

CORESTATE Capital

Q3-2018 Results

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14 November
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); LTM = last twelve months; m = million(s); bn = billion(s)

Operational Performance

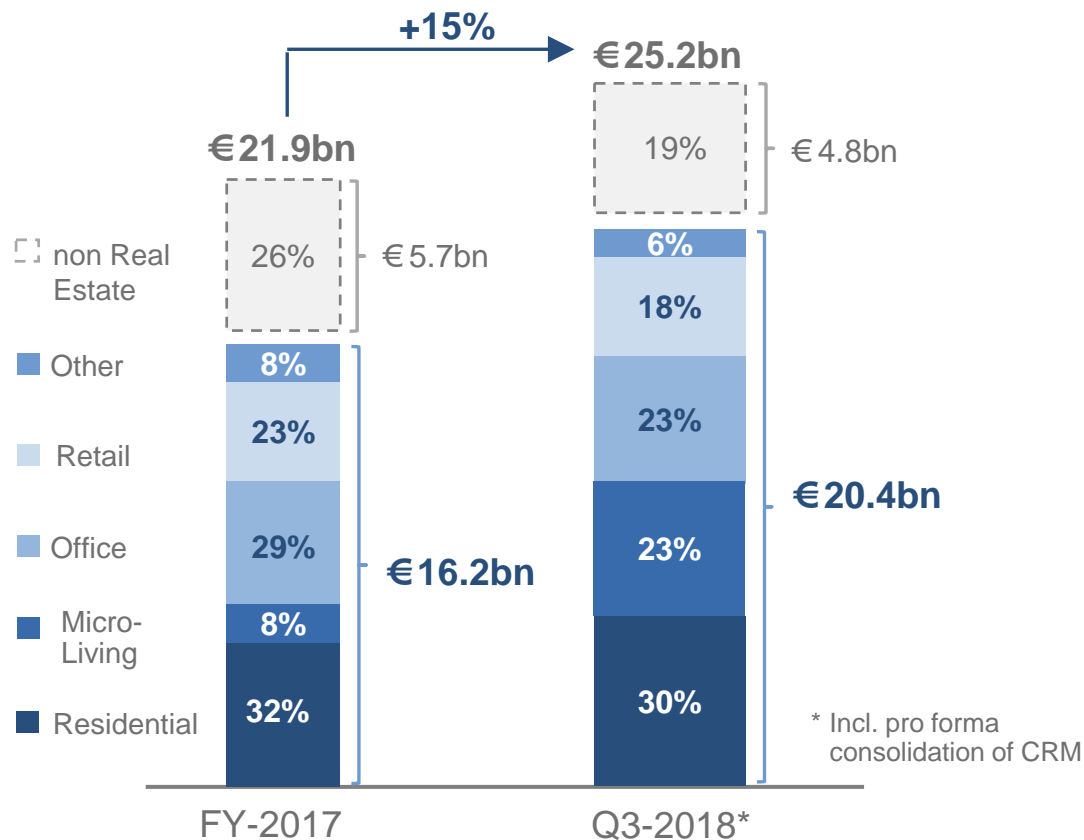
- **>6% organic growth** of RE AuMs
- Group operations on full steam towards **year end business**
- Successful placement of **trophy warehousing assets**
- **9M earnings** distinctly **above budget**
- **Increase of financial guidance 2018**

Corporate Structure

- Acquisition of **CRM Students Ltd**, Oxford (CRM) by 4 October 2018
- Launch of **digital platform** for real estate investments from HL and Exporo
- **Balance sheet** significantly **de-leveraged** into target range
- Reduction of **interest costs >3%**

