Instone Real Estate Group SE

Investor presentation
November 2023

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

- **Leading trading developer** on basis of nationwide platform: attractive land bank with focus on the Top 8 cities and surrounding areas
- Strong in-house expertise and coverage of entire value chain (from acquisition to construction management) as competitive edge, reflected in **industry leading gross margins** (25.5% in 9M 2023)

2. High share of pre-sold units under construction provides high degree of cash flow visibility

- Gross development value (GDV) of €7.0bn (thereof €3.2bn under or pre-construction, €2.8bn already sold) **provides sound basis for visible revenues in the coming years**
- Projects worth €3.1bn are under construction and thereof c.€2.8bn are pre-sold. **From projects under construction a high, largely secured free cash flow is expected over the next three years**

3. New innovative nyoo product (valuehome) promises mid term step change in growth

- Market entrance in the mid-market segment, a significantly **undersupplied market with huge growth potential (incl. political support)**
- Innovative, highly scalable product based on propriety planning technology with **unrivalled low production costs**
- Major driver for mid-term growth

4. Robust balance sheet (Net debt/adj. EBITDA: 2.8x) is risk mitigating factor and foundation for mid-term growth

5. Strong commitment to ambitious ESG goals

- SBTI compliant target: **Net zero climate neutrality** by 2045
- 87% of 2022 revenues are compliant with EU Taxonomy
- Top **ESG rating confirmed** by Sustainalytics (top 3% of property developers globally)

Proven track record of >30 years

>1 million sqm
Successfully developed and marketed since 1991

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

~€7.0bn
GDV project portfolio as of 30/09/2023

8 branches + HQ
Presence in all German metropolitan regions

475 employees
as of 30/09/2023

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

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Acquisition	Planning application	Sales	Construction	Completion
Fully in-house	**Internal/external experts**	**Internal/external sales teams**	**External contractors**	
No speculative land banking	High building density assessment	30% pre-sale hurdle rate prior to construction	Strong construction management background	Positive track-record concerning on time deliveries

INSTONE REAL ESTATE


Leipzig | Parkstadt


Berlin | Friedenauer Höhe


Dusseldorf | Wohnen im Hochfeld


Essen | Literaturquartier


Schorndorf | S´Lederer

Q3 2023 Highlights

Highlights

Continued modest improvement in B2C business, sales starts add positive momentum

Operational Highlights

- ✓ **Sales:** Private customer demand shows modest improvement, institutional buyers in ‘wait and see’ mode,
  - ✓ Private investors: encouraging initial results from new sales starts in Q4
  - ✓ Positive impact on retail business from introduction of special depreciation on new-builds expected (Law: *Wachstumschancengesetz*)
- ✓ **Construction costs:** Stabilized; recent sideways movement of CPI
- ✓ **Financial strategy:** Continuous focus on costs & cash preservation
  - ✓ Reduced platform costs; positive operating cash flow in 9M-23

9M results demonstrate sustained high profitability

9M 2023 Results

- ✓ Adjusted revenues: €433.3m (9M-2022: €441.9m, -1.9%)
- ✓ Adjusted gross profit margin: 25.5% (9M-2022: 25.8%)
- ✓ Adjusted EBIT: €65.8m (9M-2022: €60.9m, +8.0%)
- ✓ Adjusted earnings after tax (EAT): €37.1m (9M-2022: €34.0m, +9.1%)

