



**QUARTERLY
STATEMENT
AS OF
31 MARCH
2022**

1ST QUARTER 2022

COMPANY PROFILE

Corestate is an investment manager and co-investor with around € 23.9bn in assets under management, thereof € 18.4bn assets under management in its core business real estate equity and real estate debt. The Company sees itself as a manager for the entire length of the real estate value chain. Thanks to its fully integrated real estate platform, it is able to offer investors a wide range of services, especially the opportunity to invest in large-scale societal trends such as urbanization, demographic shifts or sustainability – trends that will continue to have a decisive influence on the living and working environment in the long term. The consistent focus on asset classes that will be successful in the long run constitutes a central cornerstone of the Company's strategy. At Corestate, all concepts are supported with ESG expertise that is unique to the industry. With more than 800 experts, Corestate offers clients and investors a full range of services and consultation from a single source, from project financing and real estate management to sales. Corestate is listed on the Frankfurt Stock Exchange and operates as a respected business partner for institutional and semi-institutional investors as well as high-net-worth private investors in 11 countries across Europe, with offices in Frankfurt, Vienna, Zurich, Paris, Madrid and London.



An aerial photograph of a city skyline at sunset. The sun is low on the horizon, casting a golden glow over the city. Several prominent skyscrapers are visible, including a tall, thin tower with a pointed top and a large, dark, rectangular building with a unique architectural design. In the foreground, a large stadium with a curved roof is visible. The city extends to the horizon under a blue sky with scattered clouds.

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KEY FIGURES Q1 2022

		Q1-2022	Q1-2021	Change in %
Aggregated revenue and gains	€ Mio.	37.6	37.3	1.0%
Aggregated revenue and gains from continued activities	€ Mio.	29.7	30.2	-1.6%
EBITDA	€ Mio.	-0.7	-2.0	
EBITDA from continued activities	€ Mio.	0.7	-0.2	
EBITDA margin	%	2.5%	-0.8%	
Net profit	€ Mio.	-10.9	-14.5	
Net profit from continued activities	€ Mio.	-9.3	-12.0	
Adjusted net profit ¹	€ Mio.	-9.1	-9.1	
Adjusted net profit from continued activities¹	€ Mio.	-7.6	-7.0	
Earnings per share	€	-0.30	-0.53	

		31.03.2022	31.12.2021
Number of Shares outstanding		34,193,808	34,193,808
Equity Ratio	%	44.3	44.3
Cash and Cash Equivalents	€ Mio.	63.3	62.8
Net Debt	€ Mio.	532.7	526.5
Net Debt / EBITDA (LTM)		12.47	12.04
Assets under Management at End of Period	€ Mrd.	23.9	27.8
Number of Employees at End of Period	FTE	791	811

¹ Adjusted for one-off charges from M&As (in FY 2021), as well as effects from deferred taxes and purchase price allocations (PPAs)



TO OUR
SHARE
HOLDERS



LETTER FROM THE MANAGEMENT

Dear Shareholders,
Ladies and Gentlemen,

At the beginning of the new year, the market environment for the real estate sector was mixed. On the one hand, investment pressure from institutional investors remained strong and the valuations of the asset classes affected by the coronavirus pandemic also stabilised visibly in recent months. On the other hand, material and supply bottlenecks in the form of rising construction costs as well as high inflation, especially in Germany, rising interest rates in the eurozone and also the Ukraine war had a detrimental effect on the overall economic development of the real estate industry and the risk appetite of our customers.

Corestate kicked off the first quarter of 2022 with a seasonally typical start to the year. At € 29.7m, aggregated revenues and gains from continued activities in the first three months were on a par with the same period in the previous year. EBITDA from continued business activities improved slightly from minus € 0.2m in 2021 to € 0.7m. Corestate's net profit adjusted for one-off effects amounted to minus € 7.6m, which also represents a generally balanced result roughly on a par with the previous year.

As announced at the beginning of the year, we are systematically pursuing our strategic agenda by examining internal structures and processes and significantly reducing complexity both within our divisions and in the organisation as a whole. These measures support our efficiency programme, keep existing expenses down and lead to clear cost discipline. We are currently working at all levels to position our company for a successful new start. In light of the increased uncertainty in our business environment, it is essential to have a high-performing business model with a strict focus on customer benefit and a strong new brand identity.

We can report progress in areas such as our focus on core business. A purchase agreement for our property management activities in Germany, which operate under the Capera brand, was signed at the end of April. We expect to close this sale and receive the funds of € 14.5m in the first half of 2022. The transaction with a book value of € 2.6m involves some 270 FTEs, € 3.0m in aggregated revenues and gains and approximately € 2.5 billion in assets under management.