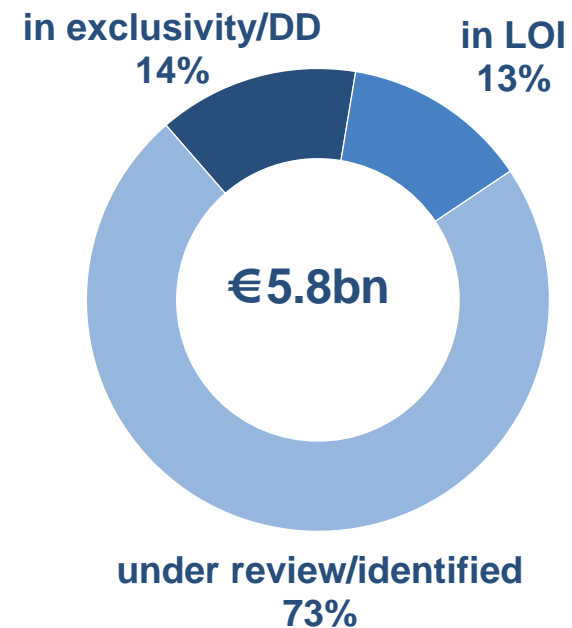
Strong Increase in RE AuMs

- **+6.2% organic growth** in Real Estate AuMs in 2018
- **CRM** boosts Micro-Living with **€+3.2bn**
- Planned **decrease** in **non Real Estate** AuMs of €-0,9bn



Sound Sourcing Pipeline

- Pipeline remains strong and tangible



CRM

- UK's largest independent **operator of student houses** with >10Y track record
- **23k beds** in 145 locations
- ~ **€3.2bn AuMs**
- FY2018(e): Sales ~ **€13m**; EBITDA ~ **€2m**



Rationale

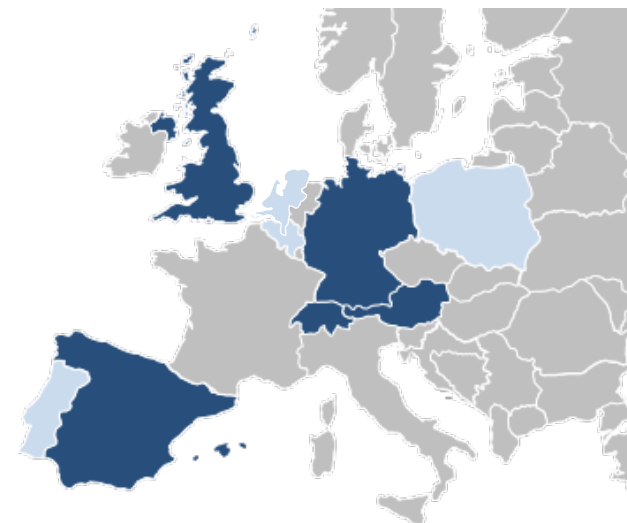
- Building **Europe's leading micro-living provider** (demand grow by 20% by 2020)
- Further international diversification of our asset base
- Synergies from expertise in international student accommodation
- Predictable recurring income stream and benefits from solid growth case (2017: 6-7% market growth in UK student accommodation*)

Price

- ~ € 14m (plus € 3m net cash)

Our Approach

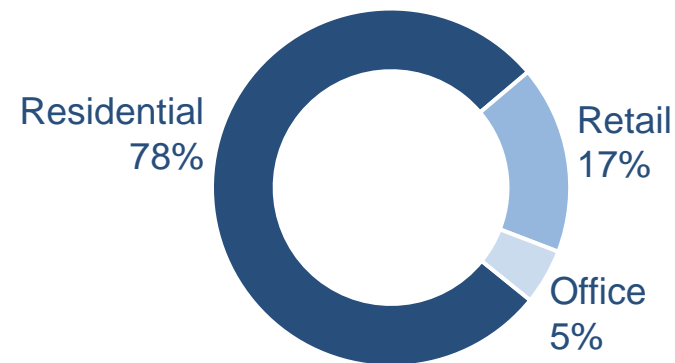
- 28k micro-living apartments already in operation and another 2k in development
- Nearly 160 locations, five countries
- Structural european-wide screening for new locations