Well on track for full year earnings targets

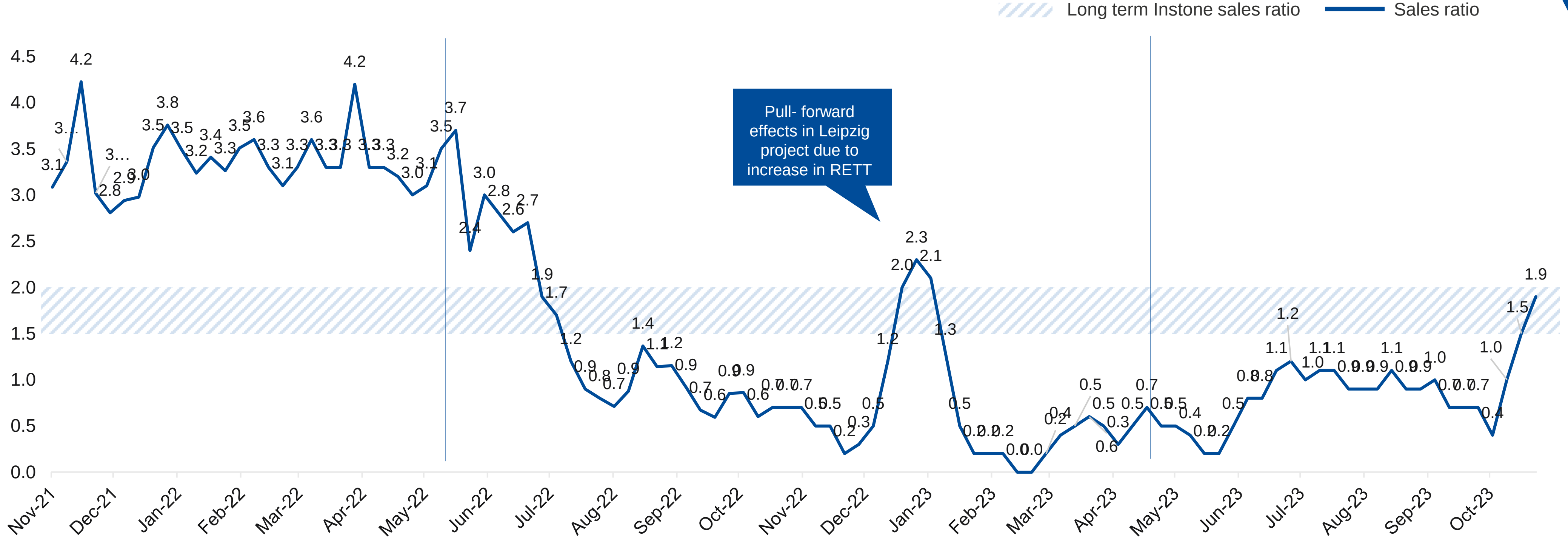
Outlook

- ✓ Adj. revenues of €600-700m
- ✓ Adj. gross margin of approx. 25%
- ✓ Adj. EAT of €40-50m

Sales ratio: Continued moderate improvement from depressed levels

Sales ratio[1]

