

# Results 9M-2021

Presentation – Conference Call for Analysts & Investors – 10 November 2021

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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)


## General

Ongoing **robust performance** with further revenue and earnings growth **in Q3** ✓


Promising tailwind from **recovered RE investment** environment and increasing **client appetite** ✓

**ESG** Report 2021 with notable **improvements** on major indicators ✓


## Operations

 **Real Estate Equity** ✓

- Catch-up in Q3
- Strong year-end rally

 **Real Estate Debt** ✓

- Integrated platform picks up speed
- Pipeline well filled

 **Other Segments** ✓

- Turned positive
- Stable valuations

## Outlook

Company **very well on track** to deliver on **financial outlook 2021** ✓

Net debt reduction has been shifted to Q4 with an **unchanged leverage ambition of c 3x** ✓

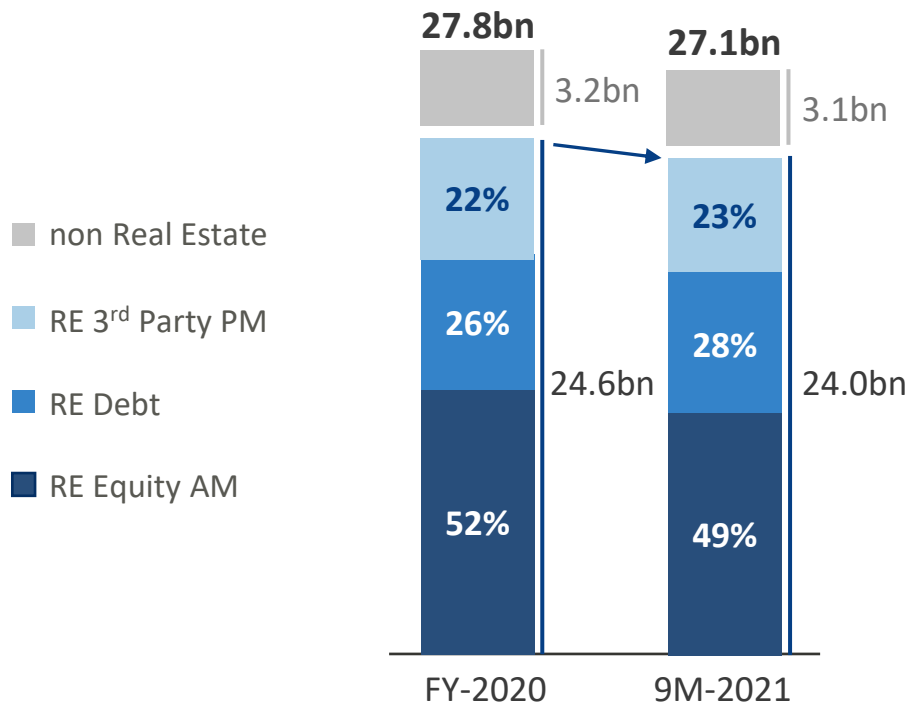
Long-term **market drivers fully intact** ✓

- investment pressure
- allocation to (German) RE
- need for larger and fully integrated RE AM platform

# AuMs Show Stability with Some Outflows in the Course of the Pandemic

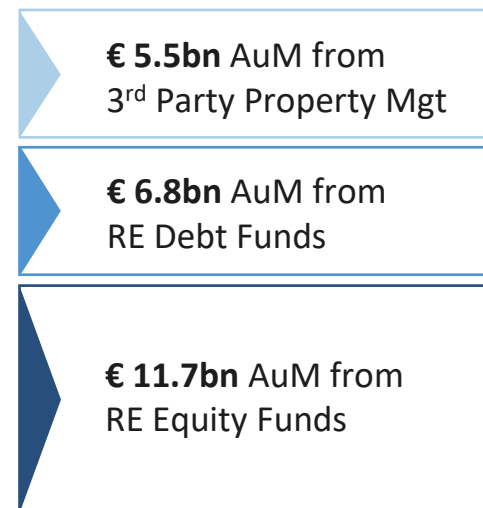
## Assets under Management

- Slight reduction of RE AuMs to € 24.0bn mainly due to maturity of 3<sup>rd</sup> party PM portfolio in UK (c € 1bn), termination of a German micro-living fund (c € 0.6bn) and a commercial portfolio (€ 0.4bn)
- Non-RE AuMs went down as planned to € 3.1bn



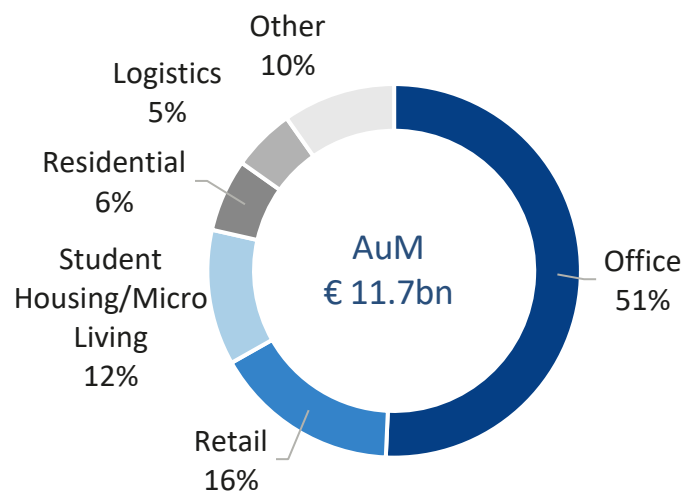
## Sourcing Pipeline

- RE Debt with mezzanine financing pipeline of c € 500m (project volume > € 2bn) and additional c € 1bn of mandated financings or projects in preparation from Corestate Bank
- RE Equity sourcing pipeline in advanced status of c € 1.4bn (49% LoI/51% exclusivity)