*) Cushman Wakefield Student Tracker

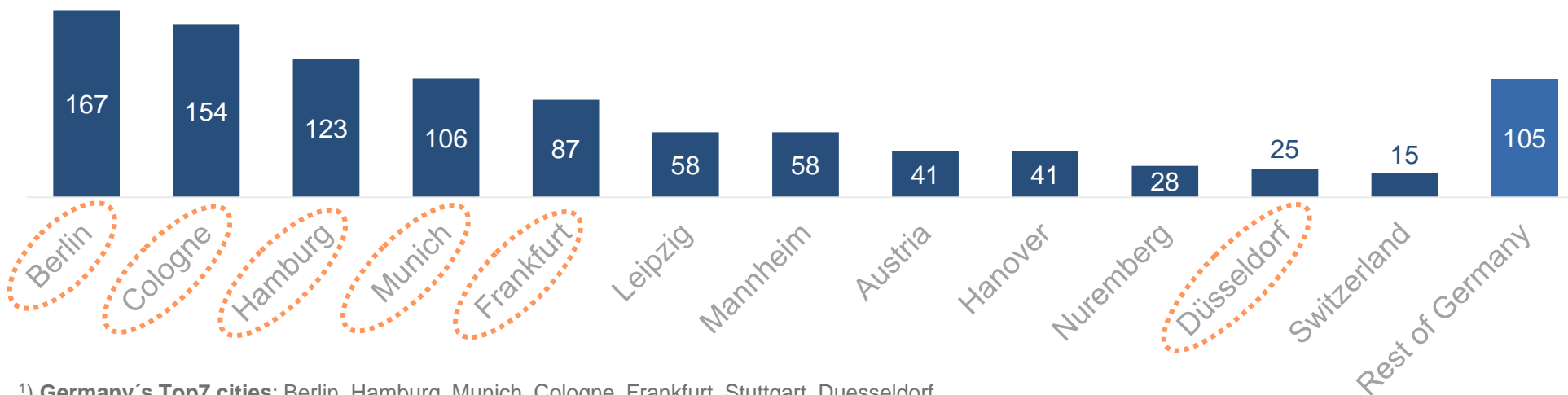
Profile of HFS Mezzanine Funds end of September 2018

- Total committed fund volume: > €1,2bn
- # of financed projects: 56
- Ø size of mezzanine financing: ~ €22m
- >75% German residential