In %

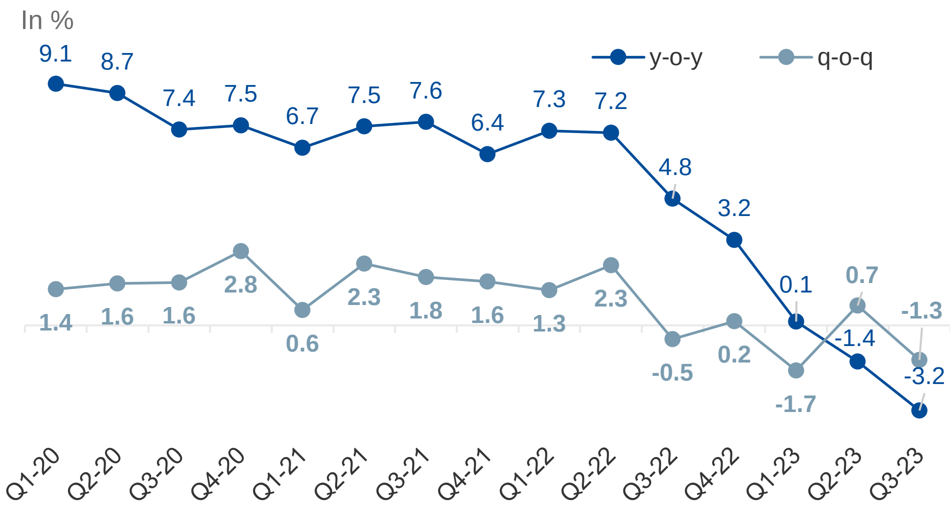


- ✓ Deliberate decision to postpone new sales starts in first 9 months of 2023; first new sales start in October with initial positive feedback
- ✓ Sales ratio recently approached long term mean; improving momentum is primarily driven by equity-oriented buy-to-let investors
- ✓ Higher demand for projects in well advanced stages of construction
- ✓ Positive impact from introduction of increased depreciation on new builds expected (‘*Wachstumschancengesetz*’, 6% p.a. vs. current 3%)

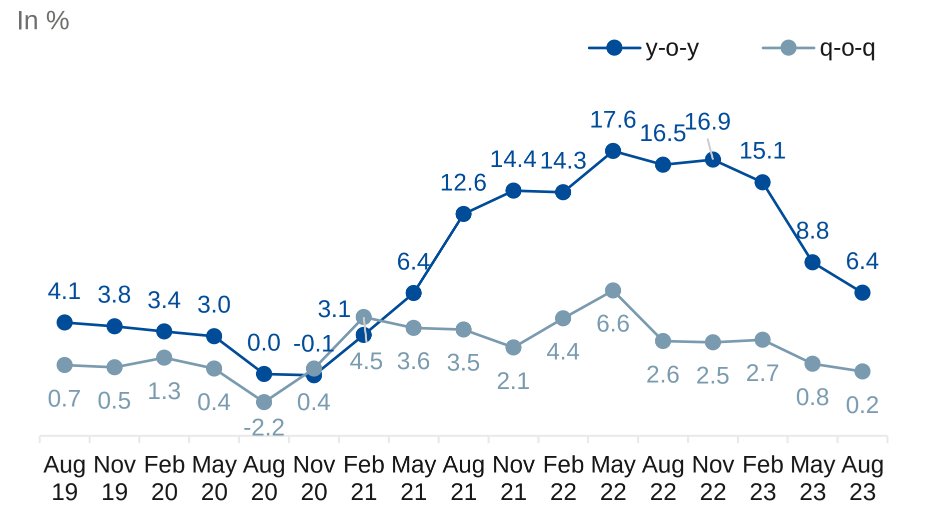
1 Retail sales ratio = weekly number of units sold/total number of units on offer (four week moving average)

New build prices with only moderate decline; CPI stabilisation

House price inflation[1]



Construction price inflation[2]



- ✓ New build condo headline prices in top 7 decreased only slightly in Q3 (only moderate y-o-y decline)
- ✓ Institutional market is still largely dried up; while retail customer demand shows modest recovery
- ✓ Construction price inflation is levelling off
  - ✓ INS budgeted mid-single-digit CPI growth for FY 2023 appears well reachable so far; contracts awarded are in line with budget
  - ✓ Negotiating power vis-à-vis construction companies is continuously improving

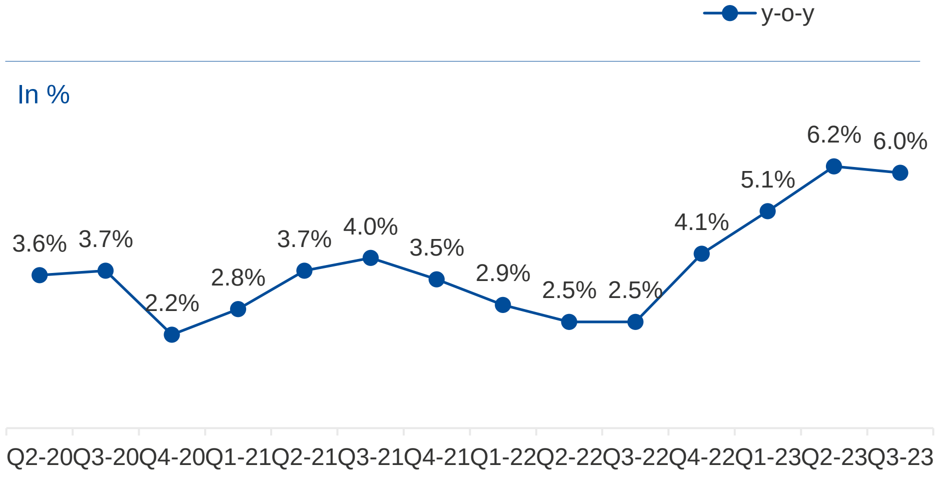
1 bulwiengesa data: quarterly data condo prices in top 7 cities (new build)
2 Statistisches Bundesamt