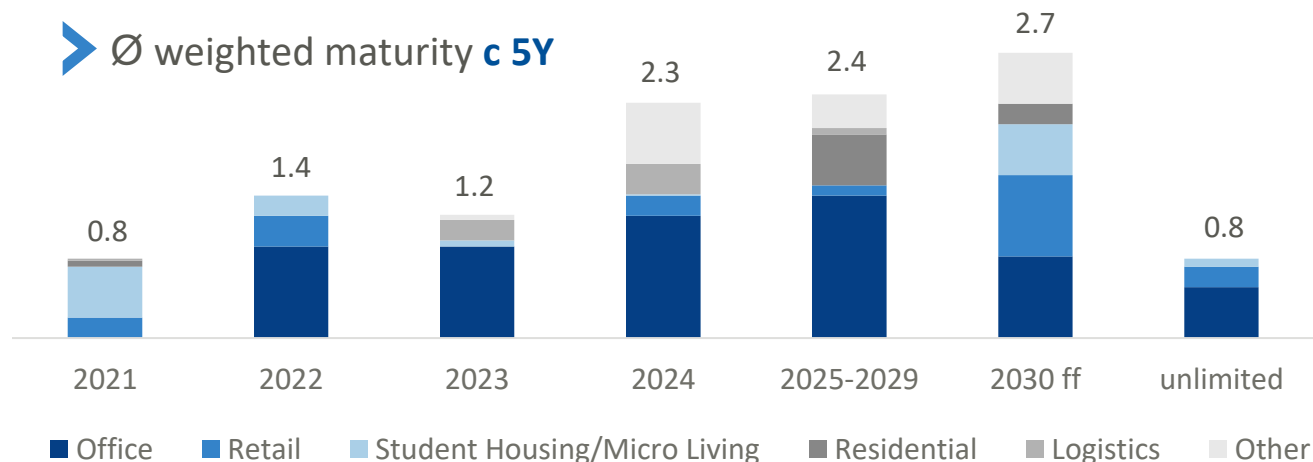
# A. RE Equity Asset Management with € 11.7bn AuM

## Asset Classes



## Maturity Profile

(on € 11.7bn RE Equity AuM in €bn)



## Current Offerings and Actual Returns for Investors<sup>1</sup>

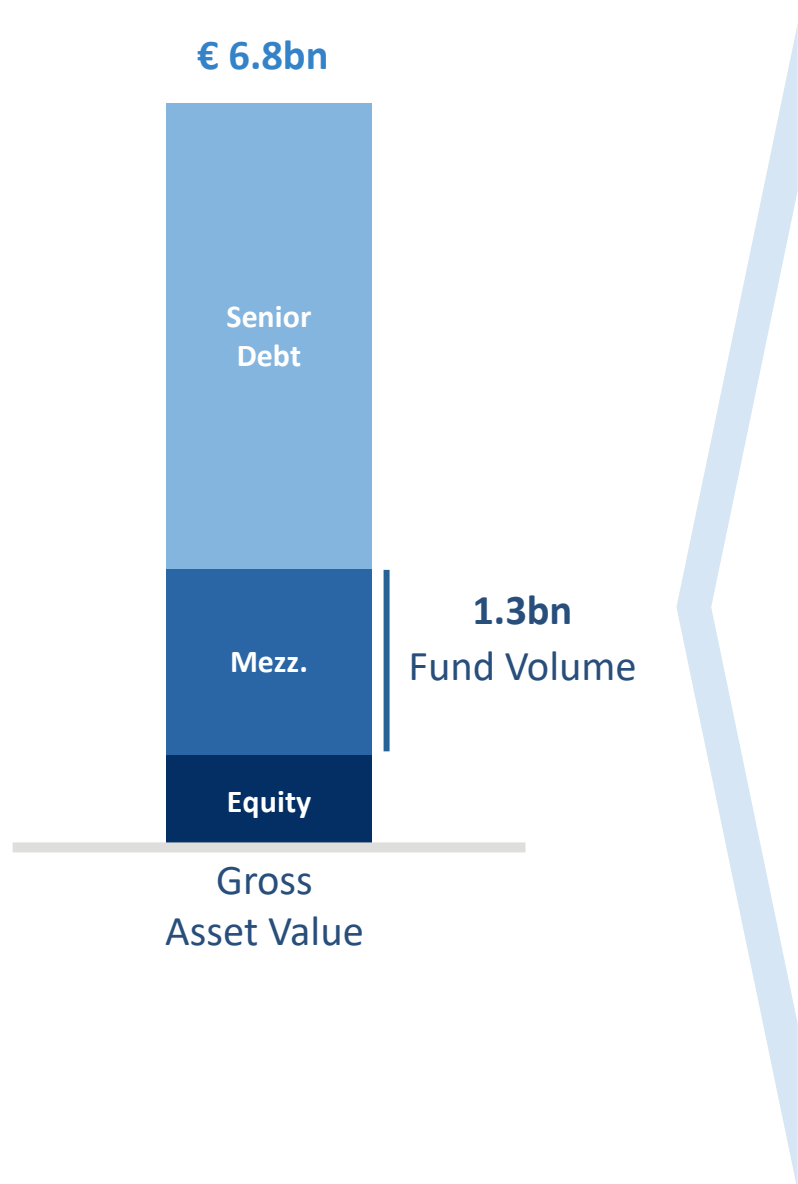
Asset Class	AuM (€)	Return Targets <sup>2</sup>	Core / Core +	Value-Add / Opp.	Weighted Avg. Return
Office	6.0bn	2.5%-4%	83%	17%	7.5%
Logistics	0.6bn	3%-5%	93%	7%	16.0%
Residential	0.7bn	2.5%-4.5%	91%	9%	5.5%
Micro Living	1.4bn	4%-5.5%	50%	50%	11.2%
Retail	1.9bn	4%-7%	95%	5%	7.4%
Other <sup>3</sup>	1.2bn	3.5%-6%	77%	23%	6.3%

