

Instone Real Estate Group AG

Investor presentation
August 2020

Developing real estate with passion

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Key Investment Highlights

Investment Highlights

1. Leading German residential developer as key beneficiary of structural housing shortage

- **Top3 market position** on basis of nationwide platform: attractive land bank with focus on the Top 8 cities
- Strong in-house expertise and coverage of **entire value chain** (from acquisition to construction management) as competitive edge, reflected in **industry leading gross margins** (32.2% in H1-2020)

2. Secured project pipeline with GDV of €5.7bn provides high earnings visibility

- Gross development value (GDV) of €5.7bn (thereof €2.3bn under or pre-construction, €2bn already sold) fully **covers targeted revenues for the coming years**
- Future NAV (as of Q2) of c.€32.3 per share as indicates **intrinsic value of current development portfolio**
- Earnings outlook 2020 of €90m translates into **dividend yield of c.3% on diluted basis**; significant growth potential

3. New innovative valuehome product promises step change in growth

- Market entrance in the mid-market segment, a significantly **undersupplied market with huge growth potential**
- Innovative, highly scalable product based on propriety planning technology with **unrivalled low production costs**
- Major driver for **strong targeted top line growth to €1.6-1.7bn mid-term** (2020: €0.9-€1.0bn)

4. Strong balance sheet as sound foundation (net debt/EBITDA: 2.8x) for sustainable growth

5. Highly experienced management as major success factor (opportunities and risk management)

Proven track record of 29 years

>1 million sqm

Successfully developed and marketed since 1991

Management team

with a proven track record of >40 years of value generation

~€5.7bn

GDV project portfolio as of 30/06/2020

8 branches + HQ

Presence in all German metropolitan regions

~390 employees

as of 30/06/2020



First mover in building up a nationwide residential developer platform in Germany

Focus on developing **modern, urban, multi-family, residential buildings**

Established operating platform with **ability to achieve further scale gains**

Attractive project portfolio and identified acquisition opportunities underpinning strong and profitable growth

Prudent approach to risk management
Proprietary and tailored management information system

Diligent site selection criteria leading to **attractive and consistent returns**

Covering the Entire Value Chain with Deeply Rooted Construction Expertise



We strive to become the No.1 German homebuilder with a view to industrialising products and processes



Q2 Highlights and Key Rights Issue Terms

Highlights

Sales recovery underscores attractiveness of business model; sound fundamentals persist

Operational Highlights

- ✓ Temporary sales decline attributable to COVID-19 impact; **sales ratio now fully normalised**
- ✓ **Restart of acquisition** activities in June (2 projects, GDV of €187m GDV)
- ✓ Construction starts since beginning of June (3 projects; sales volume €234.5m); sales starts (1 project, sales volume €36.3m – several projects in pre-marketing phase with strong indications of interest)
- ✓ **Lower funding costs:** refinancing of €75m term loan (5%) via €100m promissory note (4.0%, 5 yrs)

Q2-2020 results heavily affected by COVID-19 pandemic

H1- 2020 Results

- ✓ Adjusted revenues: €179.6m (+3.1% yoy; H1-2019: €174.2m)
- ✓ Adjusted gross profit margin: 32.2% (H1-2019: 33.6%)
- ✓ Adjusted EBIT: €28.2m (H1-2019: 31.9m; -11.6%)
- ✓ Adjusted earnings after tax (EAT): €13.7m (H1-2019: €25.1m; -45.4%)

FY 2020 a transitional year – Positive outlook for FY-2021 reiterated

Outlook

- ✓ **Reinstating 2020 profit forecast:** Adjusted revenue and adjusted EAT target of €470-500m and €30m-€35m
- ✓ 2021 outlook reiterated: adjusted revenues of €900.0m-€1.0bn; adjusted EAT of at least €90.0m
- ✓ Target payout-ratio: 30% of net profit (starting for FY 2020)
- ✓ Capital increase to **fund targeted step-change in growth**; mid-term revenue target raised to **€1.6bn-1.7bn**

Overview of Transaction

Capital raising to fund a step change in growth

Type	Fully underwritten rights issue
Subscription ratio	15:4
Subscription price	€18.20 per share
Net proceeds	Approx. €175m
Discount to TERP*	23.1%
Ex-rights day	Tuesday, 01/09/2020
Subscription period	Tuesday, 01/09/2020 – Monday, 14/09/2020 - 5.30 p.m.
Rights trading	Tuesday, 01/09/2020 – Wednesday 09/09/2020 – about 12:00 (noon)
Rump placement (if any)	Tuesday, 15/09/2020
Use of Proceeds	Funding a step-change in growth – target mid-term sustainable revenues of €1.6bn-1.7bn Land investments equivalent to at least €1.5bn GDV (i) accelerate valuehome initiative (ii) take advantage of temporary opportunities to generate superior project returns

*Based on Instone Xetra volume weighted average price on 26 August 2020

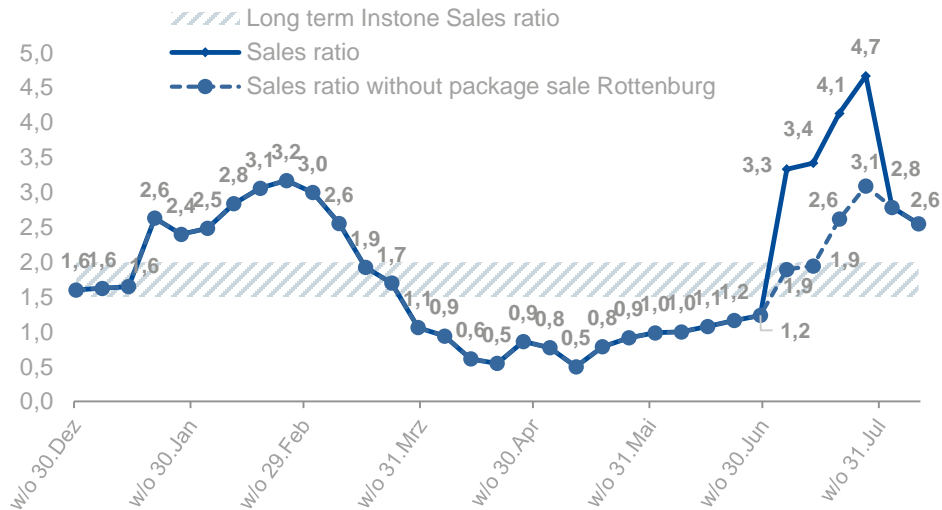
Background of the Offering

Seizing short-term opportunities and investing for a targeted step change in growth

1

Post COVID-19 market opportunity

Sales ratio (%) at pre-COVID-19 levels*



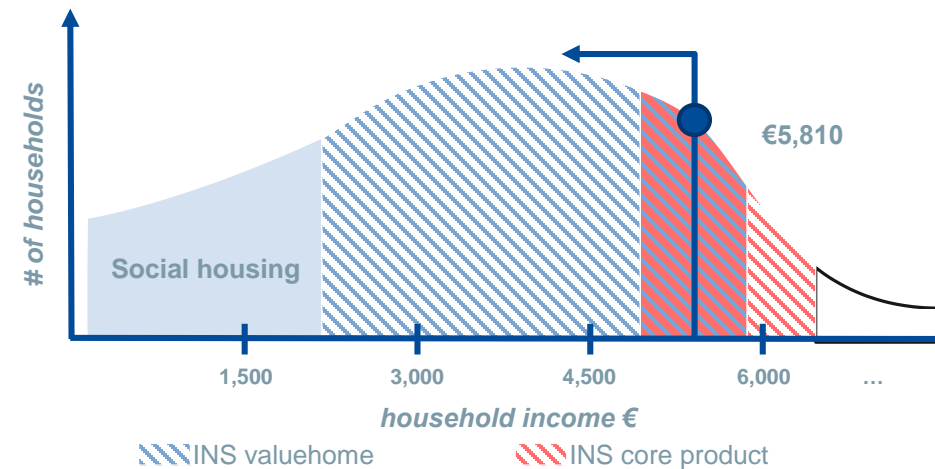
- Demand:
 - Fully normalised retail sales ratio
- Supply of land:
 - Competition for projects currently less intense
 - Additional supply expected from commercial projects that are no longer economically viable
- ▶ Stable land prices today
- ▶ HPI expected to resume in 18 to 24 months
- ▶ CPI to remain contained mid-term

potential to generate superior returns

2

valuehome initiative provides for step change in growth

Substantial increase in INS addressable market



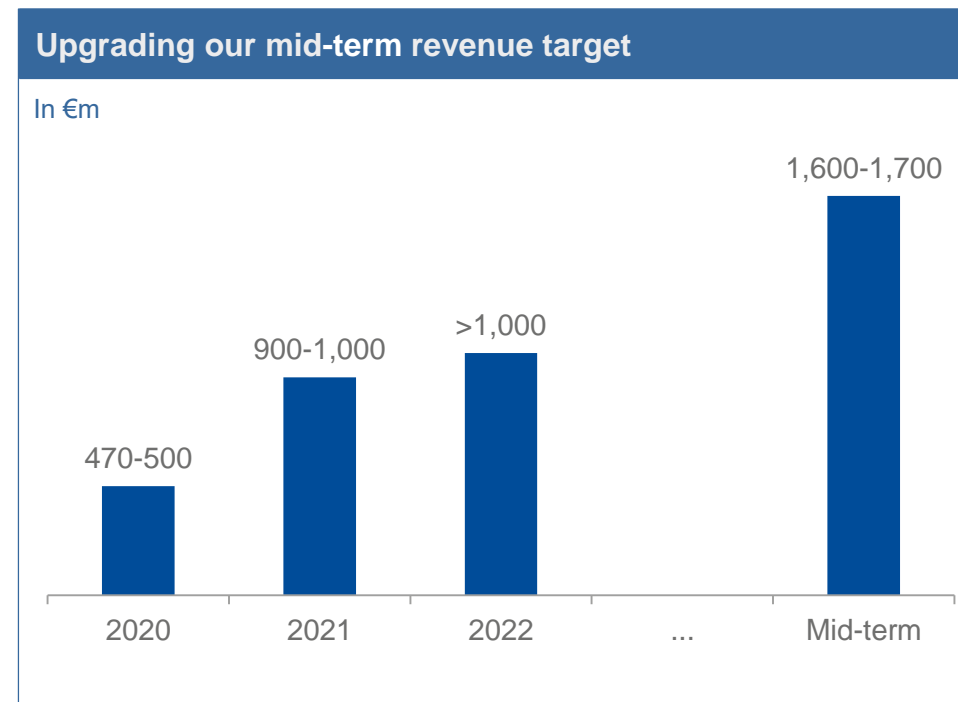
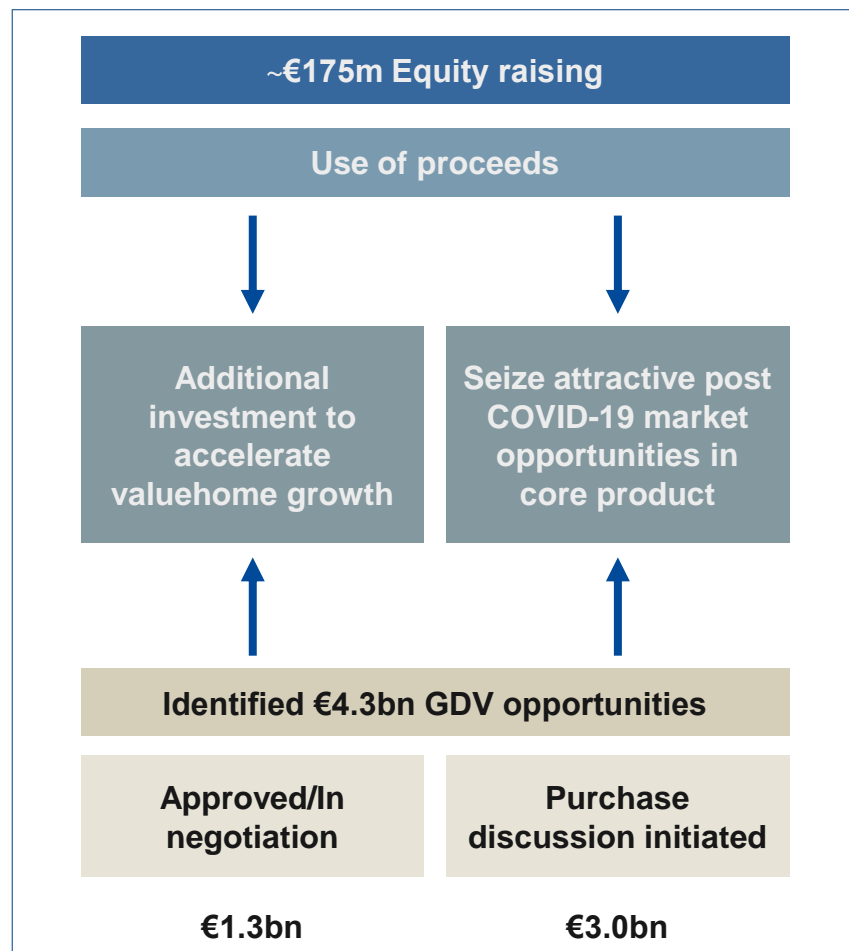
- Innovating every step of the development value chain – INS innovation leader in the industry
 - ▶ Reducing complexity
 - ▶ Lowering production costs
 - ▶ Times savings
 - ▶ Laying the foundation for industrialized development

highly scalable product

Reaching critical price points for the development of a mass market

Fundamentals support near term investment

Funding a step change in growth; target sustainable mid term revenues of €1.6-1.7bn