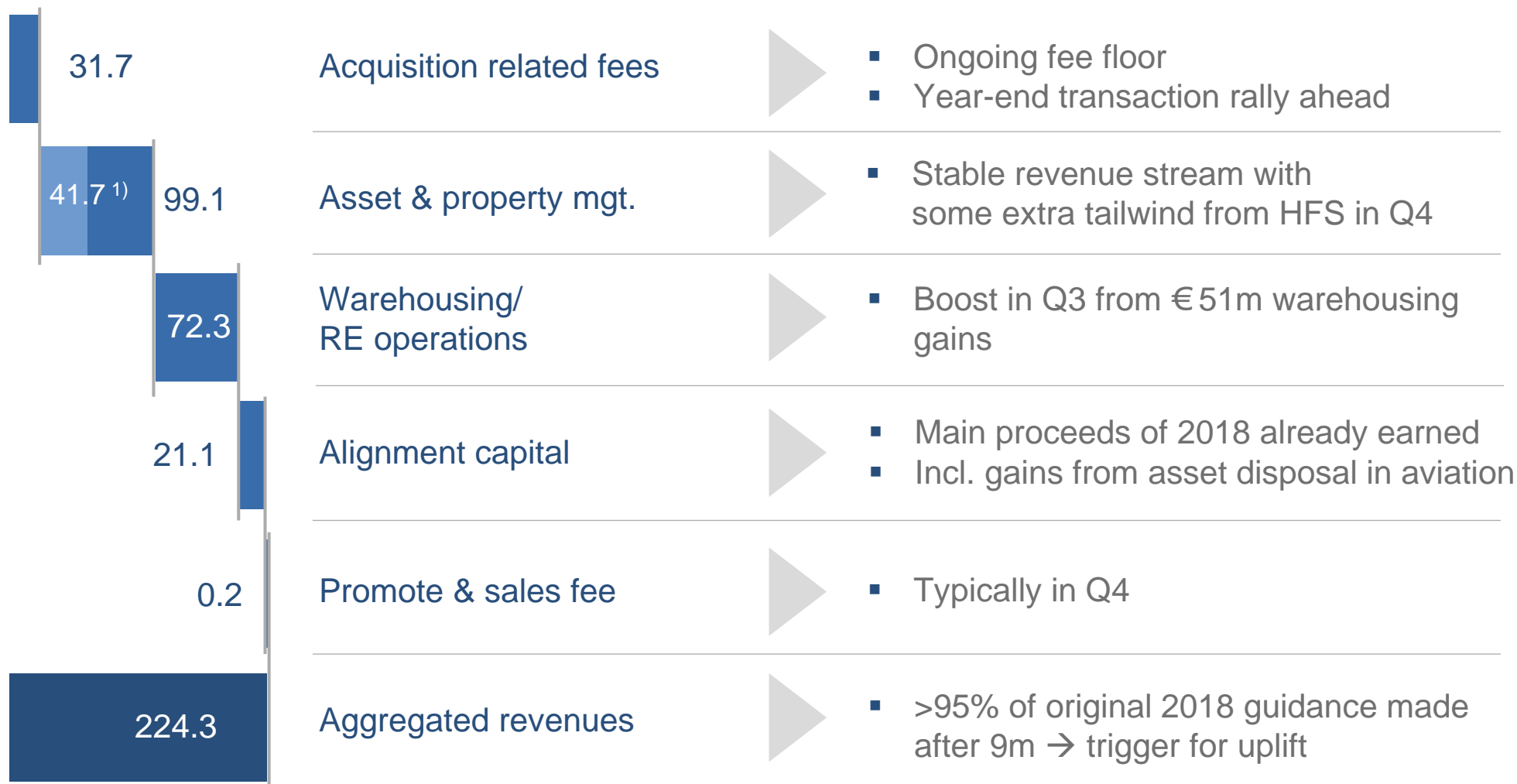
Regional Break Down of Current Outstanding Financings (in m€)

> 60% of lending volume goes to Top7 Cities¹ in Germany



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

9m-2018 Revenue Stream (in m€)



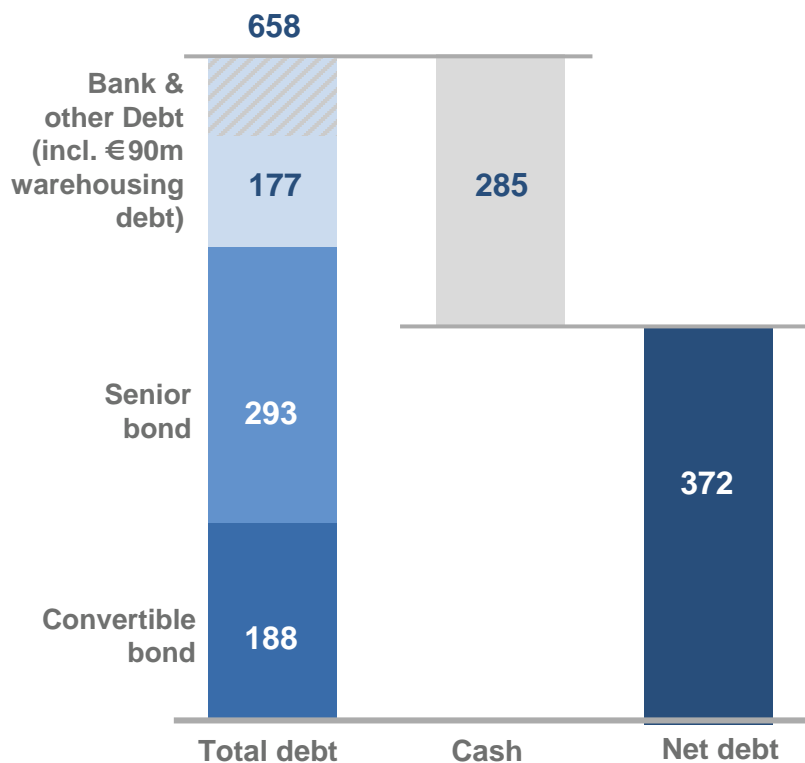
1) Coupon participation fee (pro rata temporis)