➤ c 7.7%

<sup>1</sup>) Past performance is not indicative of future result.

<sup>2</sup>) IRR from current offerings, after costs <sup>3</sup>) Other comprises asset classes like Mixed Use, City Quarters and Hotel

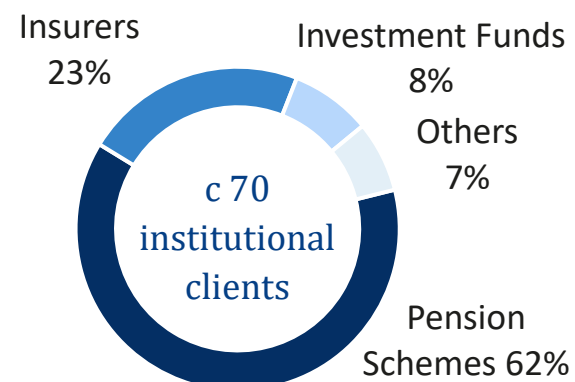
## B. RE Debt Financing Business with € 6.8bn AuM



### Profile of 1.3bn Mezzanine Lending

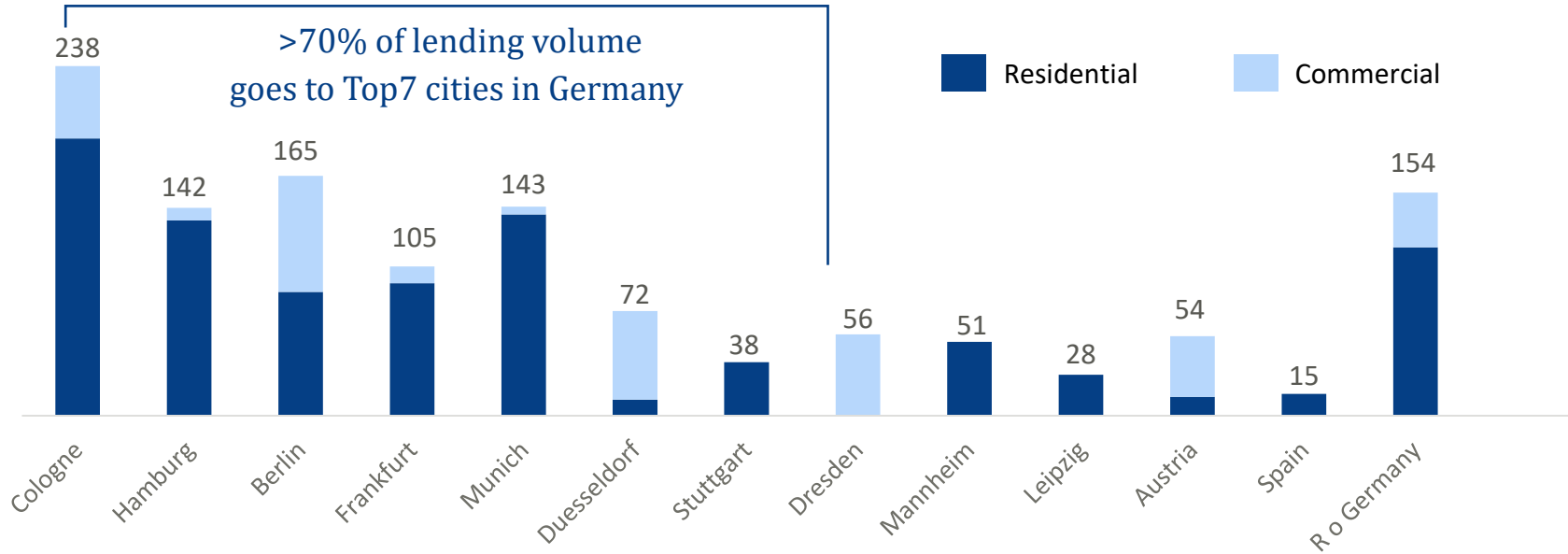
- # of financed projects: **45**
- Ø size of mezz financing: **c € 28m**
- Consistent enhancement of fund turnover and length of lending, current average **loan duration** at **c 1½ years**
- Focus on Germany's **large cities**
- **c 70%** in **residential/city quarter** projects and **c 30%** commercial
- Three funds (**evergreen structure**)
- Successful launch of HFS' new senior fund **Stratos VI**