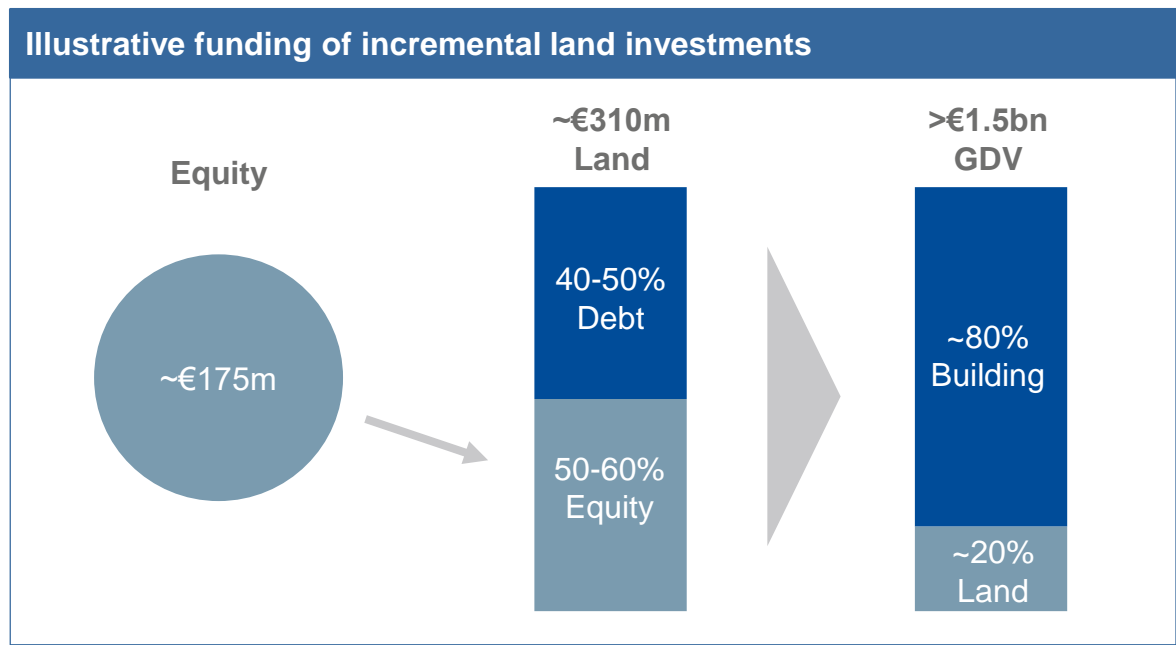
- ✓ €600m-€700m step-up over previously communicated “steady state” revenue target
- ✓ INS valuehome creates a unique secular growth opportunity

Identified priority project acquisitions

Target incremental project acquisitions with >€1.5bn in GDV over the next 6-18 months

Region	# of projects	<i>thereof</i>						Total GDV
		Management approval after June 30, 2020		Termsheet negotiations		Under active discussion		
		#	GDV	#	GDV	#	GDV	
Bavaria	3	1	65	2	160	-	-	225
Rhine-Main	8	-	-	3	270	5	1,990	2,265
Baden-Württemberg	6	-	-	1	150	5	400	550
NRW	6	-	-	2	220	4	440	660
Hamburg	4	1	50	1	50	2	160	260
Berlin	1	-	-	1	225	-	-	225
Leipzig	1	-	-	1	150	-	-	150
Total	29	2	115	11	1,225	16	2,990	4,330

Use of proceeds: *Incremental* land investments equivalent to at least €1.5bn GDV



- ✓ Equity will be used for the acquisition of **incremental plots of land**
- ✓ €175m of equity eventually translates into **incremental GDV of >€1.5n**
- ✓ Management expects to invest the proceeds **within 6-18 months**
- ✓ Midterm **revenue target raised to €1.6bn – €1.7bn p.a.**

German residential prices showing strong resilience - winner of the crisis

Recent data points/surveys show residential prices continue to move up

- **IMX (immoscout):** Prices for new built condos up +1.3% in Q2 (qoq)
- **JLL:** Residential prices up +9.3% in H1-20 in top 8 cities (yoy; vs. +6.7% in H1-19)
- **Hypoport, EPX*:** Condo prices +5.0% YTD in Germany
- **vdp:** German condo prices +2.9% in H1 (YTD)

Financing markets remain supportive for residential demand

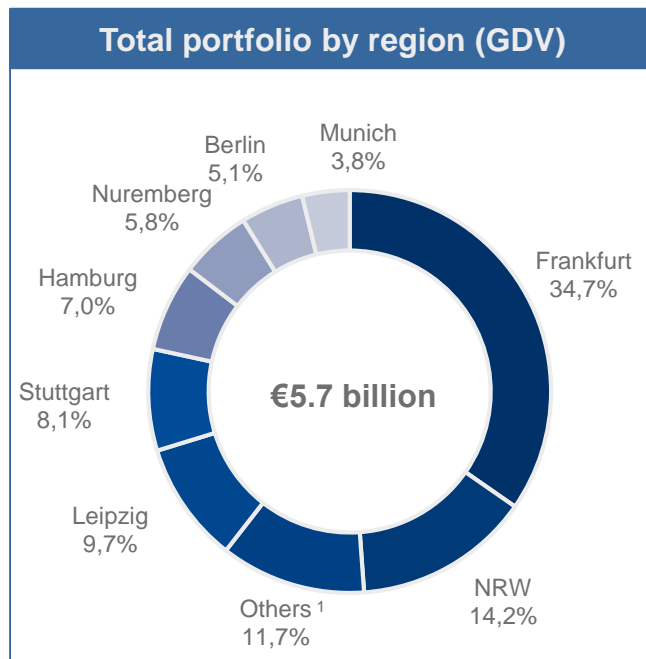
- **Bundesbank:** Mortgage loans for private households +13% (yoy) in June (€22.8bn)
- **Interhyp:** Interest costs for mortgage loans near all-time low (avg. 0.7-0.8% for 10 yrs.)

*Europace house price index

Portfolio Update

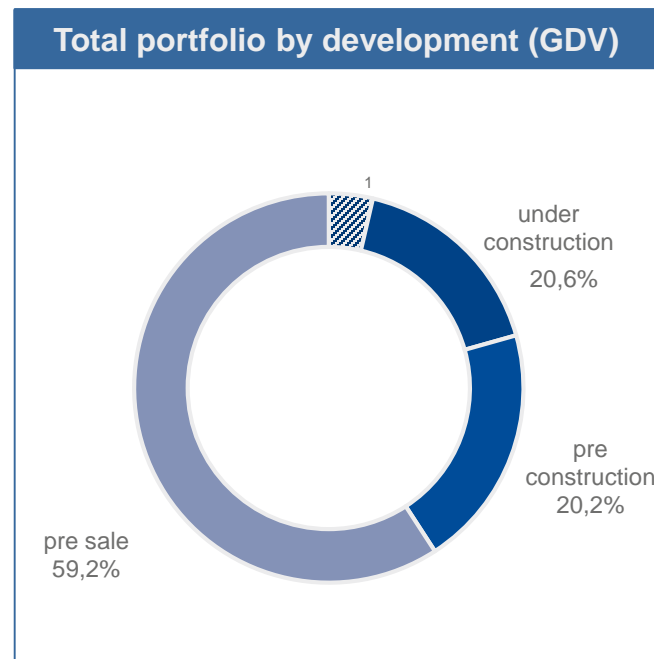
Project Portfolio (as of 30/06/2020)

Significant share of pre-sold units support future cash flow and earnings visibility



¹„Others“ include Wiesbaden, Mannheim, Hannover, Potsdam, Bamberg

- 53 projects / 13,075 units
- 88% in metropolitan regions
- ~80 sqm / unit
- ~€5,400 ASP / sqm



¹thereof 3.6% of delivered volume of the project portfolio

- €2.3bn GDV pre-construction or under construction
- €1.2bn GDV under construction
- €2.0bn of portfolio already sold (87% of pre-construction and under construction)
- €1.0bn of currently under construction portfolio is sold (84%)

Q2-2020 Financial Performance

Adjusted Results of Operations

Q2 affected by COVID-19 effects – Recovery well underway

€m	Q2-2020	Q2-2019	Delta	H1-2020	H1-2019	Delta
Revenues	79.9	90.0	-11.2%	179.6	174.2	3.1%
Project cost	-51.8	-58.6	-11.6%	-121.8	-115.7	5.3%
Gross profit	28.1	31.4	-10.5%	57.8	58.5	-1.2%
<i>Margin</i>	35.2%	34.9%		32.2%	33.6%	
Platform cost	-18.0	-14.9	20.8%	-29.9	-26.2	14.1%
Share of results of joint ventures	0.0	-0.4		0.3	-0.4	
EBIT	10.2	16.2	-37.0%	28.2	31.9	-11.6%
<i>Margin</i>	12.8%	18.0%		15.7%	18.3%	
Investment and other result	0.2	-2.0		-0.6	-2.4	
Financial result	-4.2	-0.6		-8.9	-3.1	
EBT	6.2	13.6	-54.4%	18.7	26.5	-29.4%
<i>Margin</i>	7.8%	15.1%		10.4%	15.2%	
Taxes	-1.1	3.7		-4.9	-1.4	
<i>Tax rate</i>	-17.7%	27.2%		-26.2%	-5.3%	
EAT	5.0	17.4	-71.3%	13.7	25.1	-45.4%

Q2-Revenues affected by reduced sales speed and postponed marketing launches due to COVID-19