We restarted the marketing process for the shopping center in Giessen. The refurbishment measures there are nearing completion, and the resulting increase in the attractiveness of the building has already led to higher tenant occupancy.

In addition to the further development of our operating business, probably the greatest and most important challenge facing our Management Board in the current difficult market environment is to reduce our liabilities, free up liquidity and refinance our bonds. We will work hard on these goals in the coming weeks and months, while also looking for alternative ways of improving our financial risk profile and ensuring the full ability of our business to act.

Due to the increase in uncertainties as well as the open refinancing issue, the management anticipates negative consequences for new business in the current year. Therefore, we are withdrawing the forecast for 2022 and the corresponding dividend statement for 2023 until further notice.

Luxembourg, 9 May 2022

Stavros Efremidis
Chief Executive Officer

Izabela Danner
Chief Operating Officer

Udo Giegerich
Chief Financial Officer

Ralf Struckmeyer
Chief Investment Officer

RESULTS OF OPERATIONS

The statement is adjusted in line with IFRS 5 Discontinued Operations for the reporting period in 2022 and for the previous year figures 2021. For further information on the transaction rationale and the planned divestment see Note B.2.3 to the consolidated financial statements in the annual report 2021 on page 102ff.



RESULTS OF OPERATIONS

Despite the pandemic, the European real estate market began the year confidently. However, this development was also aggravated by material bottlenecks and supply difficulties, a historic surge in inflation, a gradual sprouting in interest rates and the war in Ukraine. Thus, the hurdles for the overall economy and companies have not diminished in the first three months of 2022. On the other hand, valuations of assets that were hit hard by the pandemic, such retail, micro living and hotels, have also stabilized in recent weeks.

Consolidated total revenue of the Group (including total revenue from Real Estate Equity business, total revenue from Real Estate Debt business and income from rental income and service charges) came to € 31.8m (prior year: € 34.8m).

AGGREGATE REVENUE AND GAINS BY INCOME LINES

Including the revenue from Real Estate Equity, from Real Estate Debt and from other segments, the Group's aggregate revenue and gains were almost stable with € 37.6m (prior year: € 37.3m). The aggregated revenue and gains from continued operations reduced slightly to € 29.7m from € 30.2m in the first quarter 2021.

Real Estate Equity

The Real Estate Equity segment generated income of € 12.4m, nearly at the same level as in the prior year with € 11.7m. Acquisition fees in this segment went down from € 2.0m in the first three months 2021 to € 0.6m, due to the lower transaction volume. Revenue from asset management in Real Estate Equity stabilized at € 8.7m (prior year € 8.0m). Revenue from property management increased slightly to € 1.2m from € 0.8m in the prior year. On the opposite revenue from sales and promote fees realized as well as revenue from development fees showed a minor improvement in comparison with the first quarter 2021.

Expenses in this segment came to € 15.1m from € 13.4m last year. Leading to total earnings from Real Estate Equity in the first quarter 2022 of minus € 2.6m (prior year: minus € 1.7m).

€ million	01.01.22 31.03.22	01.01.21 31.03.21
Revenue from Acquisition Fees	0.6	2.0
Revenue from Asset Management Fees	8.7	8.0
Revenue from Property Management Fees	1.2	0.8
Revenue from Sales and Promote Fees realized	0.6	0.0
Revenue from Development Fees	1.2	0.8
Total Income	12.4	11.7
Total Expenses	15.1	13.4
Total Earnings	(2.6)	(1.7)



Real Estate Debt

The total income from Real Estate Debt went down by 16.9% to € 17.7m (prior year: € 21.3m).

From January to March revenue from underwriting and structuring fees fell from € 3.7m to € 0.2m mainly driven by project postponements and a weakish private debt market at the beginning of the year. Revenue from asset management fees slightly increased from € 3.9m to € 4.1m. The revenue from performance fees came to € 10.2m (prior year: € 8.2m). This increase was chiefly attributable to prolongations of Stratos II bonds that strengthened the nominal base and thereby increased the fund's profitability. Income from bridge loans reduced from € 5.5m to € 2.1m, mainly attributable to the maintained risk provision incl. interest.

Expenses in this segment, in Q1-2021 the CORESTATE Bank was not yet included, ended up at € 6.5m (prior year € 2.6m) leading to total earnings from Real Estate Debt of € 11.2m (prior year: € 18.7m).

