/sales fee | ▪ Typically in Q4 |
| Alignment capital | ▪ Benefitting from excellent product performance |
| Warehousing/ RE operations | ▪ Positioned for further client's growth |
| Aggregated revenues | ▪ On track to deliver on guidance |

1) Coupon participation fee (pro rata temporis)

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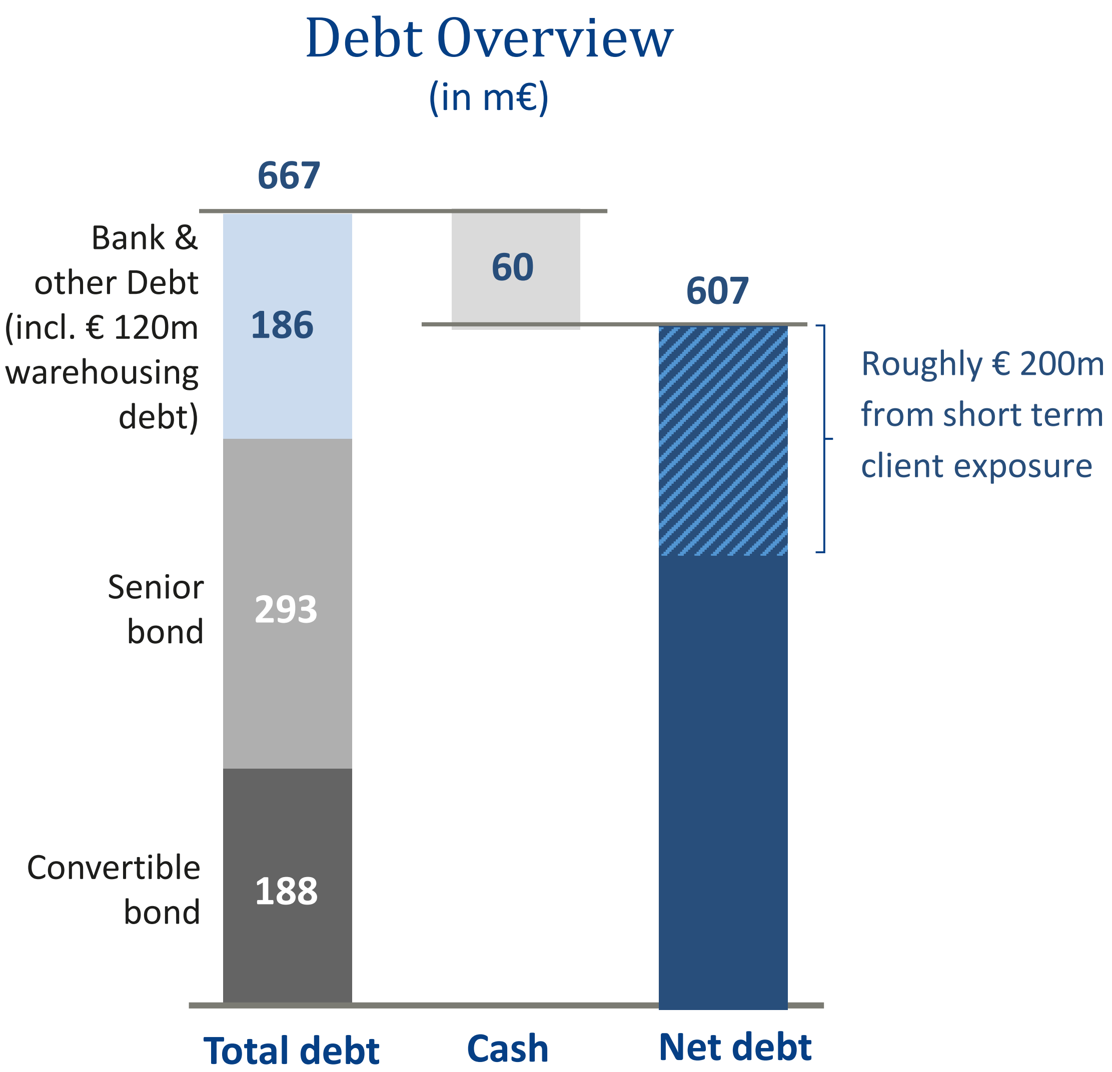
## Key P&L Figures Q1 2019
(in m€)

| | | |
|---|---|---|
| **Aggr. Revenues** | **58.8** | *100%* |
| Expenses from RE Investment Mgt. | -15.5 | *26.4%* |
| Alignment Capital expenses | -1.5 | *2.6%* |
| Warehousing expenses | -3.4 | *5.8%* |
| G&A expenses | -3.6 | *6.1%* |
| **EBITDA** | **38.7** | *65.8%* |
| D & A | -7.6 | *12.9%* |
| **EBIT** | **31.1** | *52.9%* |
| Financial result | -7.4 | *12.6%* |
| Net profit | 21.0 | *35.7%* |
| **Adj. Net Profit** | **26.3** | *44.7%* |

- Slight cost decrease due to extraordinary items in 2018
- Margins mainly driven by extended warehousing business and alignment capital
- D & A comprises the purchase price allocations (capitalized asset management contracts)
- Financial result is negatively influenced by currency hedge accounting effects and additional financings from warehousing activities
- Adjustments on net profit level
  - asset management contracts (D&A) € 6.2m
  - DTA & non-control. interests € -0.9m




- Seasonal utilization of balance sheet for warehousing and client exposure (via structured assets held for sale, inventories or other short-term assets)
- Higher total financial leverage of 3.3x [1)] will go down again into target range of 2x to 3x latest in H2-2019

1) Net debt / EBITDA (LTM); EBITDA from Q1 2019 and adj. EBITDA from April to December 2018

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## More to come in 2019 on operations

- Execution of deal pipeline and client growth
- Development of new products in Real Estate debt and equity
- Ongoing market screening on promising M&A targets

## Financial Guidance 2019

| | |
|---|---|
| Aggr. Revenues* | € 285 - 295m |
| EBITDA | € 165 - 175m |
| Adj. Net Profit | € 130 - 140m |

* Aggregate Revenues include Revenues and Gains from Real Estate Investment Management, Share of Profit and Loss from Associates and Joint Ventures, and Total Income from Real Estate Operations/Warehousing

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## Financial Calendar 2019

| | |
|---|---|
| 13 Aug 2019 | Publication H1 financial report |
| 12 Sep 2019 | Capital Markets Day |
| 12 Nov 2019 | Publication Q3 financial report |

Please note that these dates could be subject to change

## Investor Contact

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