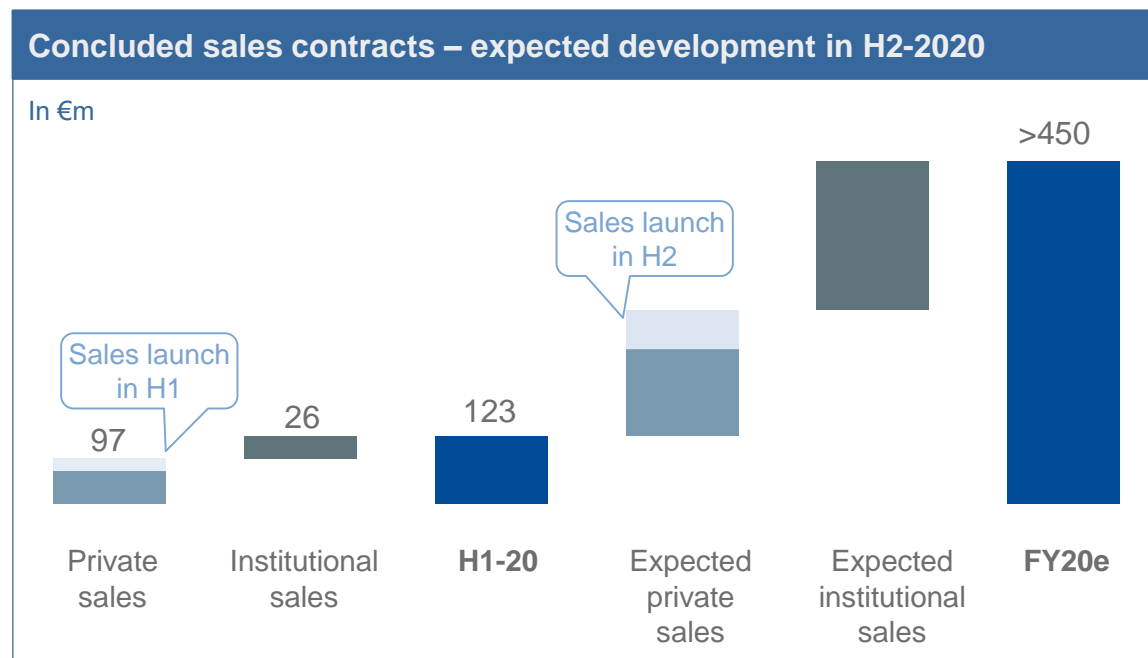
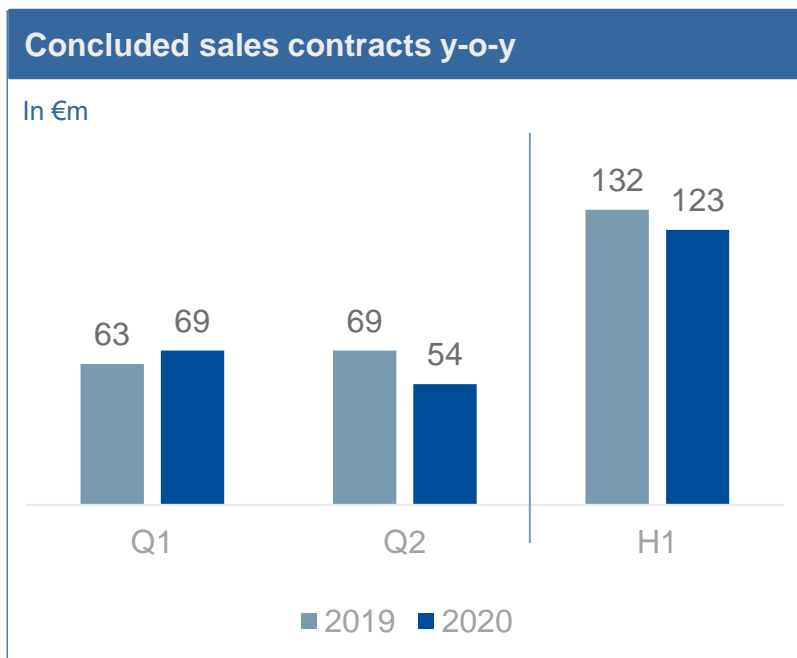
Sustained high gross margins underscores resilient pricing environment as well as quality of product pipeline

Moderately rising H1 platform costs reflect investments into future growth (incl. valuehome)

Interest expenses in line with rising debt to finance land acquisitions especially in H2-19

Normalisation of tax rate: Low FY-19 taxes due to one-time effect

Decreasing Q2-sales due to COVID-19 impact



- ✓ H1 sales below previous year’s level following a good start to the year as COVID-19 impacts (sales speed, marketing launches have been postponed)
- ✓ Strong recovery (in private and institutional business) suggests rising sequential sales in H2
- ✓ 2020 sales volume target: >€450m

Equity raising will strengthen INS balance sheet to support secular growth

€m	30/06/2020	PF adjustments	30/06/2020 PF*	31/12/2019
Financial debt	600.0	+25.0	625.0	595.5
<i>thereof: Corporate debt</i>	202.3	+25.0	227.3	180.8
<i>thereof: Project debt</i>	397.7		397.7	414.7
Cash and cash equivalents	-60.0	-200.0	-260.0	-117.1
Net financial debt	540.0	-175.0	365.0	478.4
Inventories and Contract asset	989.4		989.4	951.1
LTC**	54.6%		36.9%	50.3%
Adjusted EBIT (LTM)***	125.9		125.9	129.6
Adjusted EBITDA (LTM)***	130.0		130.0	133.7
Net financial debt / adjusted EBITDA	4.2		2.8	3.6

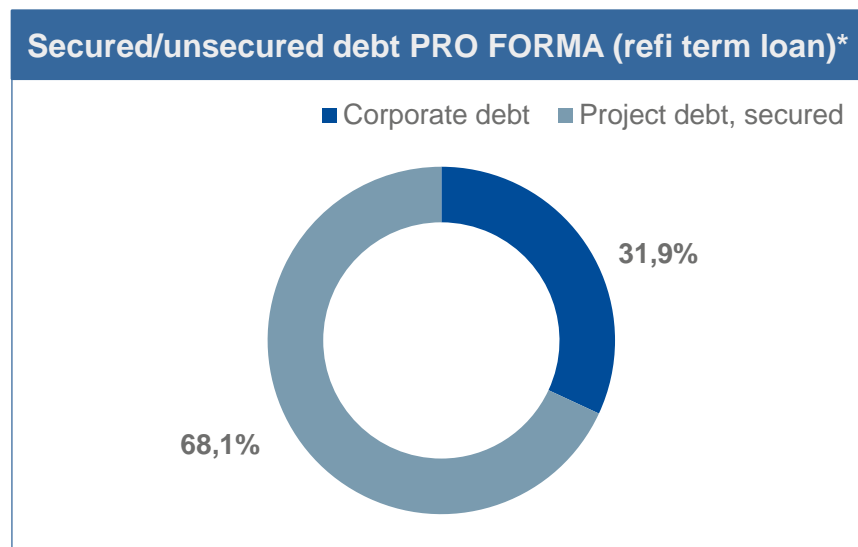
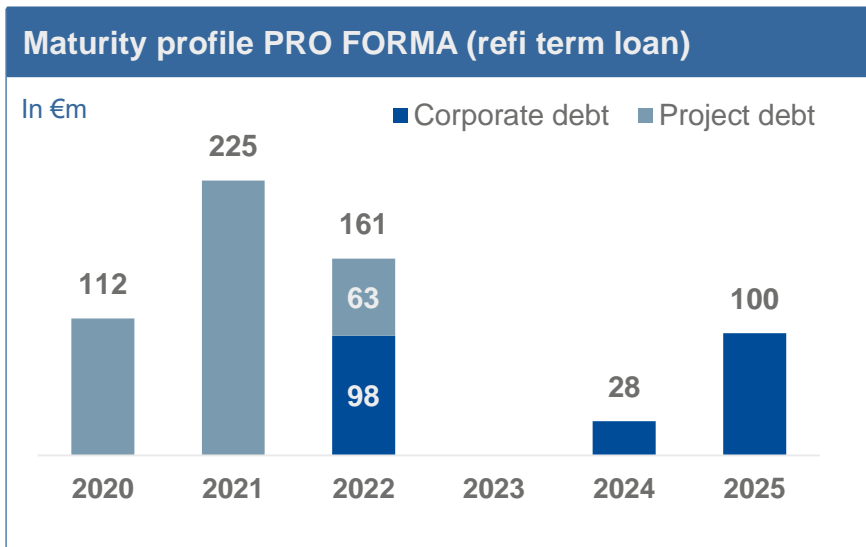
- ✓ H1 LTC of 54.6% implies still moderate leverage
 - ✓ Reminder that inventories are recorded at cost
 - ✓ Hidden reserves provide additional downside protection
- ✓ H1 net debt/adjusted EBITDA of 4.2x reflects temporary decline in profitability
- ✓ H1 Pro-forma for equity raising and debt refinancing:
 - ✓ net debt/adjusted EBITDA of 2.8x
 - ✓ LTC of 36.9%
- ✓ €1.6-1.7bn mid term revenue target fully funded with capital raise

*PRO FORMA for c. €175m net proceeds from capital increase and €100m debt refi

**Loan-to-Cost: Net financial debt/ (Inventories + Contract assets)

***LTM: Last twelve months. Adj. EBIT/EBITDA for FY 2019 has been restated to align the adj. EBIT/EBITDA calculation to the changed definition used from January 1, 2020 onwards.

Financing structure further improved with issue of €100m promissory note



- ✓ Issued €100m promissory note at 4.0% (5 years)
- ✓ Redeemed €75m Term loan (5.0%, due 2023)
- ✓ Cancelled €50m undrawn portion of Term loan



- Further reduced cost of corporate debt
- Termed out debt maturities

Weighted average corporate debt maturity	3.3 years
Weighted average corporate interest costs	3.13%
Share of total debt with floating interest	84.0%

*Based on total available credit lines (drawn and undrawn)

Operating Cash Flow

Expect positive operating cash flow for FY 2020 including new land investments

€m	H1-2020	H1-2019
EBITDA adj.	30.2	33.9
Other non-cash items	0.5	-4.4
Taxes paid	-7.1	-6.3
Change in working capital	-61.4	-21.7
Operating cash flow	-37.8	1.5
Land plot acquisition payments (incl. RETT*)	50.3	56.0
Operating cash flow excl. investments	12.5	57.4

- ✓ H1 operating cash-flow remains positive prior to new land investment
- ✓ Existing projects are fully self-funding
- ✓ Expect positive operating cash (including new land investments) for FY 2020
 - ✓ Substantial milestone payments from pre-sold institutional projects in Q4
 - ✓ Full recovery of retail sales

*RETT: Real Estate Transfer Tax

Strong Liquidity Position (30/06/20)

Capital raising will further increase INS financial flexibility

€m	ACTUAL			PRO FORMA*		
	Total	t/o drawn	t/o available	Total	t/o drawn	t/o available
Corporate debt						
Term loan	125.0	75.0	50.0	0.0	0.0	0.0
Promissory note	106.0	106.0	0.0	206.0	206.0	0.0
Revolving Credit Facilities	124.0	20.0	104.0	124.0	20.0	104.0
Total	355.0	201.0	154.0	330.0	226.0	104.0
Cash and cash equivalents			60.0			260.0
Total corporate funds available			214.0			364.0
Project debt						
Project finance**	611.9	400.4	211.5	611.9	400.4	211.5

*Figures pro forma for net equity proceeds of c. €175m; €100m new promissory note; €75m term loan redemption; €50m cancellation of undrawn term loan portion

**Net available project financing

€1.8bn INS prospective NAV pro-forma for capital raise and illustrative incremental land investment

Management expects capital raise to be accretive to NAV post investment

NAV (€m) as of 30 June	ACTUAL	PRO FORMA pre-investment
Expected selling prices of project pipeline (GDV)	5,701	5,701
Payments received	-591	-591
Expected project costs	-3,204	-3,204
Net debt	-540	-365
Net Asset Value	1,366	1,541
Adj. number of shares** (m)	39.3	47.0
Net Asset Value per share (€)	34.75	32.78

Illustrative post-investment
7,201
-591
-4,104
-672
1,834
47.0
c. 39.0

Illustrative Calculation – key assumption

- ✓ €308m spent for land investments
- ✓ Land plot acquisitions with expected sales value (GDV) of €1.5bn
- ✓ Expected incremental project expenses equivalent to ca. 60% of GDV

- ✓ Payments received reflect project related income received to date from pre-sale of pipeline, rental income and ordinary course sale of land plots
- ✓ Expected project costs include future expected payouts required to complete INS project pipeline

*Adjusted number of shares reflects bonus shares associated with rights issue as per IFRS calculation