€ million	01.01.22 31.03.22	01.01.21 31.03.21
Revenue from Underwriting and Structuring Fees	0.2	3.7
Revenue from Asset Management Fees	4.1	3.9
Revenue from Performance Fees	10.2	8.2
Income from Bridge Loans	2.1	5.5
Income from Trading Activities	1.1	-
Total Income	17.7	21.3
Total Expenses	6.5	2.6
Total Earnings	11.2	18.7



Other Segments

The other segments generated income of minus € 0.4m (prior year: minus € 2.9m). Despite the flattish development of income from rental and service charges in amount of € 1.7m, the dividend from other alignment capital structures increased to € 2.1m from € 1.8m. Caused by higher construction cost in the first quarter 2022, leading to a loss from co-investment activities of € 3.1m (prior year: € 1.0m).

Expenses in this segment dropped to € 2.2m (prior year: € 2.9m). In the previous year the expenses were i.a. affected by extraordinary measures in the context of COVID-19. So, the total earnings in other segments came to minus € 2.6m (prior year: minus € 5.7m).

€ million	01.01.22 31.03.22	01.01.21 31.03.21
Income from Rental Income and Service Charges	1.7	1.7
Net Gain from Selling Warehousing Assets	(0.0)	(0.1)
Share of Profit or Loss from Associates and Joint Ventures	(3.1)	(1.0)
Dividends from other Alignment Capital	2.1	1.8
Gains/losses from fair value measurement of financial instruments related to real estate	(1.1)	(5.3)
Total Income	(0.4)	(2.9)
Total Expenses	(2.2)	(2.9)
Total Earnings	(2.6)	(5.7)

EARNINGS POSITIONS

G&A and Other expenses in the reporting period went down to € 8.5m (prior year: €12.4m), particularly impacted by acquisition-related expenses for the CORESTATE Bank in the previous year.

The Group EBITDA for continued operations came at € 0.7m compared to minus € 0.2m in the first three months of 2021.

Depreciation and amortization were characterized by the depreciation of € 3.6m (prior year: € 4.1m) mainly resulting out of purchase price allocations from acquisitions.

The financial result came at minus € 3.7m (prior year: minus € 3.7m) and income tax expenses were € 2.8m (prior year: € 4.0m).

Corestate's net profit from continued operations improved slightly from minus € 12.0m in the previous year to minus € 9.3m in the current reporting period, which translates into earnings per share of minus € 0.30 (previous year: minus € 0.53). Adjustments at net profit level comprises € 2.2m in effects from 'Purchase Price Allocation' and minus € 0.5m in deferred tax liabilities. Adjusted net profit from continued operations ended up at minus € 7.6m (previous year: minus € 7.0m).

€ million	01.01.22 31.03.22	01.01.21 31.03.21
Reported EBITDA	0.7	(0.2)
Acquisition-related expenses	-	2.7
Adjusted EBITDA	0.7	2.5
Reported Net Profit	(9.3)	(12.0)
Acquisition-related expenses	-	2.7
Depreciation of intangible assets recognized in business combinations	2.2	2.6
Deferred Tax Liabilities	(0.5)	(0.3)
Adjusted Net Profit	(7.6)	(7.0)

FINANCIAL AND ASSET POSITIONS

As of 31 March 2022, total assets amounted to € 1,392.0m, decreased from € 1,413.6m as of 31 December 2021.

Total non-current assets were down to € 965.1m (2021: € 990.9m). The most significant change occurred in investments in associates and joint ventures. In the first three months, the position dropped to € 120.4m from € 145.9m, mainly driven by the out-placement of the Vision-One-project in Stuttgart amounting to € 12.5m. The remaining € 10.1m were reclassified to other financial instruments, which also showed a slight increase from € 151.5m to € 155.7m in the reporting period.

Total current assets came to € 402.5m as of 31 March 2022 (2021: € 399.2m). Cash, cash equivalents and restricted cash fell as of the end of the first quarter 2022 from € 75.7m to € 69.8m. Trade receivables were down by 26.3%, meanwhile the inventories went up slightly from € 100.0m at the end of 2021 to € 104.0m due to the contractually committed capex expenditures for the warehousing asset Giessen. Contract assets increased significantly to € 72.2m (2021: € 58.5m), primarily caused by the Coupon Participation Fee.

Current and non-current liabilities added up to € 765.7m (2021: € 778.5m) absent any major movements while the first three months 2022.