### Loyal Investor Landscape

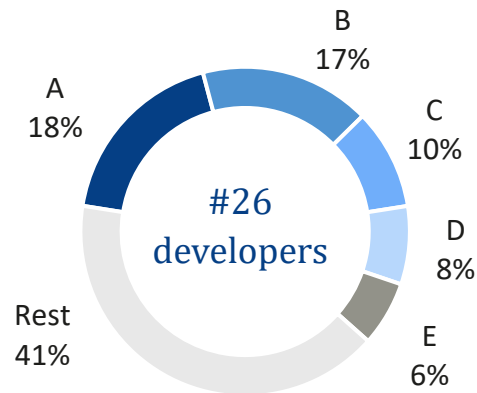


# B. High Portfolio Diversification and a Comprehensive Counterparty Risk Management as Key Performance Driver of RE Debt Business

Regional Break Down of c € 1.3bn Mezzanine Financings (in m€)



Mezzanine Exposure to Top 5 Borrowers



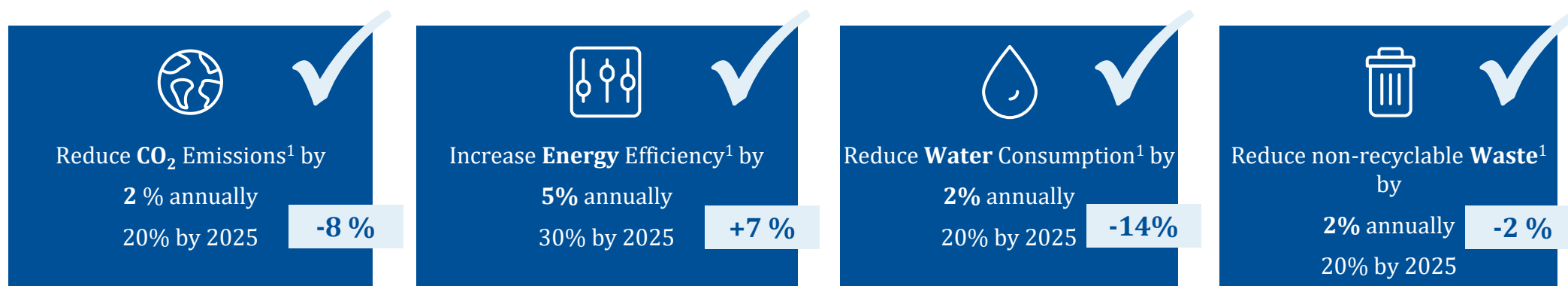
Client	Project Profile
A	Residential & City Quarters in Top 7
B	Residential & Commercial in Top 7
C	Residential & Commercial in Top 7
D	Commercial in Germany
E	Residential in Munich

Higher allocation to experienced, long-established and bigger clients

# ESG Report 2021 – Well Above Plan on Key Targets

Corestate has adopted ambitious environmental, social, and corporate governance (ESG) targets to align their business goals with sustainability goals

- **Targets 2021 clearly exceeded: CO<sub>2</sub> emissions** in managed property portfolio reduced by **-8%**, **energy consumption** by **-7%** and **water consumption** by **-14%**, proportion of **female managers** increased by **+9%**
- Investors benefit from new sustainable financial products
- Continuous expansion of digital, smart technology for measuring emissions from buildings
- ESG due diligence process introduced in line with EU plans for climate neutrality by 2050
- In August 2021 CORESTATE was ranked in Focus Money Deutschland Test with its **ESG Reporting/Transparency** as **No 1** as Real Estate Investment Manager



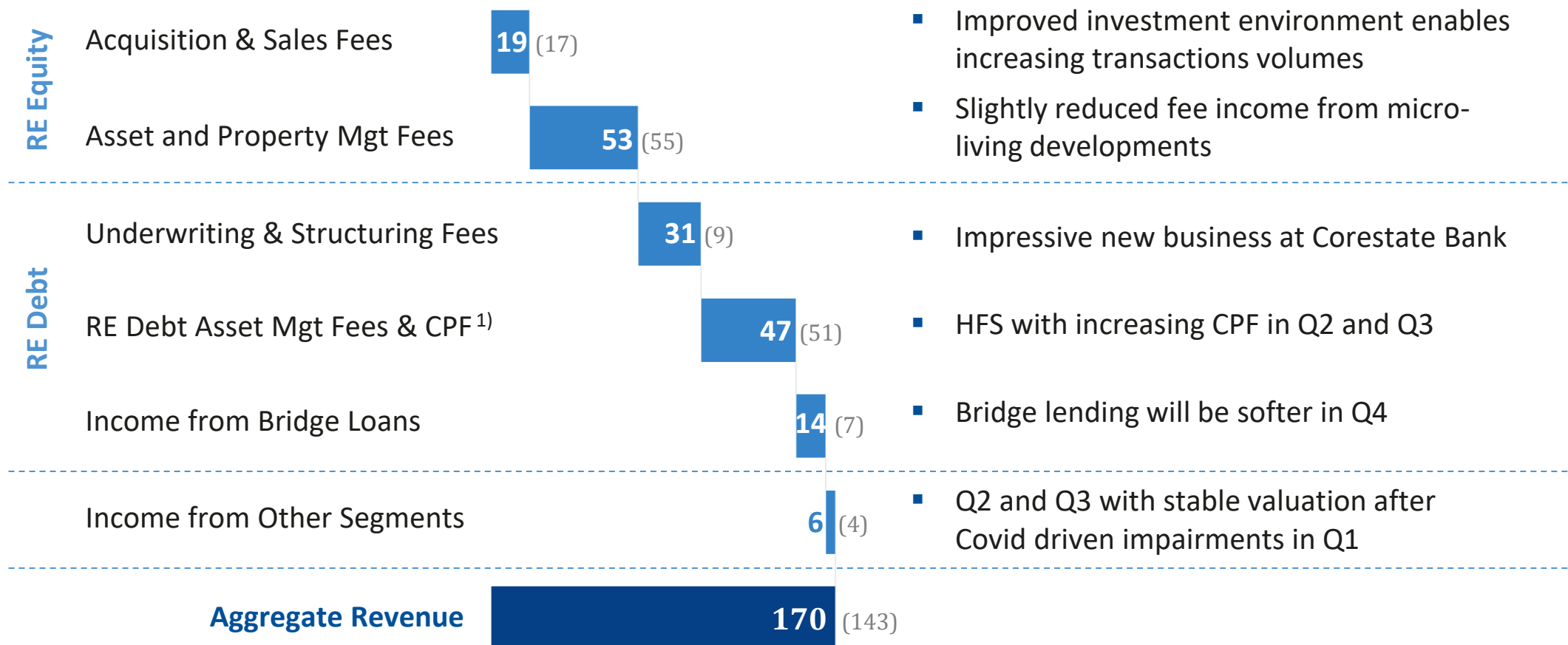
<sup>1</sup>) Based on meter data given for assets