Outlook

Outlook

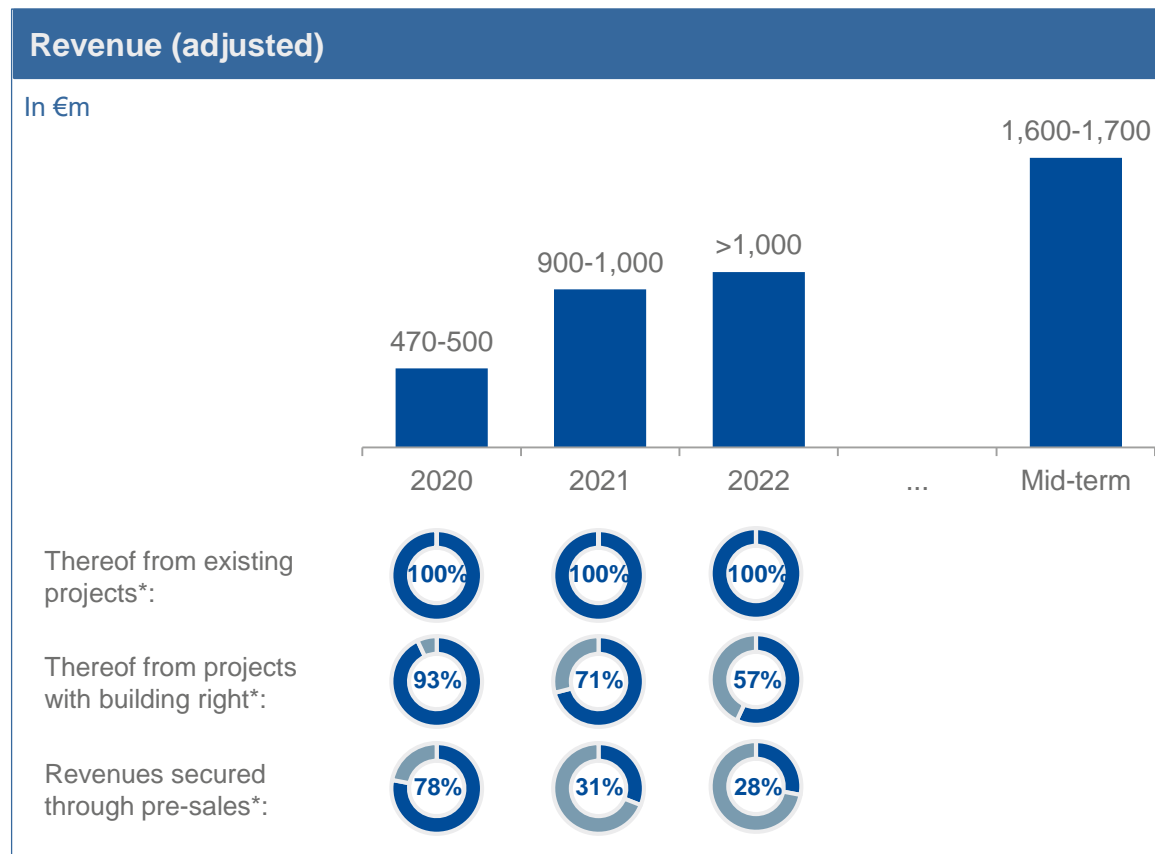
Strong structural growth ahead

€m	Outlook 2020	Outlook 2021
Revenues (adjusted)	470-500	900-1,000
Gross profit margin (adjusted)	>28	n/a
EAT (adjusted)	30-35	>90
Volume of concluded Sales contracts	>450	n/a

Comments

- ✓ Planned payout ratio of 30% of adjusted EAT
- ✓ FY-2020 a transitional year due to severe temporary effects from the COVID-19 pandemic

* % figures as of 30 June 2020; referring to midpoint of guidance



Valuehome: Growth Perspective

Mid to long-term opportunity: valuehome

Entering the largest and most under-served residential market in Germany: “valuehome”

Instone's approach

Adding a new pillar to the existing Instone platform based on standardisation, digital processes and significant scale potential with game changing implications for production costs and pricing

Elements

- Modular planning: move from prototyping to standardisation
- Reduce complexities throughout the construction process; introduce lean construction management
- Digital platform including digital distribution channel and configurator standardising client optionality
- Focus on essentials: highly efficient floor plans, minimise costly underground construction
- Maintain high architectural standards with modern designs and strong sustainability marks
- Target increasingly attractive locations in B cities and in the commuter belts

Target customer

- Price points targeted to “lower mid markets” - between social housing and Instone's core business
- Focus on institutional investors including municipal housing company's and professional landlords

Key benefits

- Substantially expand Instone's addressable market
- Enter less competitive land market
- Highly scalable, less complex low risk product with significant mid to long-term growth potential
- Improve Instone's economics for existing “social housing” demands and competitive position in the current core business
- Generate strong margins and highly attractive capital return

Addressing the most significant, largely untapped customer group: mid- to lower income households

Instone Core Product: Illustrative economics

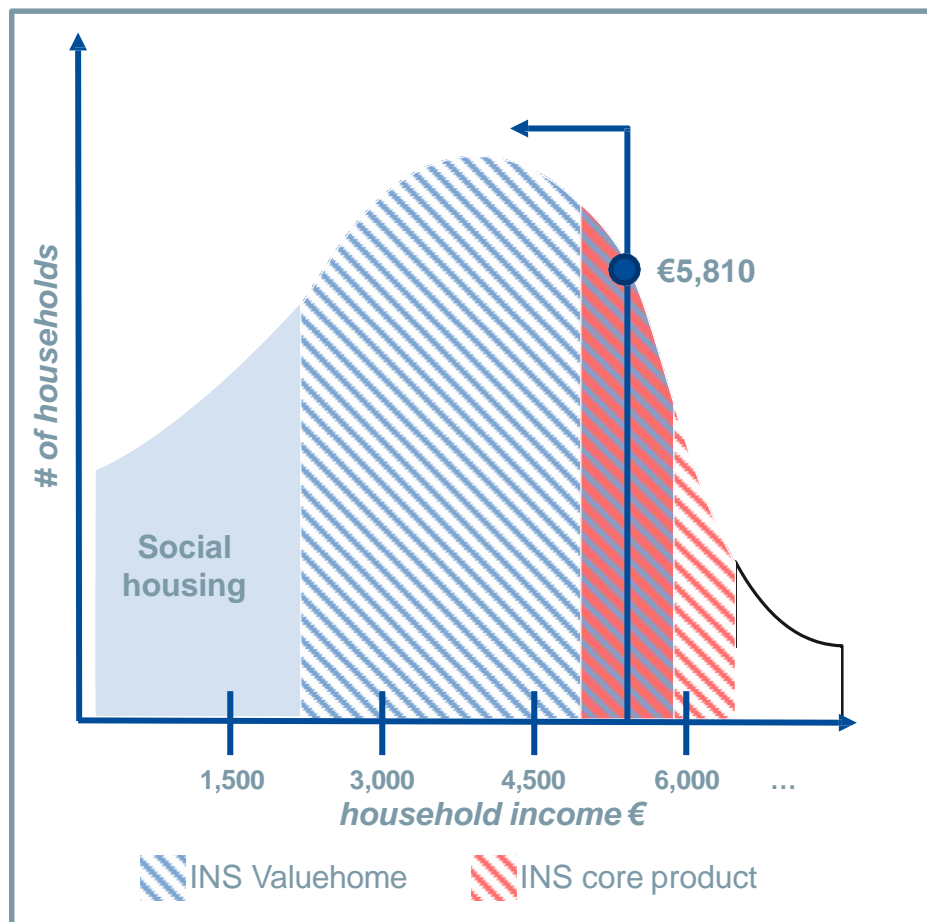
Four-room-flat 110 sqm / 5,500 EUR/sqm
 Purchase price: 665,000 €
 incl. acquisition costs (~10 %); 15% equity
 1.0% interest rate / 2.0% amortisation
 Running operational cost: 3 €/sqm month

1,743 € p.m.

financial charge

5,810 € p.m.*

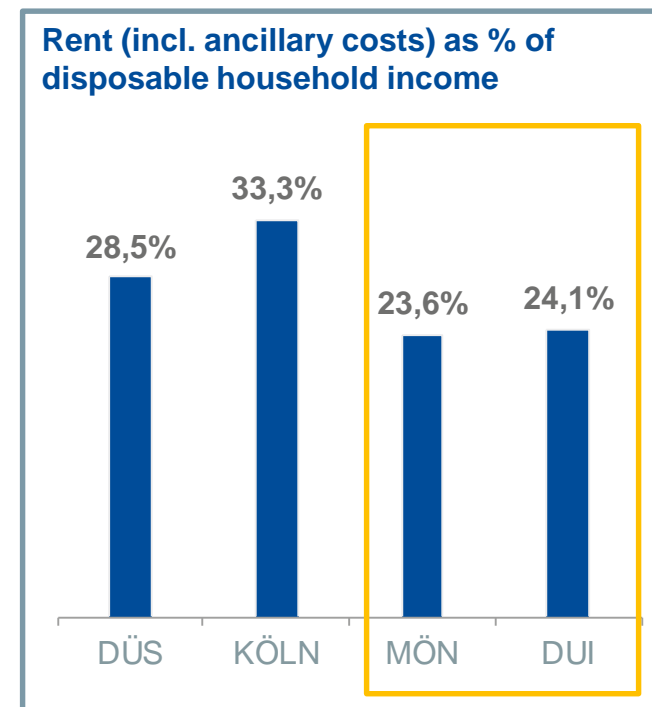
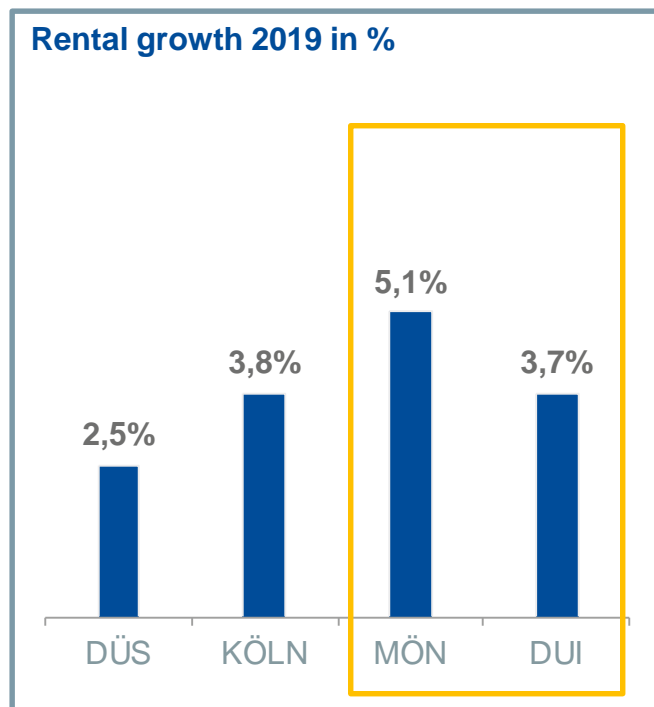
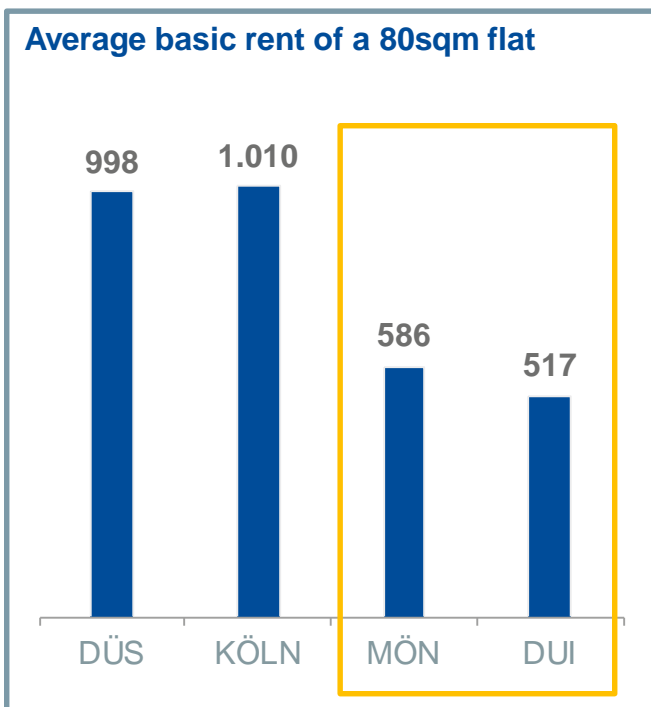
required household income



► Significant customer potential and demand gap for Valuehome product

Notes:
* 30% of disposable income

Rental markets in B locations benefit from positive spill-over effects



- Rent levels (in euro / as percent of household income) in Düsseldorf and Köln far exceed rents in B locations
- Conversely, rents in more affordable cities i.e. Mönchengladbach, Duisburg show higher growth – reflecting a catch-up in prices resulting from spill-over effects
- INS is well positioned to capitalize on these spill-over effects, leveraging its established acquisition network

Demanding challenges for cost-effective housing solutions

Cost efficiency requirements

Simplification of Product

Standardisation of Planning

“Industrialisation” of Development and Construction

Key challenges

Highly **fragmented** market

General building law and social housing pre-requisites are regulated on **state level**