The total financial liabilities stood at € 621.0m as of 31 March 2022 (2021: € 622.0m). Net financial debt (including cash and cash equivalents as well as restricted cash and adjusted by lease liabilities) were slightly up at € 532.7m from € 526.5m as at the end of the last year. Thus, this totals to a financial leverage of about 12.5 (EBITDA on LTM basis) compared with a net-debt-EBITDA-ratio of 12.0 as of 31 December 2021.

OUTLOOK

Corestate will continue to streamline its internal structures and processes in 2022. This will entail focusing strictly on its core real estate asset management business and divesting low-yield peripheral activities. The focus will remain on further improving profitability and adjusting assets under management accordingly. An ongoing efficiency program will deliver sustainable cost savings of more than € 10.0m per year from 2023 at the latest. Provisions of € 6.5 million for expenses relating to the efficiency program were already set aside in 2021. A comprehensive rebranding of the Corestate umbrella brand and a broad repositioning on the real estate and capital markets are also planned for the second half of the year.

Furthermore, based on the cash conversion program already announced in the beginning of this year, the company continues to focus on its deleveraging ambition and the refinancing measures. Debt reduction is unchanged Corestate's key priority in 2022 and the company has to resolve the refinancing issue until autumn at latest.

In the light of the measures initiated to generate additional liquidity Management is currently analyzing appropriate options in parallel to refinance the bonds maturing in November 2022 and April 2023. For this purpose, Corestate has brought a financial advisor on board, who, if necessary, will prepare possible alternative scenarios together with the company. The Management Board will continue to prioritize the steps already taken to optimize the capital structure and free up liquidity.

Due to the increase in macroeconomic and geopolitical uncertainties as well as the open refinancing issue, the management anticipates negative consequences for new business in the current year. In view of the significantly lower revenues emerging in the core business, the Company considers it no longer possible to achieve the originally planned financial targets for the financial year. Therefore, Corestate is withdrawing the forecast for 2022 and the corresponding dividend statement for 2023 until further notice.

MATERIAL EVENTS AFTER BALANCE SHEET DATE

Successful divestment of our property management business in Germany under the CAPERA brand with the signing of an SPA on 21 April 2022 - closing of the transaction with a book value of € 2.6m is expected by the end of May. The Company envisages net proceeds of € 14.5m from the sale.

Luxembourg, 9 May 2022





CONSOLIDATED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	31 Mar 2022	31 Dec 2021
Non-Current Assets		
Goodwill	487.2	487.2
Other Intangible Assets	82.4	84.8
Investment in Associates and Joint Ventures	120.4	145.9
Other Financial Instruments	155.7	151.5
Property, Plant and Equipment	12.4	13.4
Non-Current Receivables	52.2	51.7
Non-Current Loans to Associated Entities	13.9	14.9
Deferred Tax Assets	40.7	41.5
Total Non-Current Assets	965.1	990.9
Current Assets		
Inventories	104.0	100.0
Trade Receivables	34.7	47.2
Contract Assets	72.2	58.5
Receivables from Associated Entities	18.1	16.8
Other Current Financial Assets	89.0	86.5
Other Current Assets	12.5	12.1
Current Income Tax Assets	2.2	2.5
Restricted Cash	6.5	12.9
Cash and Cash Equivalents	63.3	62.8
Total Current Assets	402.5	399.2
Assets Held for Sale from Discontinued Operations	24.4	23.5
TOTAL ASSETS	1,392.0	1,413.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	31 Mar 2022	31 Dec 2021
Equity		
Share Capital	2.6	2.6
Other Reserves	621.8	821.7
Net Profit/(Loss) for the Period	(10.9)	(201.1)
Equity attributable to Shareholders of Parent Company	613.5	623.2
Non-controlling Interests	3.0	3.0
Total Equity	616.5	626.2
Non-Current Liabilities		
Non-Current Financial Liabilities from Bonds	298.4	298.0
Non-Current financial Liabilities to Banks	1.5	3.5
Other Non-Current Financial Liabilities	19.1	19.9
Other Non-Current Provisions	1.4	1.2
Other Non-Current Liabilities	8.9	8.9
Deferred Tax Liabilities	17.0	17.5
Total Non-Current Liabilities	346.3	349.1