# Income Lines Shows Strong Recovery from Pandemic

## Revenue Split-up for 9M-2021

in m€ (9M-2020)



<sup>1)</sup> Coupon Participation Fees (performance share from mezzanine funds) in 9m-2021: € 33.8m

# Improved Profitability Despite Extraordinary Effects

## Key P&L Figures 9M-2021

in m€

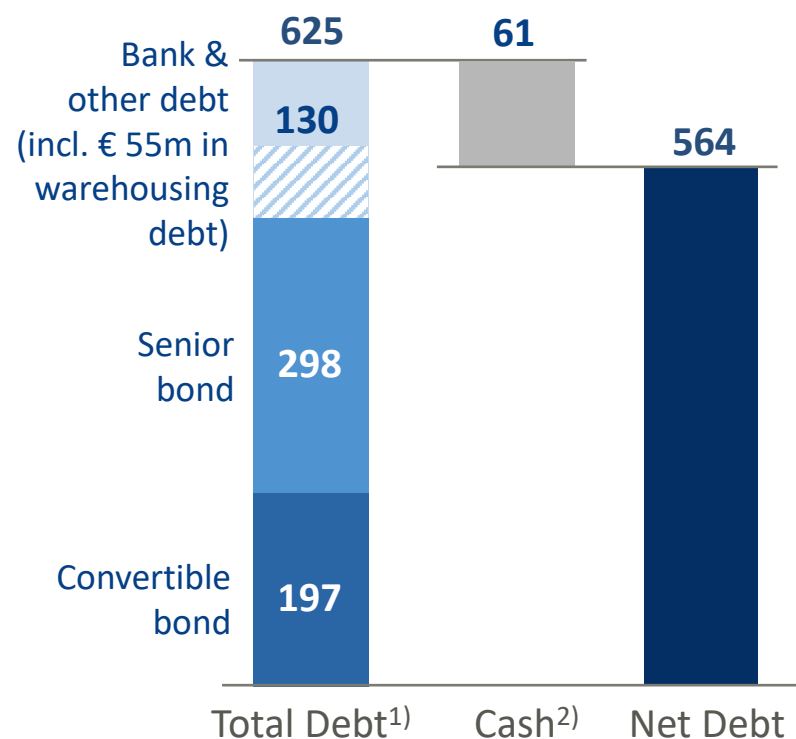
	9M-2021	9M-2020
<b>Aggregate revenue</b>	<b>169.6</b>	<b>142.7</b>
Expenses from RE Equity	-70.1	-58.7
Expenses from RE Debt	-12.6	-6.0
Expenses from other segments	-5.7	-14.3
G&A expenses	-37.1	-24.4
Other Income	9.0	6.9
<b>EBITDA</b>	<b>53.1</b>	<b>46.1</b>
<b>Adjusted EBITDA</b>	<b>61.0</b>	<b>46.1</b>
D&A	-23.7	-24.8
<b>EBIT</b>	<b>29.3</b>	<b>21.3</b>
Financial result	-14.8	-16.2
Income Tax expenses	-11.8	-0.7
<b>Net profit</b>	<b>2.8</b>	<b>4.4</b>
<b>Adj. net profit</b>	<b>23.9</b>	<b>20.8</b>

OpEx

- OpEx slightly increased to € 88.4m, mainly due to consolidation of CORESTATE Bank and growth initiatives in RE equity. 2021 OpEx ratio of 52.1% improved from 55.4% in 2020.
- G&A includes one-off expenses from M&A and new strategic setup
- Substantial progress on profitability to **adjusted EBITDA margin of 36.0%** (prior year: 32.3%)
- D&A with consolidation effects from AFS
- **Tax ratio** expected to **go down** significantly in Q4 from utilization of **tax loss carryforwards**
- Adjustments
  - M&A related expenses € 8.0m
  - Depreciation of € 17.6m on PPA related intangibles (prior year: € 19.0m)
  - DTL € -4.5m (prior year: € -2.5m)