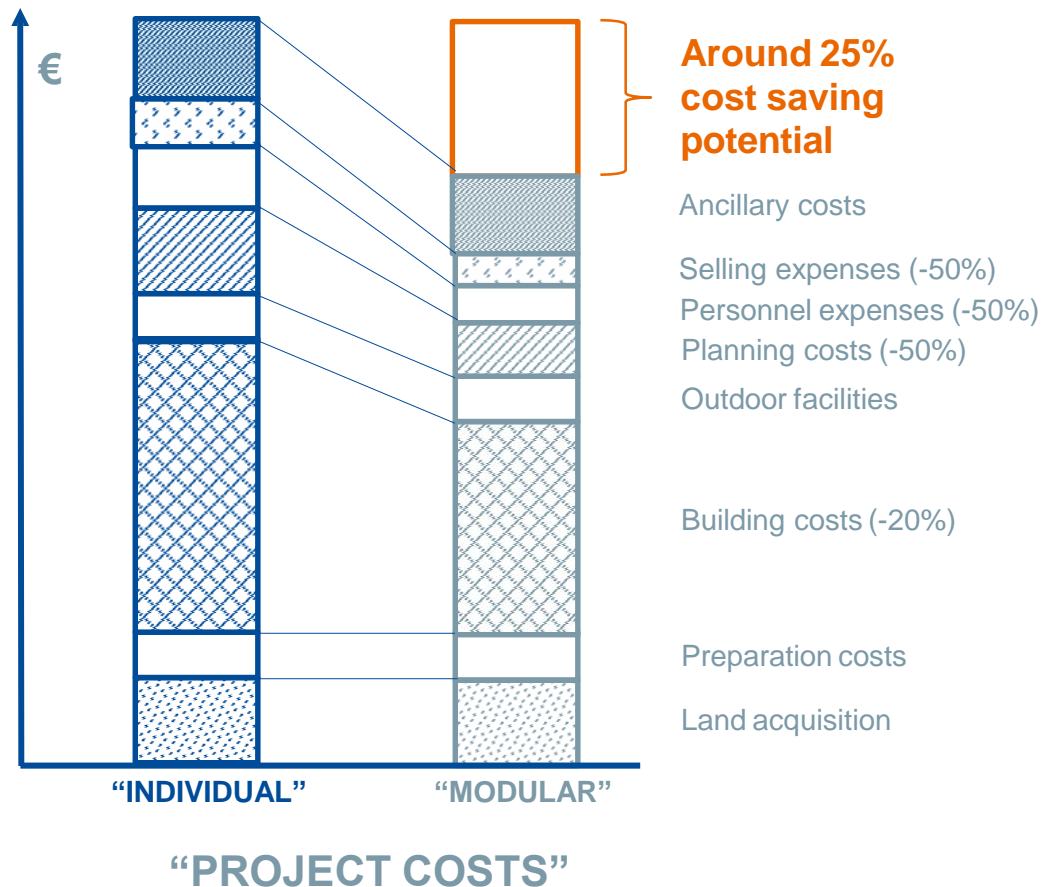
Additional **municipal** statutes exist in each city (e.g. parking spaces)

Highly qualified staff required due to **individual** prototyping, complex construction process and customer individualisation

Low innovation spirit of construction industry

▶ Instone’s nationwide platform with long-term experience and in-depth development expertise offers opportunity to fill demand gap for valuehome product

Unrivalled 2,000€/m² total production costs achievable



Around 25% cost saving potential

- Reduction of total production cost including planning, marketing, sales etc. from ~ 2,800€/m² to c 2,000€/m² - 2,300€/m²

Cost savings by standardisation

- ~50% of selling expenses
- ~50% of personnel expenses
- ~50% of planning costs

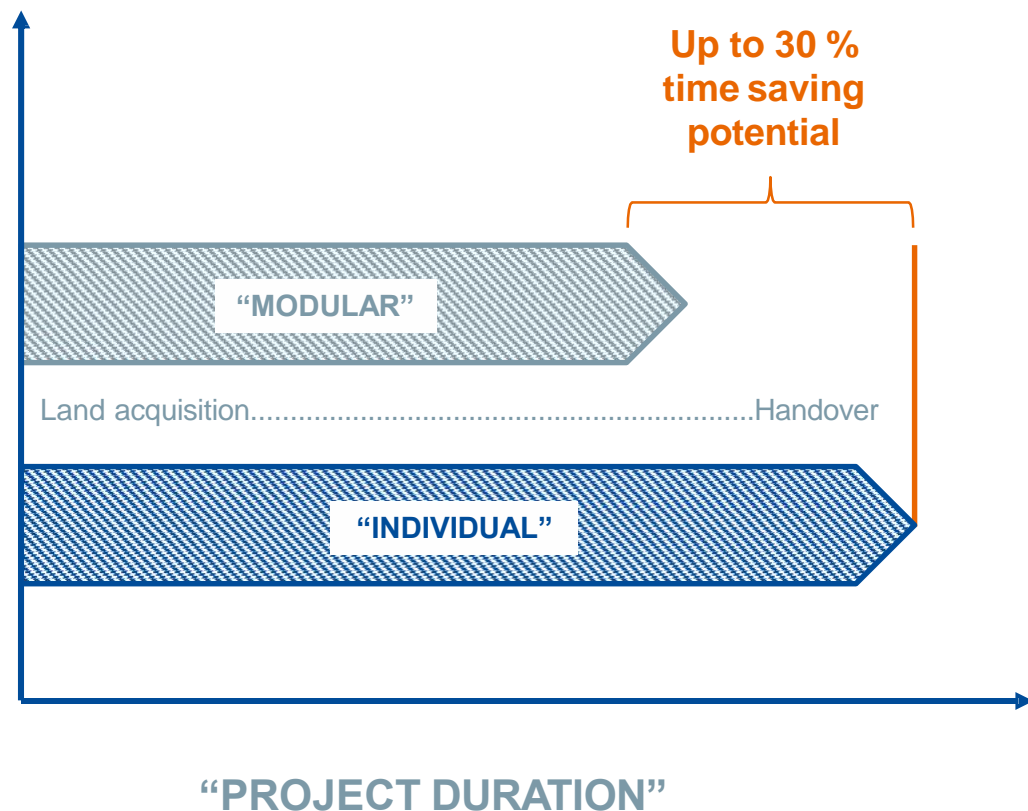
~20% reduction of building costs

- Reducing underground construction
- Optimised floor planning
- Standardisation of materials

Further potential

- Prefabrication
- Scalability potential

Considerable savings in project duration resulting in superior project IRR



Time savings

- ~ 6m of planning and approval process
- Up to 12m of construction process

Additional potential

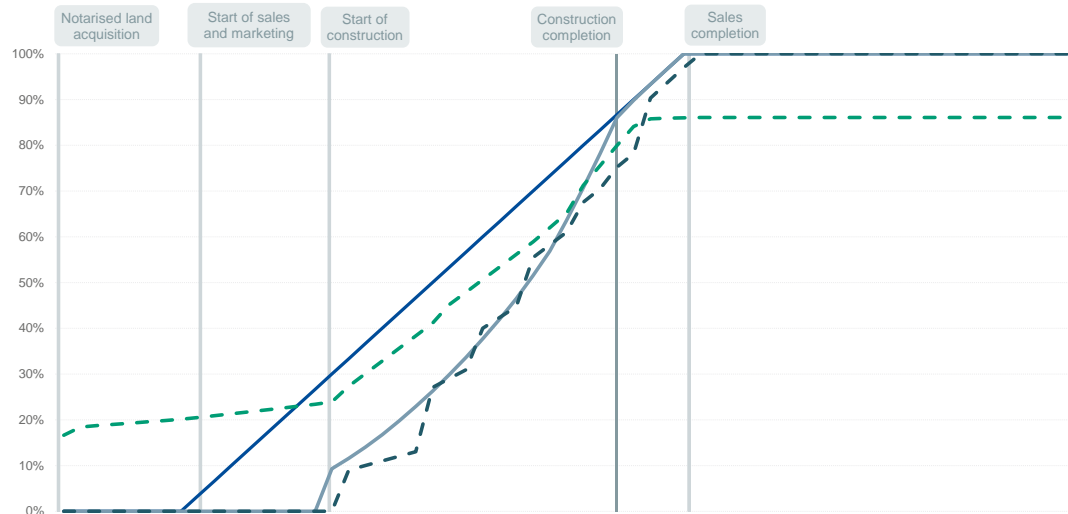
- Prefabrication / industrialisation reaching critical mass in scale
- Type approval

Highly attractive project economics

Project related economics		
Project Size	<ul style="list-style-type: none"> ▪ €30-50m 	<ul style="list-style-type: none"> • Standardised planning and simplified execution provides for attractive economics in smaller size projects
Target gross margin	<ul style="list-style-type: none"> ▪ ~20% 	<ul style="list-style-type: none"> • Projects gross margins expected to be lower compared to target margins for INS core product • Lower margin reflects reduced capital intensity and risk profile of valuehome product
Target EBIT margin	<ul style="list-style-type: none"> ▪ In line with core product 	<ul style="list-style-type: none"> • EBIT margin in line with core product • Standardized planning and more efficient / repetitive construction works allow for leaner valuehome platform vs INS core product
Target IRR/ ROCE	<ul style="list-style-type: none"> ▪ Exceeding core product 	<ul style="list-style-type: none"> • Accelerated planning, reduced complexity, minimized underground construction as well as sales more geared towards institutions results in improved project IRR and superior ROCE

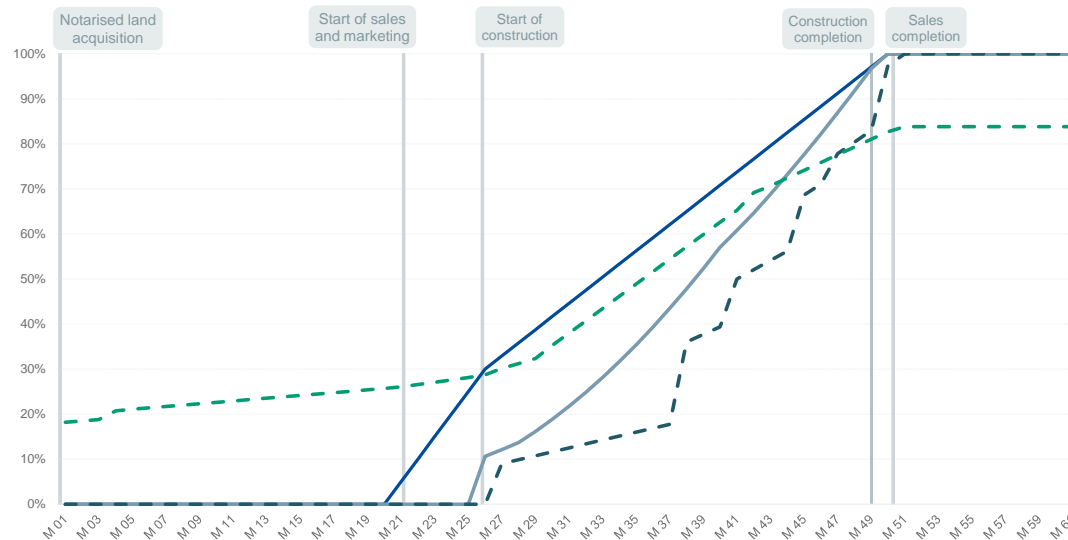
Notes:
* Excluding corporate overhead allocation

Illustrative valuehome cash flow profile vs INS core product



1) „valuehome“

pre sale phase	8 month
sales phase	30 month
construction phase	18 month
project duration	36 month