Price development: yield expansion partly compensated by further accelerating rent growth

House price sensitivity: price impact in different scenarios[1]

Rent Increase 2y forward	Rent Yield / Rent Multiple								
	4.2%	4.0%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%
	24x	25x	26x	27x	28x	29x	30x	31x	32x
2%	-24%	-20%	-17%	-14%	-11%	-8%	-4%	-1%	2%
4%	-22%	-19%	-16%	-12%	-9%	-6%	-3%	1%	4%
6%	-21%	-17%	-14%	-11%	-7%	-4%	-1%	3%	6%
8%	-19%	-16%	-12%	-9%	-6%	-2%	1%	5%	8%
10%	-18%	-14%	-11%	-7%	-4%	0%	3%	7%	10%
12%	-16%	-13%	-9%	-5%	-2%	2%	5%	9%	12%
14%	-15%	-11%	-7%	-4%	0%	3%	7%	10%	14%
16%	-13%	-9%	-6%	-2%	1%	5%	9%	12%	16%
18%	-12%	-8%	-4%	0%	3%	7%	11%	14%	18%

New-build rent development[2] - accelerating positive momentum



- ✓ The impact of yield expansion due to higher rates is mitigated by accelerating rent growth. Price correction of 5-8% for institutional market appears realistic scenario[1]
- ✓ A positive yield spread to interest costs was historically rather the exception (due to expected rent growth/inflation)
- ✓ Market stabilisation as of mid 2024 could imply that forward yields may rise further- at least temporarily - to around 4% due to extended time period leading to additional 5-8% of rental growth (as highlighted in the graph above in green)

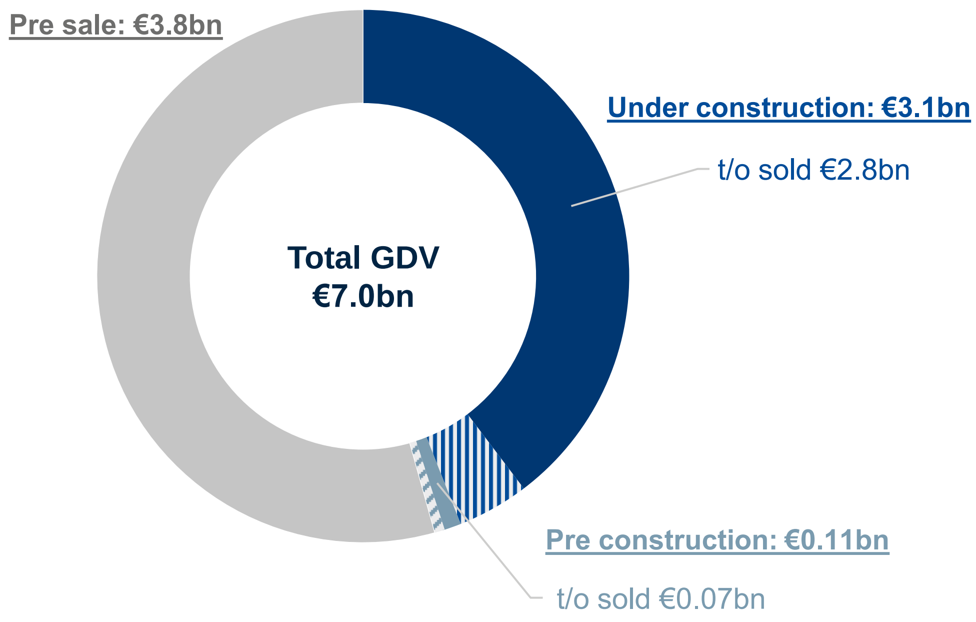
"Pressure in the rental markets is increasing. // New build rents +2.7% qoq – stronger growth than for existing housing units."