## Debt Overview at the End of 9M-2021

in m€



1) Total financial debt adjusted for leasing liabilities of € 28m

2) Incl. restricted cash

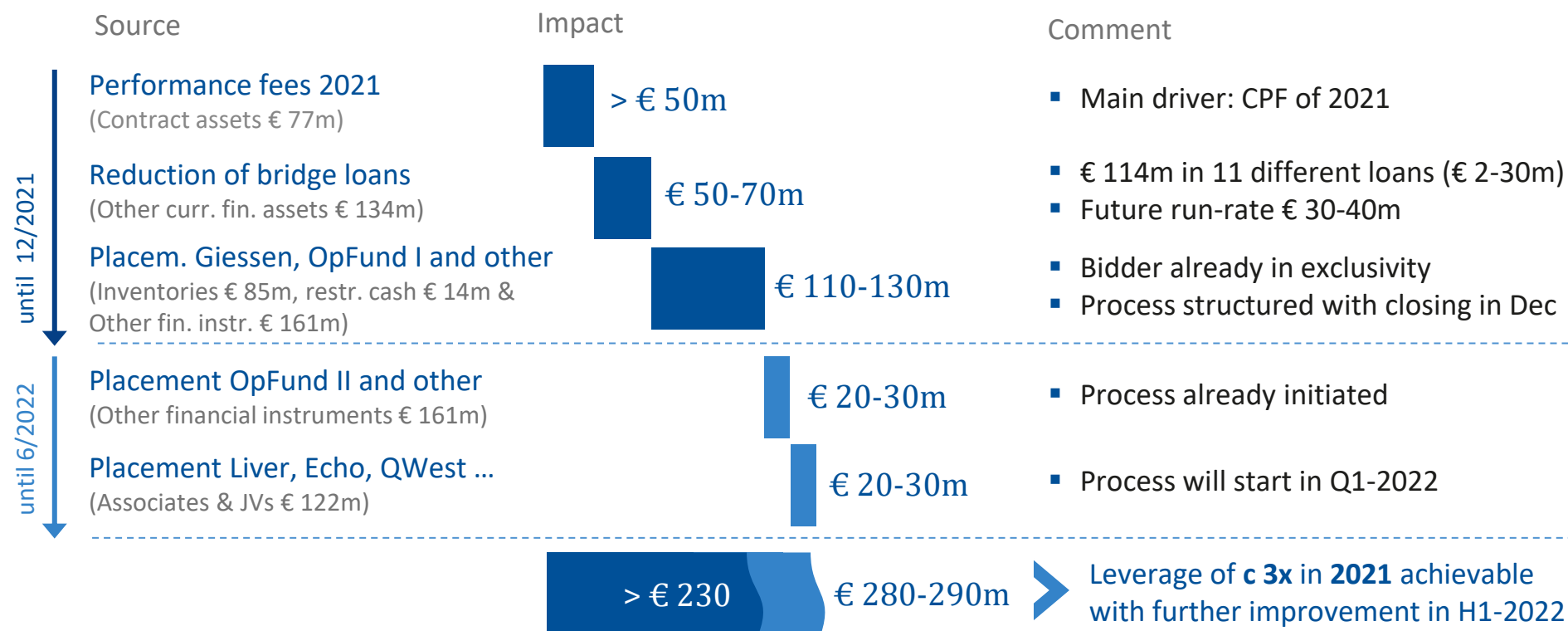
3) Adjusted EBITDA LTM as of End of September 2021 at € 31.5m

## Continued strong focus on debt reduction in Q4 and FY-2022

- Net financial debt remains at c € 564.4m
- Slight shift in bridge loan repayments and business driven short-term increase in working capital between Q3 and Q4
- Financial leverage of c 17.9x EBITDA on LTM basis still disturbed by previous year figures
- Year-end ambition on **financial leverage of c 3x confirmed**

# Cash Conversion Program from Balance Sheet Assets

## Key Measures on Net Debt Reduction\*



\* Other effects on working capital largely offset each other

Refi  
2022

➤

**Readiness for refinancing € 300m straight bond and € 200m CB in Q1-2022** based on financial set of FY-2021 and outlook FY-2022 – alternative path could start in summer 2022