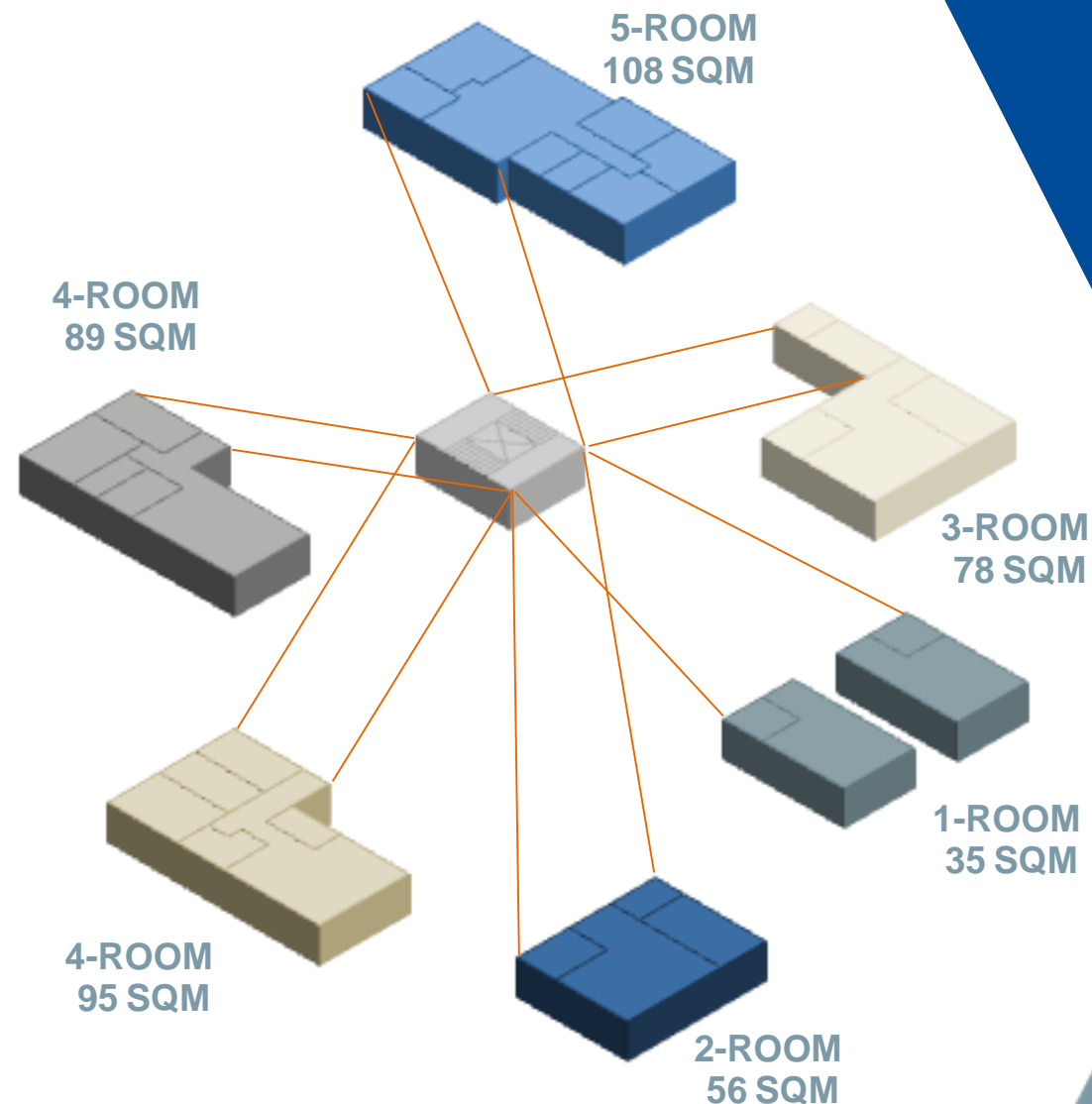
2) „Instone core product“

pre sale phase	20 month
sales phase	30 month
construction phase	24 month
project duration	50 month

— Sales development - - - Cash inflows
— Revenue development - - - Cash outflows

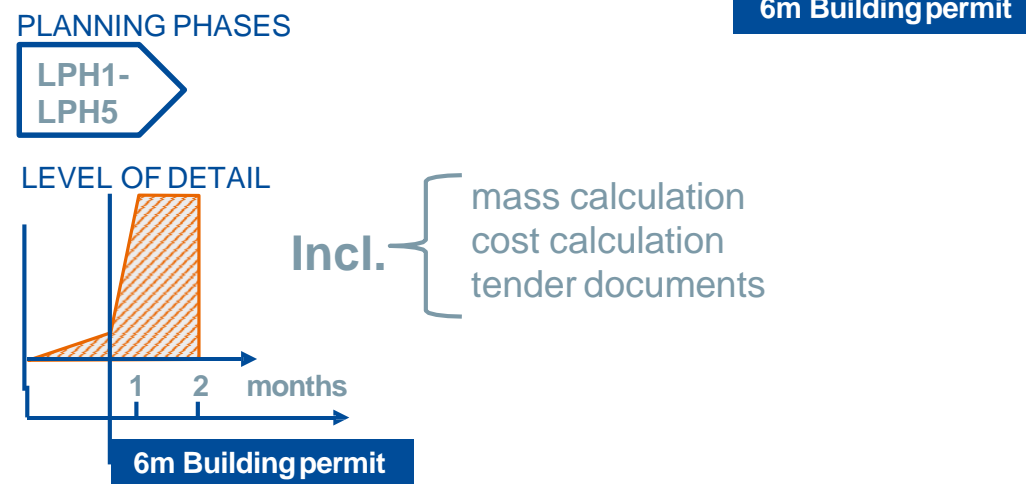
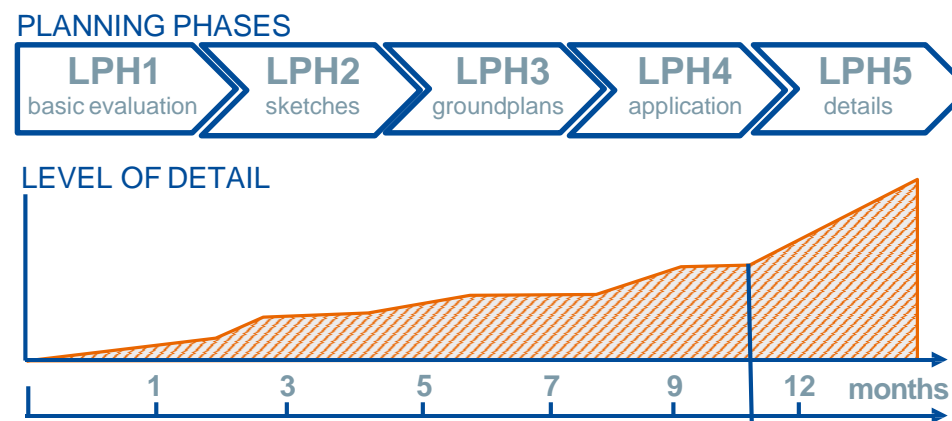
Innovative modular and highly standardised planning concept

- Modular housing groundplan kit
 - Gapless BIM-based planning process
 - Fully integrated technical planning
 - Realtime mass and cost calculation
 - Standardised tender documents
 - Digital interface to fit-out configurator
- ▶ Exceptionally rapid and highly efficient planning process with consistent quality



The modular planning process is the foundation of our new product

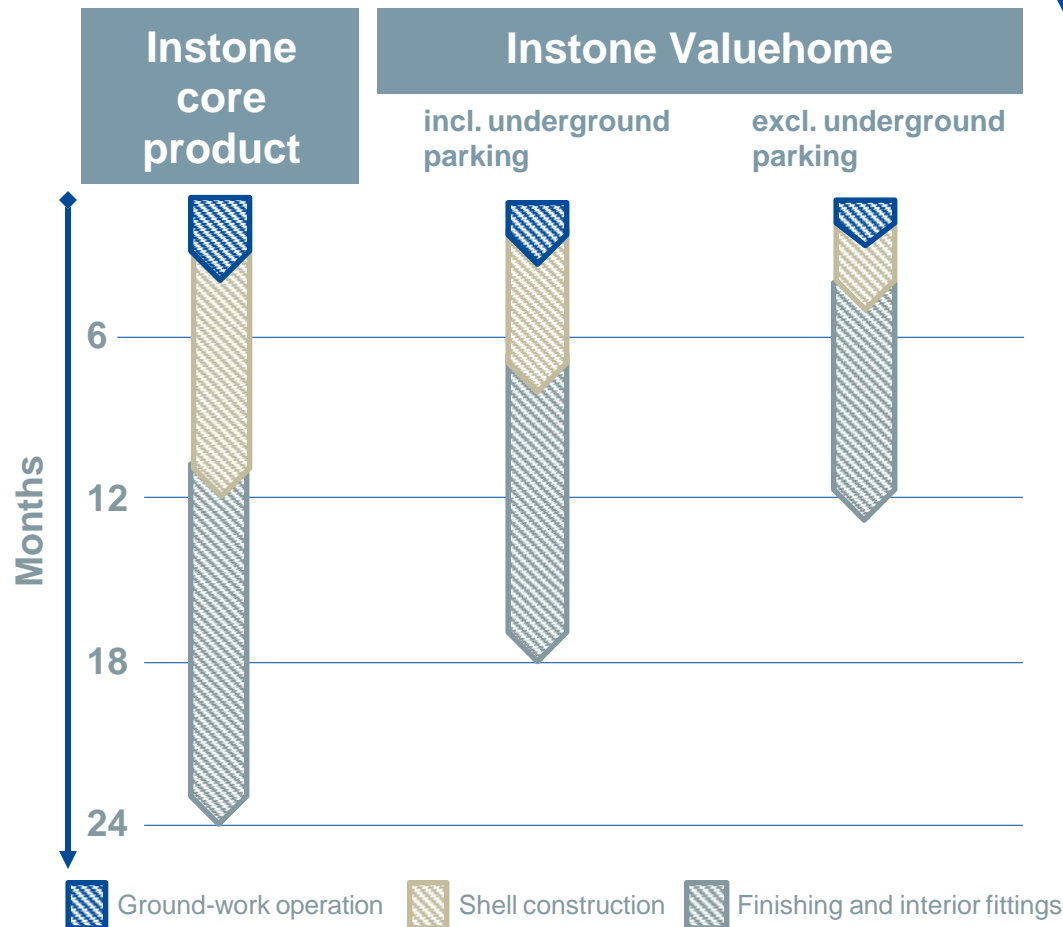
Illustrative simulation of modular planning approach applied to Project Rottenburg



► **INS Modular product uses BIM based standardized planning to reduce time and costs**

More easily scalable construction and potential for industrialized production processes

- Lean construction process
→ increase of efficiency
- Lower cost risks due to standardisation
- Standardised product leads to continuous improvement process
- Reduction of complexity leads to lower personnel expenses (also after-sale)



Comparison of products

	Traditional Instone Product	Instone Valuehome
Price	<ul style="list-style-type: none"> Mid to high price segment No Luxury Selling price €4,000/sqm – 9,000/sqm 	<ul style="list-style-type: none"> Lower to mid-price segment Positioning between social housing and Instone core product Selling price up €3,000/sqm – 5,000/sqm
Complexity	<ul style="list-style-type: none"> Highly customised Typically includes substantial underground construction (e.g. parking space) Medium to high level of customer optionality 	<ul style="list-style-type: none"> Highly standardised Minimising costly underground construction (e.g. parking space) Low level of customer optionality
Location	<ul style="list-style-type: none"> Focused on largest and fastest growing metropolitan areas (A cities and attractive B cities) Mainly targeting coveted inner-city locations 	<ul style="list-style-type: none"> Focused on B locations in and around metropolitan areas Certain B cities in commuter belts Typically well-connected suburban locations
Project size	<ul style="list-style-type: none"> Project size >€50m Preference for development of entire residential quarters; typically including masterplanning process 	<ul style="list-style-type: none"> Project size >€20m Less complex projects; lower share of masterplanning processes
Target Customer	<ul style="list-style-type: none"> Mid- to high income owner occupiers Affluent buy-to-let investors Institutional investors 	<ul style="list-style-type: none"> Municipal housing companies Institutional investors Professional landlords Affluent buy-to-let investors To a lesser extent owner occupiers

Instone has a clearly defined path to rolling out the valuehome product

INS valuehome is a highly scalable new product based on proprietary modular planning technology

- first step towards industrialising the entire development value chain
- address the largest end customer segment by income and substantially increase INS's addressable market as well as long term revenue potential

Expect to create a clear competitive advantage for INS

- INS valuehome production costs are unrivalled in the market at €2,000 – 2,300/sqm
- management believes valuehome product development is c 2-3 years ahead of competition

The new product is highly synergistic to the established nationwide INS platform

- sourcing of attractive projects in and around our current focus markets
- improve economics of social housing sections in our existing projects

Roll out has started – more acquisitions to follow

- INS project pipeline already includes 4 valuehome projects
- acquisition teams have identified > €500m GDV of suitable valuehome projects

Appendix

Income statement (reported)

€m	H1-2020	H1-2019
Total revenue	168.9	171.0
Changes in inventories	54.3	48.4
	223.2	219.3
Other operating income	4.6	2.6
Cost of materials	-162.2	-160.5
Staff costs	-20.0	-16.5
Other operating expenses	-13.6	-12.0
Depreciation and amortization	-2.0	-2.0
Earnings from operative activities	30.1	30.9
Income from associated affiliates	0.3	-0.4
Other net income from investments	-0.6	-1.9
Finance income	0.0	0.7
Finance costs	-12.0	-6.2
Changes of securities classified as financial assets	-0.1	0.2
EBT	17.7	23.3
Income taxes	-4.7	-0.4
EAT	13.0	22.9

→ Cost of materials including land price payments and corresponding ancillary costs of around €50.6m for previously secured projects.