Source: Immoscout24

1 Assumptions: yield shift to 3.6-3.8%; rent growth 2 years forward of 10-12% (starting point: Q1-23)
2 bulwiengesa, newly built apartments, top-7 cities average

Under construction projects de-risked as 90% sold

Project portfolio as of 30/09/2023 by development (GDV)



- ✓ Projects with GDV of €3.1bn are "under construction" of which 90% (€2.8bn) already sold
- ✓ Of the €2.8bn sold volume as of the reporting date €2.1bn has been recognised in revenues

Q3 2023 Financial Performance & Outlook

Adjusted Results of Operations

High profitability maintained – Well on track to reach FY earnings targets

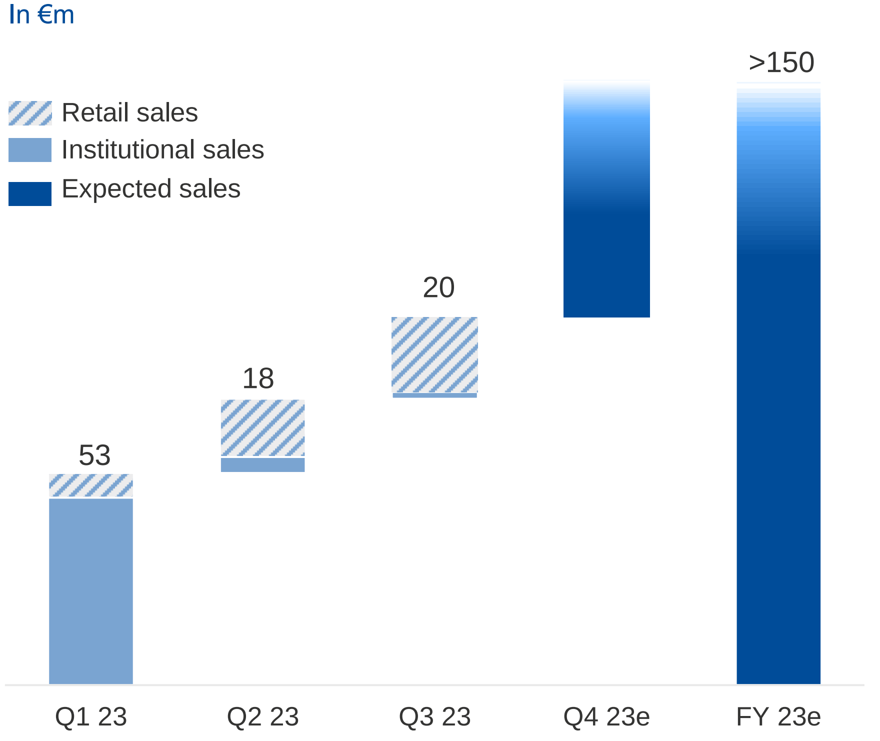
€m	Q3 2023	Q3 2022	Change	9M 2023	9M 2022	Change
Revenues	**153.8**	173.9	*-11.6%*	**433.3**	441.9	*-1.9%*
Project cost	-115.3	-129.0	*-10.6%*	-322.6	-328.2	*-1.7%*
Gross profit	**38.5**	45.0	*-14.4%*	**110.7**	113.8	*-2.7%*
Gross Margin	*25.0%*	*25.9%*		*25.5%*	*25.8%*	
Platform cost	-17.9	-20.7	*-13.5%*	-50.9	-55.1	*-7.6%*
Share of results of JVs	1.9	0.7		6.0	2.2	
EBIT	**22.5**	25.0	*-10.0%*	**65.8**	60.9	*8.0%*
EBIT Margin	*14.6%*	*14.4%*		*15.2%*	*13.8%*	
Financial & other results	-2.6	-4.1		-12.6	-11.6	
EBT	**19.9**	20.8	*-4.34%*	**53.2**	49.3	*7.9%*
EBT Margin	*12.9%*	*12.0%*		*12.3%*	*11.2%*	
Taxes	-6.7	-6.4		-16.1	-15.3	
Tax rate	*33.5%*	*30.7%*		*30.2%*	*31.0%*	
EAT	**13.2**	14.4	*-8.3%*	**37.1**	34.0	*9.1%*
EAT Margin	*8.6%*	*8.3%*		*8.6%*	*7.7%*	
EAT post minorities	**13.3**	14.5	*-8.5.2%*	**37.5**	35.0	*6.9%*
EPS[1]	**0.30**	0.32	*-2.2%*	**0.86**	0.75	*14.7%*