Key P&L Figures in m€	9m-2018	
Aggr. Revenues	224.3	100%
Expenses from RE Investment Mgt.	-51.7	23.0%
Alignment Capital expenses	-7.8	3.5%
Warehousing expenses	-18.3	8.2%
G&A expenses ¹⁾	-18.1	8.1%
EBITDA	128.4	57.2%
Adj. EBITDA	137.0	61.1%
D & A	-19.3	8.6%
EBIT	109.1	48.6%
Financial result	-17.5	7.8%
Net profit	80.4	35.8%
Adj. Net Profit	103.6	46.2%

- Operating expenditure reflecting deal costs to materialize our pipeline as well as the ongoing asset management expenses to comply with regulation
- Warehousing expenditure dominated by transaction costs from selling processes and operating services
- G&A expenses are predominately driven by extraordinary items from set-up of corporate structures and management changes in H1-2018
- Financial result is negatively influenced by prepayment fees from debt redemption (€ 8.1m) and by positive accounting effects mainly from derivatives (€ 8.7m)
- One-off adjustments 9m-2018
 - “Zugspitze” and ancillary projects (G&A) € 1.8m
 - Board changes/compensations (G&A) € 6.7m
 - Management contracts (D&A) € 16.6m
 - DTA & non-control. interests (Tax/Net Profit) € -2.1m

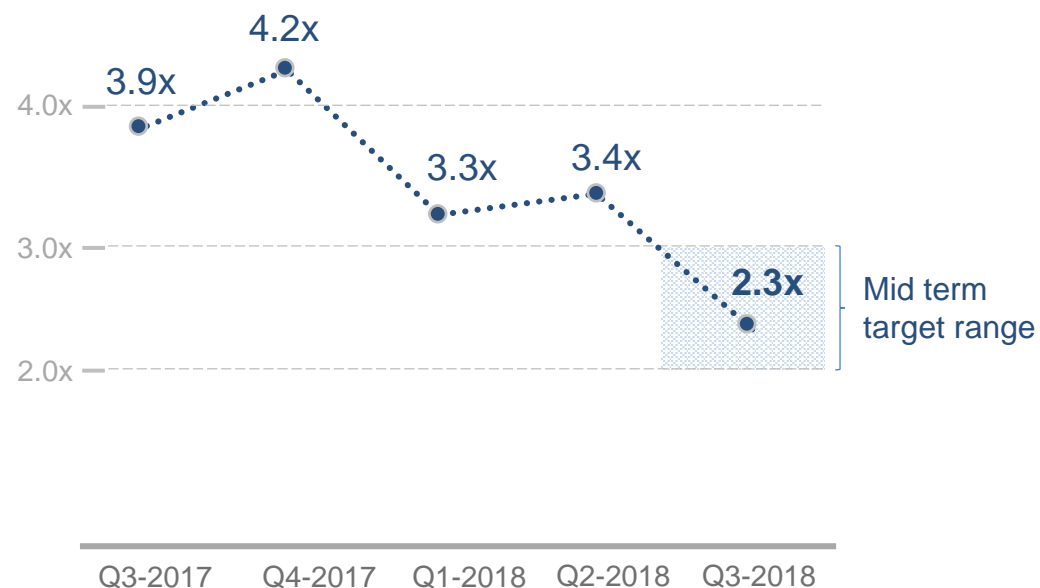
1) incl. other expenses and other income