→ Increase in staff costs reflects the increase in FTEs to 323.1 (H1-2019: 267.3).

→ The increase of finance costs is related to the increase in gross debt due to investments in new land acquisition.

→ In H1-2019 tax rate was positively influenced by a special effect associated with the first-time recognition of loss carryforwards.

Condensed balance sheet

€m	30/06/2020	31/12/2019
Non-current assets	19.7	20.4
Inventories	786.5	732.1
Contract assets	202.9	219.0
Other receivables	37.3	34.7
Cash and cash equivalents	60.0	117.1
Current assets	1.086.7	1.102.9
Total assets	1.106.4	1.123.4
Total equity	323.2	310.2
Financial liabilities	253.6	451.6
Other provisions and liabilities	26.7	26.6
Deferred tax liabilities	13.0	12.0
Non-current liabilities	293.4	490.2
Financial liabilities	346.4	143.9
Trade payables	64.5	87.6
Other provisions and liabilities	79.0	91.5
Current liabilities	489.9	323.0
Total equity and liabilities	1.106.4	1.123.4

As at 30 June 2020, inventories increased to €786.5m (31/12/2019: €732.1m) due to construction progress as well as land acquisitions of €50.6m.

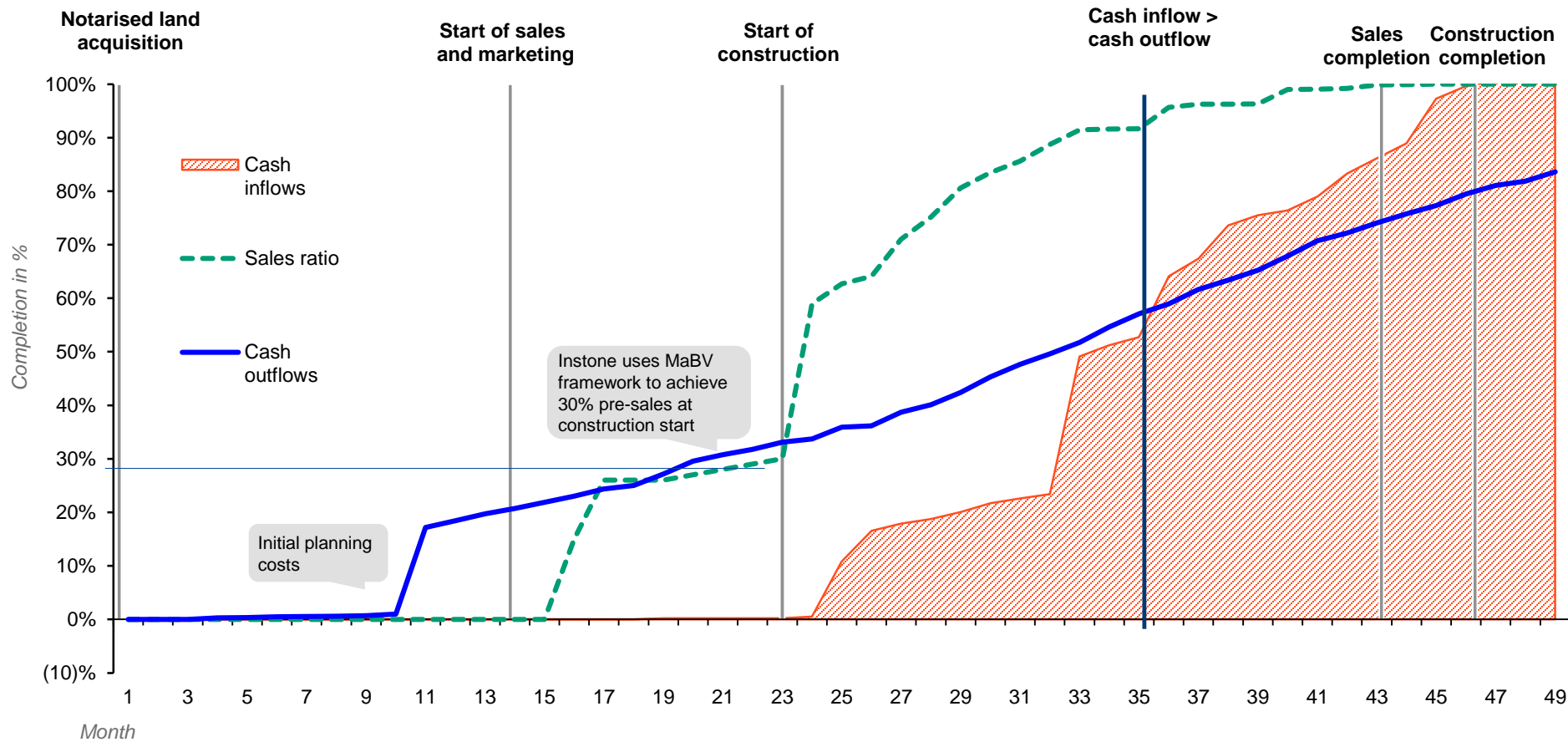
Receivables from customers for work-in-progress (contract assets) already sold and valued at the current completion level of development fell to €491.4m (31/12/2019: €479.4m) due to the increased completions. Advance payments from customers amounted to €292.9m (31/12/2019: €266.9m).

The decline in contract assets is due to the greater increase in advance payments received in relation to construction progress.

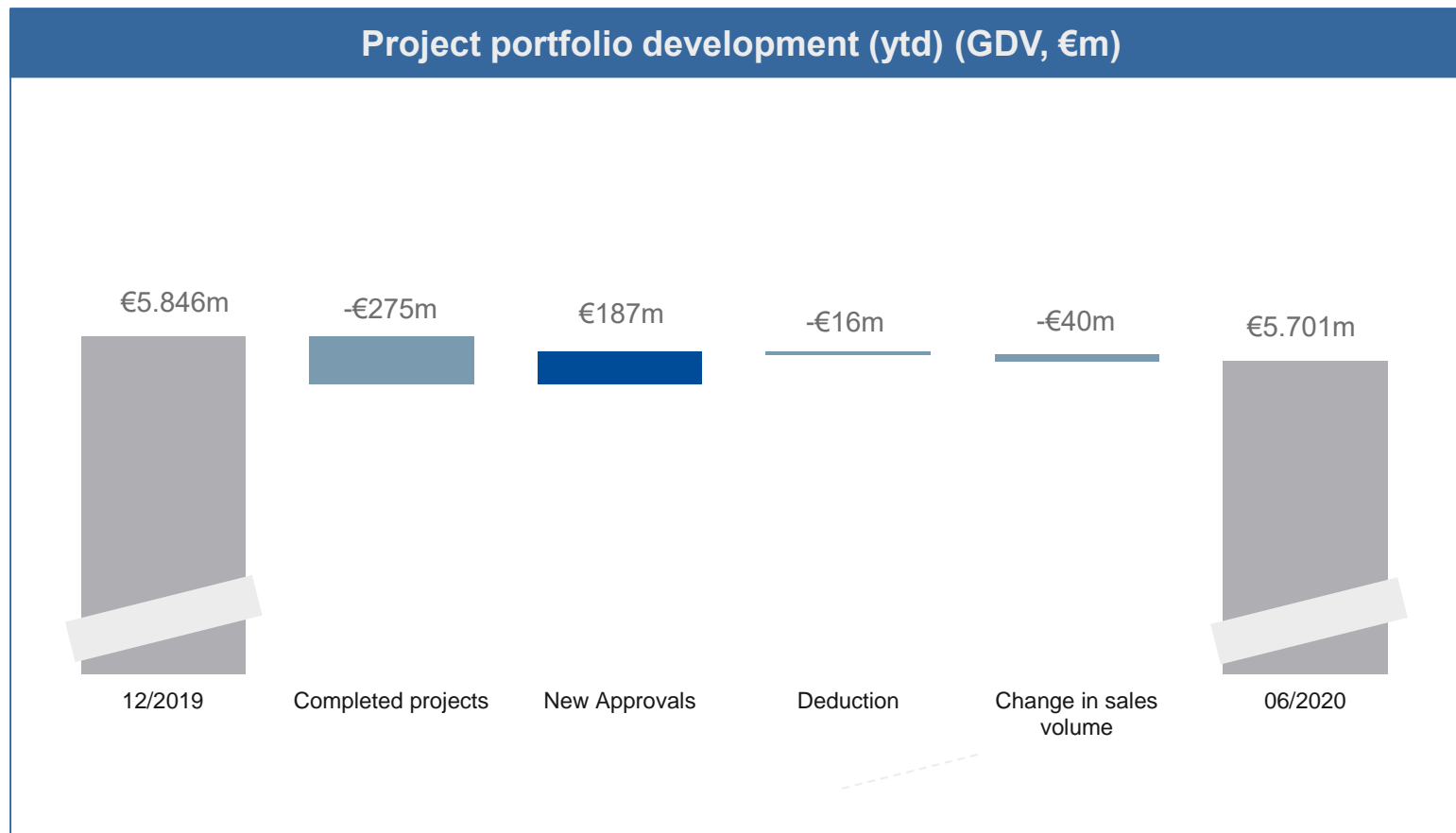
Non-current financial liabilities fell to €253.6 million as of 30 June (31/12/2019: €451.6m). Current financial liabilities increased to €346.4m (31/12/2019: €143.9m). Corporate financing of €75.0m and also a project financing of €134.3m were reclassified from non-current to current financial liabilities.

Trade payables decreased to €64.5m (31/12/2019: €87.6m) and essentially comprise the services provided by contractors.

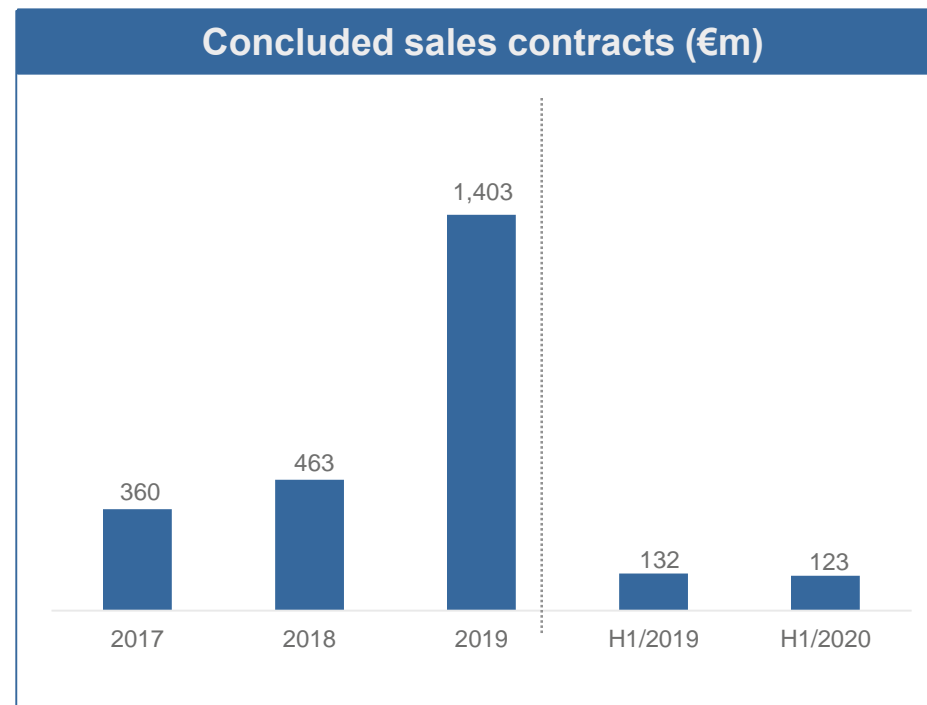
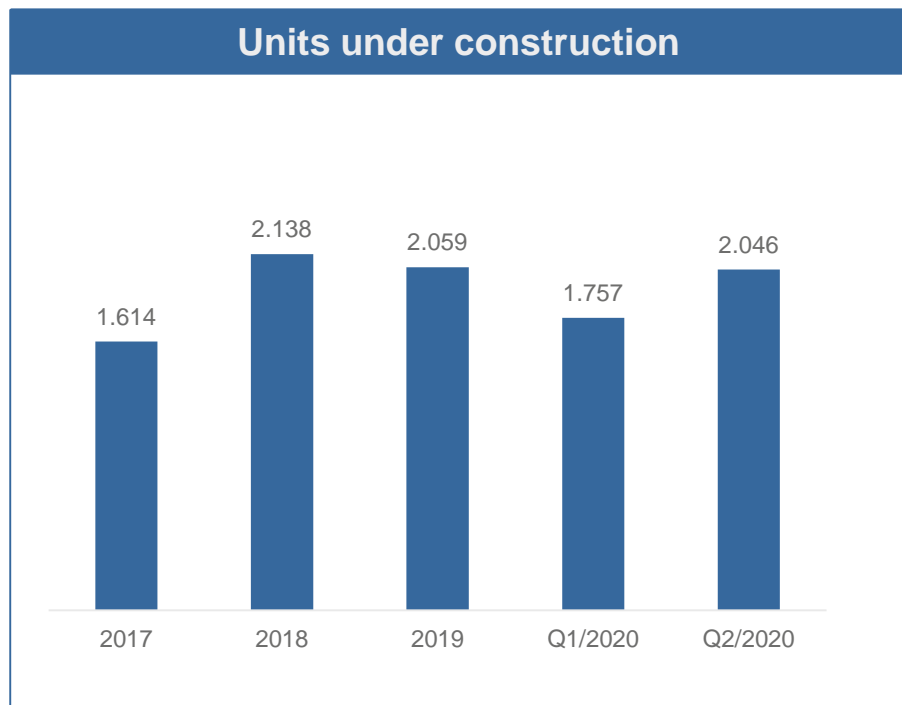
Typical Project Cash Flow Profile