€ million	31 Mar 2022	31 Dec 2021
Current Liabilities		
Current Financial Liabilities from Bonds	191.6	190.9
Other Current Provisions	13.5	13.6
Other Current Financial Liabilities to Banks	65.7	68.3
Current Liabilities to Associated Entities	8.2	18.1
Trade Payables	25.1	27.6
Current Income Tax Liabilities	28.0	29.5
Other Current Financial Liabilities	44.6	41.4
Other Current Liabilities	42.7	40.0
Total Current Liabilities	419.4	429.4
Liabilities Held for Sale from Discontinued Operations	9.8	8.9
TOTAL EQUITY AND LIABILITIES	1,392.0	1,413.6

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

€ million	01.01.2022 31.03.2022	01.01.2021 31.03.2021 ¹	€ million	01.01.2022 31.03.2022	01.01.2021 31.03.2021 ¹
Revenue from Acquisition Fees	0.6	2.0	Other Income	3.3	0.9
Revenue from Asset Management Fees	8.7	8.0	G&A and Other Expenses	(8.5)	(12.4)
Revenue from Property Management Fees	1.2	0.8	Earnings before Interest, Taxes, Depreciations and Amortisation (EBITDA)	0.7	(0.2)
Revenue from Sales and Promote Fees realised	0.6	0.0	Depreciation, Amortization & Impairment	(3.6)	(4.1)
Revenue from Development Fees	1.2	0.8	Earnings before Interest and Taxes (EBIT)	(2.9)	(4.3)
Total Revenue from Real Estate Equity Segment	12.4	11.7	Financial Income	2.3	1.8
Total Expenses from Real Estate Equity Segment	(15.1)	(13.7)	Financial Expenses	(6.0)	(5.5)
Total Earnings from Real Estate Equity Segment	(2.6)	(1.7)	Earnings before Taxes (EBT)	(6.6)	(8.0)
Revenue from Underwriting and Structuring Fees	0.2	3.7	Income Tax Expense	(2.8)	(4.0)
Revenues from Performance Fees	10.2	8.2	Net Profit/(Loss) for the Period from continued Operations	(9.3)	(12.0)
Income from Mezzanine Loans	2.1	5.5	Net Profit/(Loss) for the Period from discontinued Operations	(1.6)	(2.6)
Revenue from Asset Management Fees	4.1	3.9	Net Profit/(Loss) for the Period	(10.9)	(14.5)
Income from Trading Activities	1.1	-	of which attributable to Equity Holders of Parent Company	(11.0)	(14.6)
Total Revenue from Real Estate Debt Segment	17.7	21.3	of which attributable to non-controlling Interests	0.1	0.1
Total Expenses from Real Estate Debt Segment	(6.5)	(2.6)	Total Revenues²	31.8	34.8
Total Earnings from Real Estate Debt Segment	11.2	18.7	Total Expenses³	(32.2)	(31.3)
Income from Rental Income and Service Charges	1.7	1.7	Earnings per Share based on Net Profit/Loss attributable to Equity Holders of Parent Company (in €):		
Net Results from Property Holding Warehousing Exists	(0.0)	(0.1)	Earnings per Share from Continued Operations	(0.30)	(0.53)
Share of Profit or Loss from Associates and Joint Ventures	(3.1)	(1.0)	Earnings per Share from Discontinued Operations	(0.05)	(0.11)
Dividends from other Alignment Capital	2.1	1.8			
Gains/losses from fair Value Measurement of Financial Instruments related to Real Estate	(1.1)	(5.3)			
Total Income from Other Segments	(0.4)	(2.9)			
Total Expenses from Other Segments	(2.2)	(2.9)			
Total Earnings from Other Segments	(2.6)	(5.7)			

1 The statement of comprehensive income is adjusted in line with IFRS 5 Discontinued Operations for the financial years March 2022 and March 2021

2 Not including: Share of Profit or Loss from Associates, Net Gain from Selling Warehousing Assets, Dividends from other Alignment Capital and Gains/losses from fair value measurement of financial instruments related to real estate

3 Excluding Financial Expenses and Depreciation and Amortisation

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

€ million	01.01.2022 31.03.2022	01.01.2021 31.03.2021
Net Loss for the Period	(10.9)	(14.5)
Other Comprehensive Income		
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax):		
Exchange Differences on Translation of foreign Operations	0.3	(0.0)
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods	0.3	(0.0)
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods	(0.0)	-
Deferred Tax Effect	-	-
Other Comprehensive Income/(Loss) for the Period, Net of Tax	0.3	(0.0)
Total Comprehensive Income for the Period, Net of Tax	(10.7)	(14.5)
of which attributable to Equity Holders of Parent Company	(10.7)	(14.6)
of which attributable to non-controlling Interests	0.1	0.1

IMPRINT

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