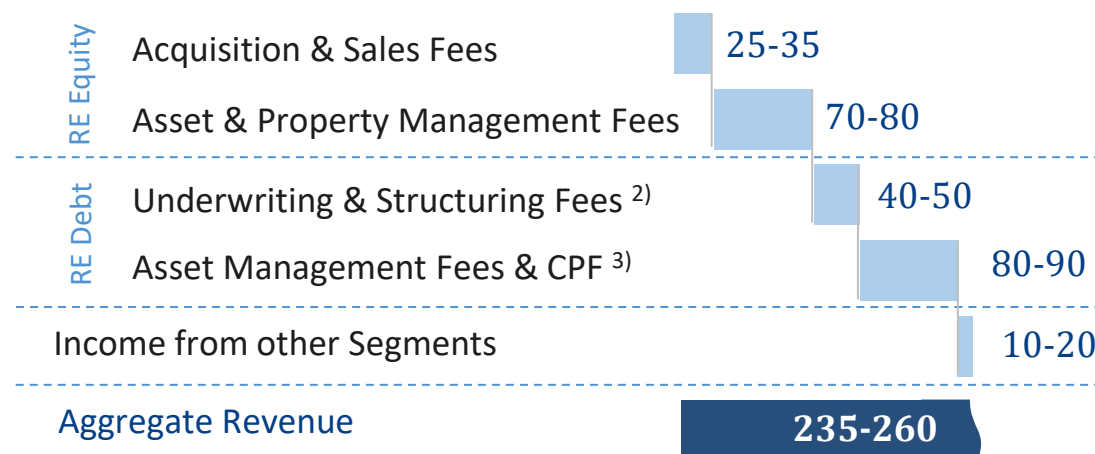
## Financial Outlook 2021 Confirmed

Aggr. Revenue	€ 235-260m
adj. EBITDA <sup>1)</sup>	€ 90-115m
adj. Net Profit <sup>1)</sup>	€ 50-75m

Dynamic upswing in transaction environment fostered with increasing client appetite drive deal pipeline and year-end rally

## Revenues 2021 with Minor Shifts Between Segments

(in m€)



## Sneak Preview on 2022: Further Market Upturn Opens up Scope for Higher Profitability

- Real estate markets to **recover substantially in 2022**, accompanied by **persistent investment pressure**
- Well positioned** to benefit from improving surroundings, based on a **unique platform of RE debt and RE equity** products that ensures clients exclusive access to attractive off-market deals
- Key 2022 financial initiatives: **secure refinancing**, safeguard **organic growth ambition** in **core business** and further **EBITDA margin improvement**
- Outlook FY-2022** to be provided on **8 March 2022** – Capital Markets Day postponed to H1-2022

<sup>1)</sup> Expected adjustments: c € 10m one-off expenses related to AFS acquisition, € 20-25m depreciation of PPA related intangibles and corresponding DTLs

<sup>2)</sup> Incl. HFS underwriting fees, AFS structuring fees and new issue profits <sup>3)</sup> Incl. HFS asset mgt. fees, Coupon Participation Fees, mezzanine lending and AFS trading results