Development of Project Portfolio



Units under Construction and Concluded Sales Contracts



Project Portfolio Key Figures

€m	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Volume of sales contracts	54.1*	69.4	1,088.2	183.1	69.0	62.8
Project Portfolio (as of)	5,701.3	5,744.4	5,845.7	5,384.1	5,091.7	4,790.2
<i>thereof already sold (as of)</i>	<i>2,017.1</i>	<i>2,189.0</i>	<i>2,174.0</i>	<i>1,261.1</i>	<i>1,128.7</i>	<i>1,061.1</i>

Units	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Volume of sales contracts	347*	109	2,063	380	120	170
Project Portfolio (as of)	13,075	12,952	13,715	12,233	11,628	11,041
<i>thereof already sold (as of)</i>	<i>4,648</i>	<i>4,799</i>	<i>4,814</i>	<i>2,944</i>	<i>2,684</i>	<i>2,564</i>

(Unless otherwise stated, the figures are quarterly values)

*Of which €24.3m (303 units) from updated business plan of already sold project Westville.

H1-2020 – Revenue Contribution (Top Projects)

Project	City	Adj. Revenues (€m)
St. Marienkrankenhaus	Frankfurt a. M.	30.0
Schumanns Höhe	Bonn	22.1
Quartier Stallschreiber Straße - Luisenpark	Berlin	15.9
west.side	Bonn	15.8
Westville	Frankfurt a. M.	10.5
Franklin	Mannheim	9.7
City-Prag - Wohnen im Theaterviertel	Stuttgart	7.4
Schulterblatt "Amanda"	Hamburg	6.9
Schwarzwaldstraße	Herrenberg	6.6
Theaterfabrik	Leipzig	5.5
Others		49.3
Total		179.6

H1-2020 – Concluded Sales Contracts (Top Projects)

Project	City	Units	€m
Westville*	Frankfurt a. M.	303	24.3
St. Marienkrankenhaus	Frankfurt a. M.	19	21.8
Grundstück Bonn, Schumanns Höhe	Bonn	45	17.2
Herrenberg, Schwarzwaldstraße	Herrenberg	27	12.8
Schulterblatt "Amanda"	Hamburg	14	9.9
„Carlina Park“, Schopenhauerstraße	Nürnberg	19	8.7
Quartier Stallschreiber Straße - Luisenpark	Berlin	8	6.0
Theresienstraße	München	1	4.8
„Neckar.Au Viertel“	Rottenburg	11	4.4
Marina Bricks	Regensburg	6	3.9
Others		3	9.7
Total		456	123.5

*€24.3m (303 units) from updated business plan

Construction Launches (30/06/20)

Project	City	Exp. Sales Volume	Units
Schulterblatt "Amanda"	Hamburg	~ 93	~ 165
Schorndorf, S`LEDERER	Schorndorf	~ 87	~ 230
Total		~ 180	~ 395

Sales Offer as of 30/06/20 (Top Projects)

Project	City	Sales volume (€m)	Units	Already sold in %
St. Marienkrankenhaus	Frankfurt a. M.	62.4	50	67%
„Carlina Park“, Schopenhauerstr. 10	Nürnberg	58.3	84	13%
Schulterblatt „Amanda“	Hamburg	57.0	74	36%
Scholle 1	Düsseldorf	33.9	58	6%
„Neckar.Au Viertel“	Rottenburg	19.8	55	18%
Marina Bricks	Regensburg	13.5	19	54%
Schwarzwaldstraße	Herrenberg	13.3	28	73%
Quartier Stallschreiber Straße - Luisenpark	Berlin	12.3	11	90%
Others		2.8	6	
Total		273.4	385	

Project Portfolio as of 30/06/20

(projects > €30m sales volume, representing total: ~ €5.6bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Hamburg</u>						
Schulterblatt "Amanda"	Hamburg	95 Mio. €	●	●	●	●
Kösliner Weg	Norderstedt-Garstedt	102 Mio. €	●	◐	●	●
Sportplatz Bult	Hannover	120 Mio. €				
Rothenburgsort	Hamburg	183 Mio. €	●	◐		
Büntekamp	Hannover	95 Mio. €	●	◐		
<u>Berlin</u>						
Quartier Stallschreiber Straße / Luisenpark	Berlin	236 Mio. €	●	●	●	●
Wendenschlossstr.	Berlin	52 Mio. €	●	◐		
Rote Kaserne West	Potsdam	49 Mio. €	●	●		
<u>NRW</u>						
Sebastiansraße / Schumanns Höhe	Bonn	70 Mio. €	●	●	●	●
Niederkasseler Lohweg	Düsseldorf	N/A	●	●	●	
Unterbach / Wohnen am Hochfeld	Düsseldorf	172 Mio. €	●	●	◐	
Literaturquartier	Essen	68 Mio. €		●		
REME	Mönchengladbach	105 Mio. €		◐		
west.side	Bonn	187 Mio. €	●	●	◐	◐
Gartenstadtquartier	Dortmund	100 Mio. €	●			

Semi-filled circle means that the milestone has yet been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building right the semi-filled circle means that the zoning process has been initiated. No circle for „land plot acquired“ means that the land has not yet been purchased but secured by contract.

Project Portfolio as of 30/06/20

(projects > €30m sales volume, representing total: ~ €5.6bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Rhine-Main</u>						
Wiesbaden-Delkenheim, Lange Seegewann	Wiesbaden	111 Mio. €	●	◐		
Siemens-Areal	Frankfurt	554 Mio. €	●	◐	◐	
St. Marienkrankenhaus	Frankfurt am Main	211 Mio. €	●	●	●	●
Friedberger Landstraße	Frankfurt am Main	324 Mio. €		◐		
Elisabethenareal Frankfurt	Frankfurt am Main	30 Mio. €	●			
Steinbacher Hohl	Frankfurt am Main	53 Mio. €	●	●		
Gallus	Frankfurt am Main	41 Mio. €	●	●		
Westville	Frankfurt am Main	N/A	●	●	●	
Aukamm	Wiesbaden	149 Mio. €	●			
Heusenstamm	Heusenstamm	148 Mio. €	●			
<u>Leipzig</u>						
Semmelweisstraße	Leipzig	73 Mio. €	●	●		
Parkresidenz	Leipzig	250 Mio. €	●	◐		
Rosa-Luxemburg-Straße	Leipzig	114 Mio. €	●	●		
Heide Süd	Halle	38 Mio. €				

Semi-filled circle means that the milestone has yet been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building right the semi-filled circle means that the zoning process has been initiated. No circle for „land plot acquired“ means that the land has not yet been purchased but secured by contract.

Project Portfolio as of 30/06/20

(projects > €30m sales volume, representing total: ~ €5.6bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Baden-Wurttemberg</u>						
City-Prag - Wohnen im Theaterviertel	Stuttgart	126 Mio. €	●	●	●	●
Franklin	Mannheim	69 Mio. €	●	●	●	●
Schwarzwaldstraße	Herrenberg	49 Mio. €	●	●	●	●
S`LEDERER	Schorndorf	N/A	●	●	●	●
Neckartalterrassen	Rottenburg	147 Mio. €	●	●	◐	
Schäferlinde	Herrenberg	56 Mio. €	●			
<u>Bavaria South</u>						
Ottobrunner Straße	München	84 Mio. €	●	●		
Beethovenpark	Augsburg	58 Mio. €	●	●		
Augsburg 2	Augsburg	51 Mio. €		●		
<u>Bavaria North</u>						
Schopenhauerstraße	Nürnberg	67 Mio. €	●	●	●	
Stephanstraße	Nürnberg	65 Mio. €	●	●		
Seetor	Nürnberg	112 Mio. €	●	●	◐	
Eslamer Straße	Nürnberg	50 Mio. €	●	●		
Lagarde	Bamberg	73 Mio. €		◐		

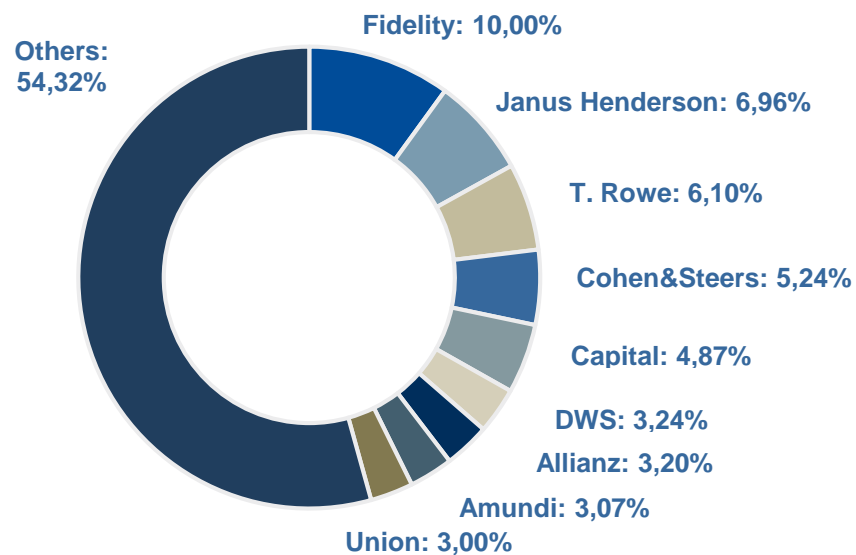
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Instone Share

Basic data

- ISIN: DE000A2NBX80
- Ticker symbol: INS
- No of shares: 36,998,336
- Index: SDAX
- Market cap* : €913.9m
- Average daily trading volume: €1.3m
- Free float: 100%
- Indices: SDAX
- Market segment: Prime Standard, Frankfurt

Shareholder structure (August 2020)



* Based on closing price on 25/08/2020 at €24.70

Financial Calendar

2020

August	27	Group Interim Report for the first half of 2020
August	28/31	Virtual Roadshow
September	2/4/9	Virtual Roadshow
September	3	Commerzbank Corporate Conference
September	7	Jefferies DE/EU Property Virtual Conference
November	17-18	BNP EU Mid Cap CEO Conference
November	26	Quarterly Statement for the first nine months of 2020

2021

March	18	Annual Report 2020
May	20	Quarterly Statement for the first quarter of 2021
November	11	Quarterly Statement for the first nine months of 2021

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