



ACQUISITION OF S&P STADTBAU

AUGUST 15, 2019



Disclaimer

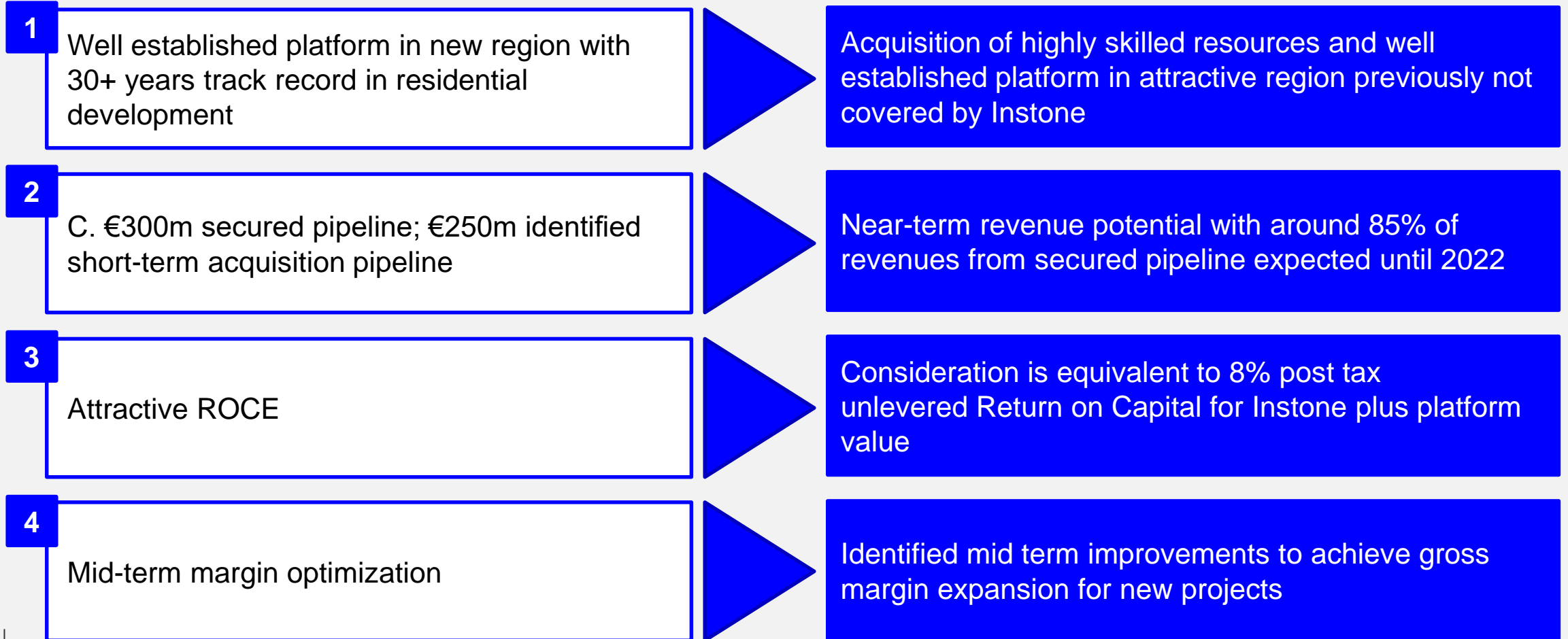
BY VIEWING THIS PRESENTATION, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS REGARDING THE INFORMATION DISCLOSED IN THIS PRESENTATION. THIS PRESENTATION HAS BEEN PREPARED BY INSTONE REAL ESTATE GROUP AG (THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES, "INSTONE").

For the purposes of this notice, "presentation" means this document, its contents or any part of it. This presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company, nor shall it or any part of it form the basis of or be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever. This presentation is neither an advertisement nor a prospectus and recipients should not purchase, subscribe for or otherwise acquire any securities of the Company. This presentation is made available on the express understanding that it does not contain all information that may be required to evaluate, and will not be used by the attendees / recipients in connection with, the purchase of, or investment in, any securities of the Company. This presentation is accordingly not intended to form the basis of any investment decision and does not constitute or contain any recommendation by the Company, its shareholders or any other party.

The information and opinions contained in this presentation are provided as at the date of this presentation, are subject to change without notice and do not purport to contain all information that may be required to evaluate the Company. The information in this presentation is in draft form and has not been independently verified. Parts of the financial information in this presentation are preliminary and unaudited. Certain financial information (including percentages) in this presentation has been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this presentation. No reliance may or should be placed for any purpose whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. None of the Company, its shareholders, or any other party accepts any responsibility whatsoever for the contents of this presentation, and no representation or warranty, express or implied, is made by any such person in relation to the contents of this presentation. The information in this presentation is of a preliminary and abbreviated nature and may be subject to updating, revision and amendment, and such information may change materially. None of the Company, its shareholders, or any other party undertakes or is under any duty to update this presentation or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information. Recipients should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on any projections, targets, ambitions, estimates or forecasts contained in this presentation and nothing in this presentation is or should be relied on as a promise or representation as to the future.