- ✓ Majority of revenues is based on pre-sold units
- ✓ Strong Gross Margin reflects quality of projects and construction cost control
- ✓ Platform cost benefit from reduced staff costs (lower FTE despite increased construction volume); low level is distorted by high level of other operating income (incl. releases of project related provisions)
- ✓ JV result reflects positive development of construction and sales activity of Berlin JV
- ✓ Higher financing costs mainly due to increased project related interest cost (partly compensated by higher interest income)
- ✓ EPS also benefits from lower weighted average no. of shares

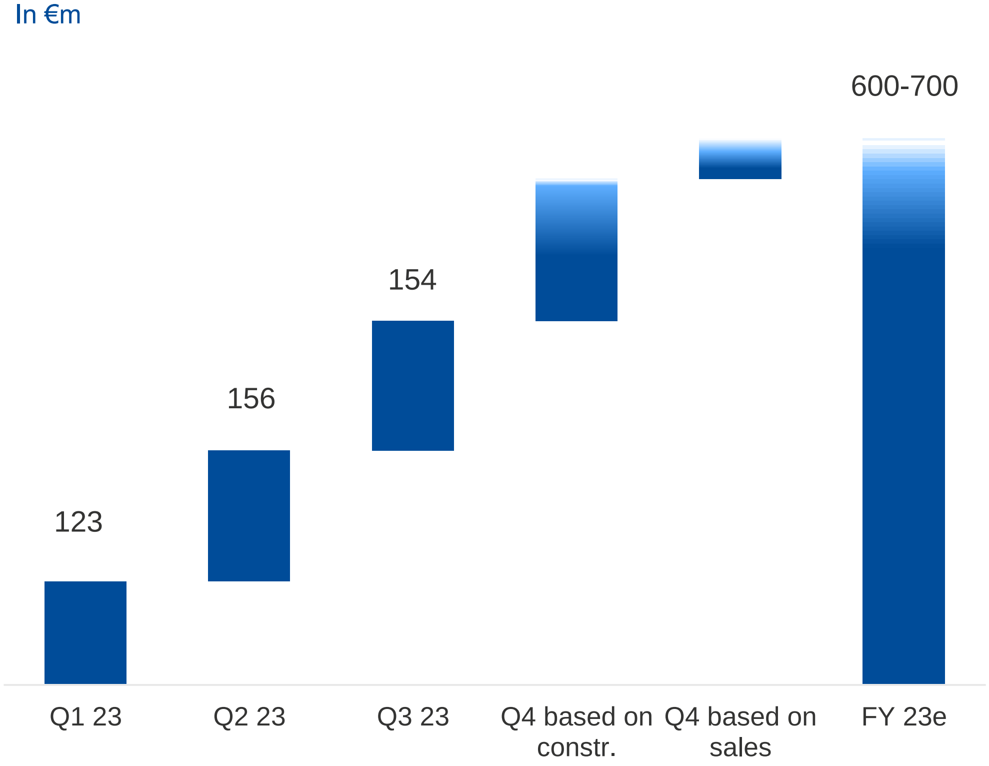
1 Weighted average number of shares 43.358,7 k (9M 2023) / 46,387.9k (9M 2022)