Debt overview



- Redemption of **€119m** financial debt in Q3
- **Net debt decreases by €220m**
- Debt structure **simplified**

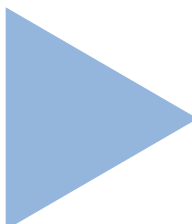
Financial leverage ratio (Net Debt/adj. EBITDA*)



- **Leverage** significantly reduced >1x
- **Target range** 2x-3x reached

* EBITDA: Q3-2017 to Q2-2018 LTM, Q3 midpoint of financial Guidance

Guidance 2018 adjusted and slightly increased

	Aggr. Revenues*	€ 270 - 280m	↑	(before € 230 - 240m)
	Adj. EBITDA	€ 160 - 170m	↗	(before € 155 - 165m)
	Adj. Net Income	€ 125 - 135m	↗	(before € 120 - 130m)

Sneak Peak on 2019

- Guidance 2019 will be provided on 14 February 2019
- Promising perspectives from operations: product pipeline, fund investors and market environment in our core segments and niches
- Indication for potential dividend from FY2018: **2.50 €** (+25% uplift to FY2017)

* 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.



Appendix

(€m)	Q3/2018	Q3/2017
Revenue from Acquisition Related Fees	31.7	13.7
Revenue from Asset and Property Management	99.1	31.9
Revenue from Promote and Sales Fees realized	0.2	14.1
Revenue from Real Estate Investment Management	131	59.8
Management expenses	(51.7)	(32.3)
Earnings from Real Estate Investment Management	79.3	27.5
Net Rental Income	13.8	4.8
Revenue from Service Charges	0.3	0.8
Net Gain from Selling Property Holding Companies	51.8	7.4
Income from other Warehousing activities	6.3	-
<i>Total Income from Real Estate Operations / Warehousing</i>	<i>72.3</i>	<i>13</i>
<i>Expenses from Real Estate Operations / Warehousing</i>	<i>(18.3)</i>	<i>(2.6)</i>
Earnings from Real Estate Operations / Warehousing	54	10.4
Earnings from Alignment Capital	13.3	10
General, Administrative	(20.9)	(21.2)
Other Income	2.8	0.7
EBITDA	128.4	27.3
Depreciation and Amortisation	(19.3)	(3.1)
EBIT	109.1	24.2
Net Financial Expenses	(17.5)	(9.1)
EBT	91.7	15.1
Income Tax expenses	(11.2)	1.6
Net Profit for the Period	80.4	16.6
<i>of which attributable to equity holders</i>	<i>80.6</i>	<i>16.2</i>

(€m)	30.09.2018	31.12.2017
Non-Current Assets		
Goodwill	556.9	556.9
Intangible Assets	123.8	141.0
Investment in Associates and Joint Ventures	77.3	59.9
Total Non-Current Assets	951.1	915.8
Current Assets		
Inventories	118.4	268.3
Receivables	58.5	52.8
Cash and Cash Equivalents	267.8	108.8
Total Current Assets	545.8	511.2
Total Assets	1.497	1.427.0
Equity		
Total Equity	610.1	551.4
Long-term Financial Liabilities to Banks	77.4	238.3
Other Long-term Financial Liabilities	511.5	243
Other Non-Current Liabilities	59.1	30.5
Total Non-Current Liabilities	682.2	541.6
Current Liabilities		
Short-term Financial Liabilities to Banks	68.6	132.3
Other Short-term Provisions	42.9	42.9
Other Short-term Financial Liabilities	0	15.5
Other Current Liabilities	33.4	75.9
Total Current Liabilities	204.7	334.0
Total Equity and Liabilities	1.497	1.427.0

Financial Calendar 2019

14 Feb 2019	Preliminary result of FY 2018
21 Mar 2019	Publication annual financial report 2018
26 Apr 2019	Annual General Meeting
14 May 2019	Publication Q1 financial report
13 Aug 2019	Publication H1 financial report
05 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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