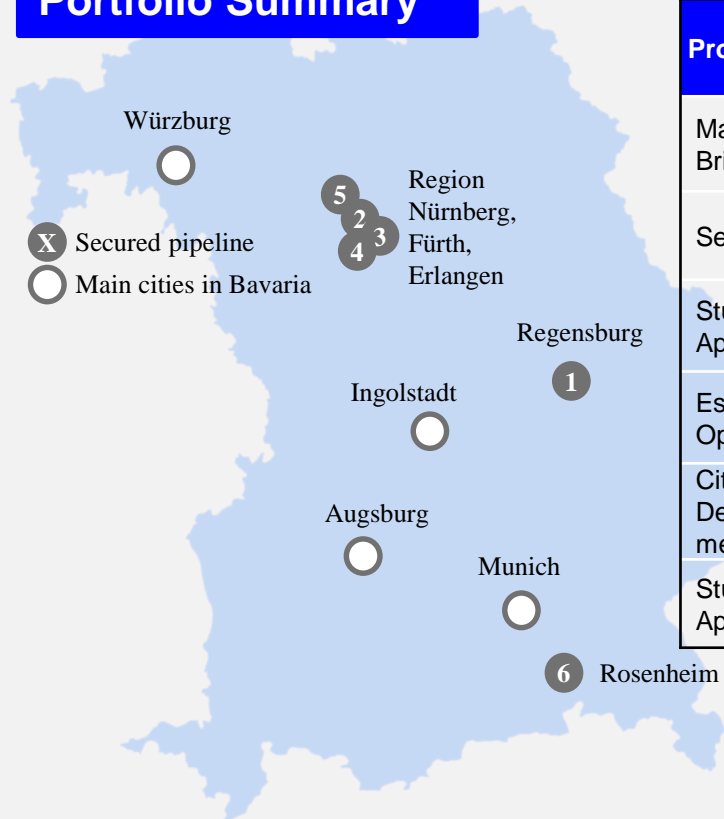
This presentation may contain forward looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our prospects, growth, strategies, the industry in which Instone operates and potential or ongoing acquisitions or sales. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the development of our prospects, growth, strategies, the industry in which Instone operates, and the effect of acquisitions or sales on Instone may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the development of Instone's prospects, growth, strategies and the industry in which Instone operates are consistent with the forward-looking statements contained in this presentation, those developments may not be indicative of our results, liquidity or financial position or of results or developments in subsequent periods not covered by this presentation. Nothing that is contained in this presentation constitutes or should be treated as an admission concerning the financial position of the Company and/or Instone.

Transaction Highlights and Rationale



Well Established Company

Portfolio Summary



Project	City	Exp.Sales (€m)
Marina Bricks	Regensburg	28
Seetor	Nuremberg	103
Student Apartments	Nuremberg	65
Eschenbach Optik	Nuremberg	65
City Center Development	Erlangen	19
Student Apartments	Rosenheim	22

Avg. exp. Gross Margin: 20.5%

Note: assumes no single awarding

- 22 highly skilled employees covering the full value chain from land acquisition, planning and technical management of construction and sales process as well as after sales management
- 4 additional land acquisitions identified in Northern Bavaria with accumulated expected sales of €250m until 2023; assumed average gross margin of c. 20%
- Current margin expectation of existing and identified projects based on use of general contractors; mid term margin upside by implementing Instone’s preferred single awarding approach

Attractive Market

2018	Purchasing power p.c. (€)	Purchasing power index (%)	
Erlangen	27.875	121.2	S&P markets
Regensburg	25.853	110.9	
Nuremberg	24.310	104.2	
Munich	31.308	134.2	Current Instone markets
Duesseldorf	27.744	119.0	
Frankfurt	26.684	114.4	
Stuttgart	26.466	113.5	
Bonn	26.152	112.1	
Hamburg	25.725	110.3	
Augsburg	22.417	96.1	
Berlin	21.746	93.2	

- Metropolitan region Nuremberg (c. 1.3m residents) is ranked #1 in economic growth in Germany
- Further population growth of c. 8% expected until 2030 with estimated 34.000 additional residential units needed over the next years
- Several large companies are head-quartered in the region (Siemens, adidas, Puma, Schaeffler, Diehl, Leoni) as well as several Bavarian and German authorities (BAMF). The university Nuremberg-Erlangen (40.000 students) is among the largest in Germany

Summary Transaction Economics

Total consideration of €74m for all outstanding equity and financial debt and including all transaction cost

- €4m consideration for the platform
- €67.5m consideration for acquired projects; equivalent to 8% post tax unlevered return on capital for Instone
- €2.5m transaction cost

Agreed earn out for additional pre-identified 4 projects

- Consideration will be equivalent to 8% unlevered return on capital for Instone
- Earn-limited to projects actually delivered within 7 months post closing (closing expected for end of August)

Future cooperation agreement with Sontowski & Partner Group for developing mixed use quarters where Instone will cover the residential development part



Contact

Thomas Eisenlohr

Head of Investor Relations

Instone Real Estate Group AG

Grugaplatz 2-4, 45131 Essen

T +49 201 45355-365 | F +49 201 45355-904

thomas.eisenlohr@instone.de

investorrelations@instone.de

www.instone.de