Bulk of 2023 adjusted revenues target already logged in

Concluded sales contracts – expected development in 2023



Adj. revenues – expected development in 2023



Rock solid balance sheet maintained

€m	30/09/2023	30/06/2023	31/12/2022
Corporate debt	165.6		
Project debt[1]	283.9		
Financial debt[1]	**449.5**	**535.6**	**520.6**
Cash and cash equivalents and term deposits[1]	-177.0		
Net financial debt[1]	**272.5**	**322.0**	**265.1**
Inventories and contract asset / liabilities	1,297.7		
LTC[1,2]	**21.0%**	**24.2%**	**20.8%**
Adjusted EBIT (LTM)[3]	93.5		
Adjusted EBITDA (LTM)[3]	98.3		
Net financial debt[1] / adjusted EBITDA	**2.8x**	**3.2x**	**2.8x**

- ✓ Further improved balance sheet ratios in Q3
- ✓ Very moderate LTC
- ✓ Solid net debt/adjusted EBITDA of 2.8x
- ✓ Balance sheet and liquidity provide for downside protection as well as financial flexibility

1 Q3/23: Excl. €82.8m restricted cash and €54.7 million financial debt in connection with Project Westville client related subsidized KFW loan
2 Loan-to-Cost: Net financial debt/(Inventories + Contract assets/liabilities)
3 LTM: Last twelve months

Strong Q3-cash flow further strengthens financial profile

Cash Flow (€m)	Q3 2023	Q3 2022	9M 2023	9M 2022
EBITDA adj.	23.7	26.3	69.5	64.6
Other non-cash items	3.1	-3.6	-3.7	-12.7
Taxes paid	-23.7	-2.0	-27.0	-2.9
Change in working capital	56.0	-66.7	-20.1	-75.6
Operating cash flow	**59.1**	**-46.2**	**18.7**	**-26.7**
Land plot acquisition payments (incl. RETT)[1]	0.5	3.4	10.2	74.1
Operating cash flow excl. investments	**59.6**	**-42.8**	**28.9**	**47.4**

Liquidity (€m)	Total	t/o drawn	t/o available
Corporate debt			
Promissory notes	165.5	165.5	-
Revolving Credit Facilities	170.0	-	170.0
Cash and cash equivalents and term deposits[2]			177.0
Total corporate funds available			**347.0**
Project debt[2]			
Project finance[2,3]	**456.4**	**282.8**	**173.6**

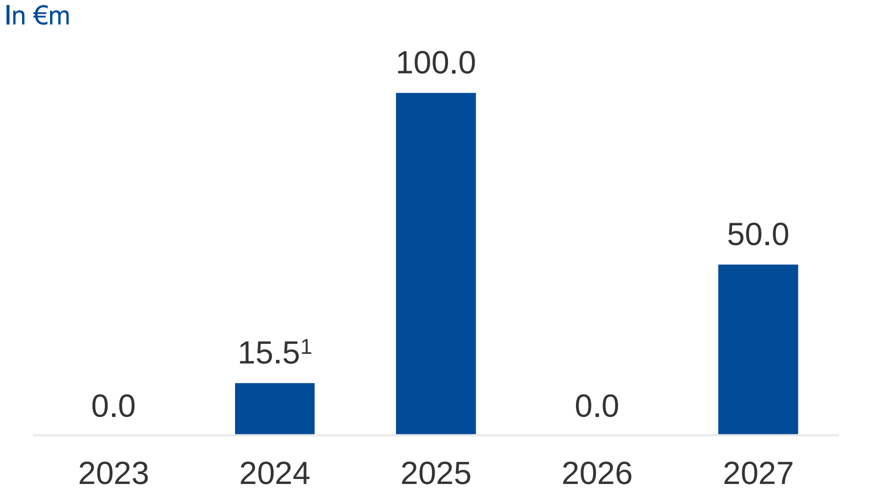
- ✓ Strong Q3 operating cash flow based on predictable milestone payments
- ✓ EUR 10.2m new land payments in first 9M relating to prior year commitments
- ✓ Focus continues to be on cash preservation and maximising value from existing land bank
- ✓ Positive operating cash flow for FY-2023 expected