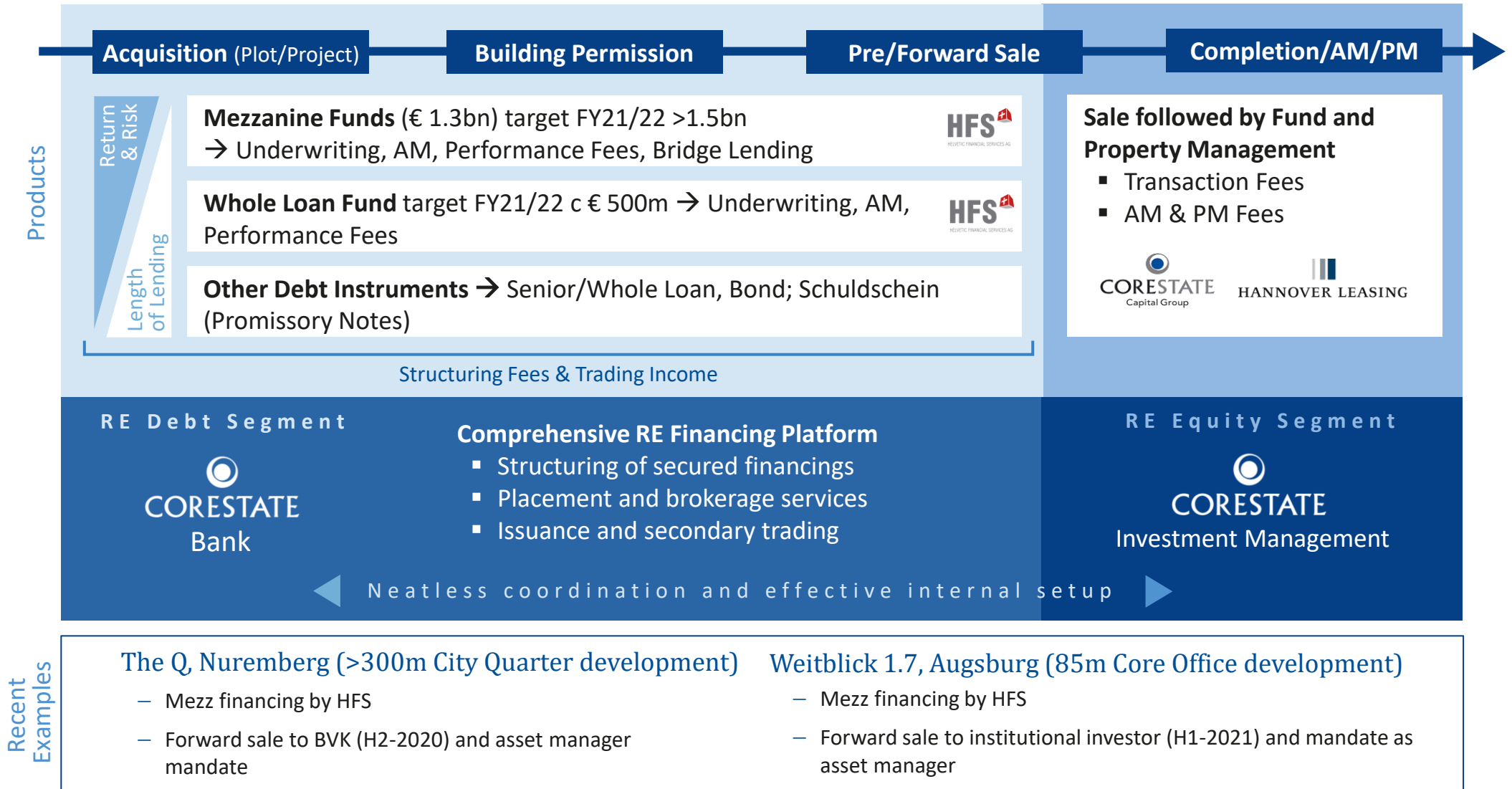


Appendix

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# RE Debt Segment Covers the Entire Investment Life Cycle and Enables a Unique Eco System in Combination with the RE Equity Segment

## Integrated Value Chain Approach Secures Strong Synergies Between Products and Clients



# Profit & Loss Statement 9M-2021

(€ m)	9M-2021	9M-2020
Revenue from Acquisition Related Fees	6.5	14.0
Revenue from Asset Management Fees	28.1	32.7
Revenue from Property Management Fees	25.0	22.4
Revenue from Sales and Promote Fees realised	12.3	3.2
<b>Total Revenue from Real Estate Equity</b>	<b>72.0</b>	<b>72.4</b>
Total Expenses from Real Estate Equity	(70.1)	(58.7)
<b>Total Earnings from Real Estate Equity</b>	<b>1.9</b>	<b>13.6</b>
Revenue from Underwriting and Structuring Fees	30.7	9.3
Revenue from Asset Management Fees	12.8	15.2
Revenue from Performance Fees	33.8	35.5
Income from Bridge Loans	14.2	6.8
Income from Trading Activities	0.2	–
<b>Total Revenue from Real Estate Debt</b>	<b>91.8</b>	<b>66.8</b>
Total Expenses from Real Estate Debt	(12.6)	(6.0)
<b>Total Earnings from Real Estate Debt</b>	<b>79.2</b>	<b>60.8</b>
Income from Rental Income and Service Charges	4.8	3.7
Net Gain from Selling Warehousing Assets	(0.2)	(0.5)
Share of Profit or Loss from Associates and Joint Ventures	0.1	(4.7)
Dividends from other Alignment Capital	4.8	6.6
Gains/Losses from fair value measurement of financial instruments related to Real Estate	(3.7)	(1.6)
<b>Total Income from Other Segments</b>	<b>5.8</b>	<b>3.6</b>
Total Expenses from Other Segments	(5.7)	(14.3)
<b>Total Earnings from Other Segments</b>	<b>0.1</b>	<b>(10.8)</b>
Other Income	9.0	6.9
G&A and Others Expenses	(37.1)	(24.4)
<b>EBITDA</b>	<b>53.1</b>	<b>46.1</b>
D&A	(23.7)	(24.8)
Net Financial Result	(14.8)	(16.2)
Income Tax Expense	(11.8)	(0.7)
<b>Net Profit</b>	<b>2.8</b>	<b>4.4</b>



# Balance Sheet as of September 30, 2021

(€ m)	September 30, 2021	December 31, 2020
<b>Non-Current Assets</b>		
Goodwill	642.8	577.7
Other Financial Instruments	160.9	153.9
Intangible Assets	150.2	87.8
Investment in Associates and Joint Ventures	122.0	120.8
Other Non-Current Assets	115.5	116.3
<b>Total Non-Current Assets</b>	<b>1,191.4</b>	<b>1,056.6</b>
<b>Current Assets</b>		
Inventories	85.3	73.8
Cash and Cash Equivalents	47.0	68.2
Other Current Assets	305.7	266.5
<b>Total Current Assets</b>	<b>438.0</b>	<b>408.5</b>
<b>Total Assets</b>	<b>1,629.3</b>	<b>1,465.0</b>
<b>Total Equity</b>	<b>824.9</b>	<b>688.5</b>
Non-Current Financial Liabilities to Banks / Bonds	500.5	495.6
Other Non-Current Financial Liabilities	26.9	29.3
Other Non-Current Liabilities (sum, incl. other non-current Liability positions)	46.0	24.0
<b>Total Non-Current Liabilities</b>	<b>573.4</b>	<b>548.8</b>
Current Liabilities		
Current Financial Liabilities to Banks	68.6	68.7
Other Current Provisions	8.4	10.1
Other Current Financial Liabilities	56.9	42.0
Other Current Liabilities (sum, incl. other current Liability positions)	97.1	106.9
<b>Total Current Liabilities</b>	<b>231.0</b>	<b>227.7</b>
<b>Total Equity and Liabilities</b>	<b>1,629.3</b>	<b>1,465.0</b>

## Investor Contact

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## Financial Calendar 2021/2022\*

- 10 November 2021 • Publication results for 9M-2021
- 8 March 2022 • Annual financial report FY-2021
- 10 May 2022 • Publication results for Q1-2022
- 17 May 2022 • Annual General Meeting 2022
- 9 August 2022 • Publication results for H1-2022
- 8 November 2022 • Publication results for 9M-2022

\*Please note that these dates may be subject to change