- ✓ Well-funded to weather the downturn
- ✓ Ample cash and available funding to benefit from potential attractive distressed opportunities
- ✓ Unchanged strong access to liquidity: Completed raising of new promissory note of EUR 20m in October (3 yrs maturity, interest: c. 6.5%)

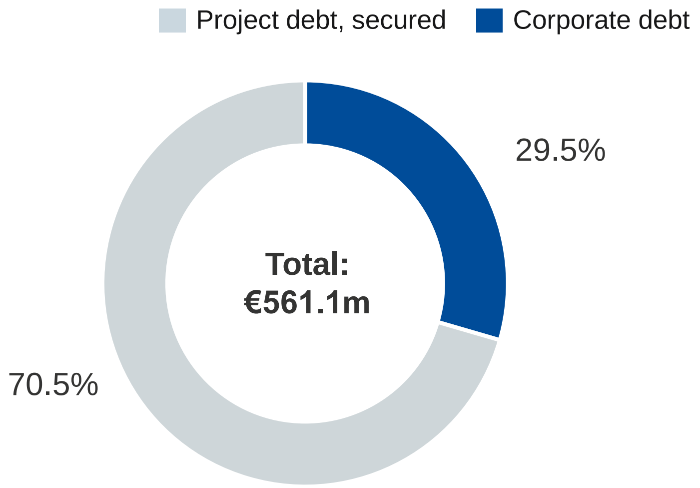
1 RETT: Real Estate Transfer Tax
2 Q3/23: Excl. €82.8 million restricted cash and €54.7 million financial debt in connection with Project Westville client related subsidized KFW loan
3 Net available project financing

Financing: No major maturities until H2-2025

Maturity profile (corporate debt) as of 30/09/2023



Secured/unsecured as of 30/09/2023



Weighted average corporate debt maturity	2.4 years
Weighted average corporate interest costs	4.06%
Share of corporate debt with floating interest	0%

- ✓ Majority of financial debt is project related
- ✓ No major short-term maturities

All calculations based on drawn values;
[1]Raise of new promissory note in Oct 23 of which 10.5m used to partialy repay promissory note due in 2024

Outlook 2023: on track for full year targets

€m	Forecast 2023
Revenues (adjusted)	**600-700**
Gross profit margin (adjusted)	**~25%**
EAT (adjusted)	**40-50**
Volume of concluded sales contracts	**>150**

Market environment

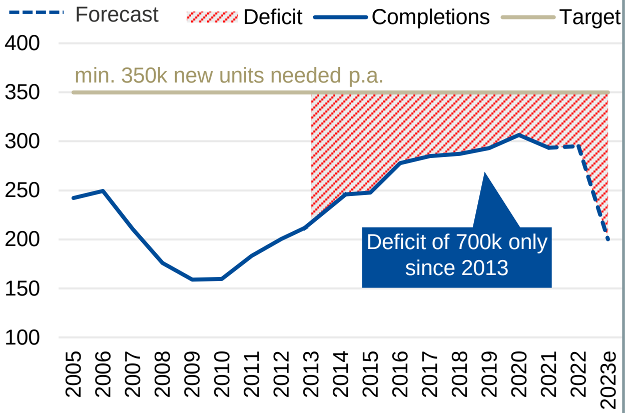
Structural supply shortage in German resi continues to worsen

Supply		Demand

Supply

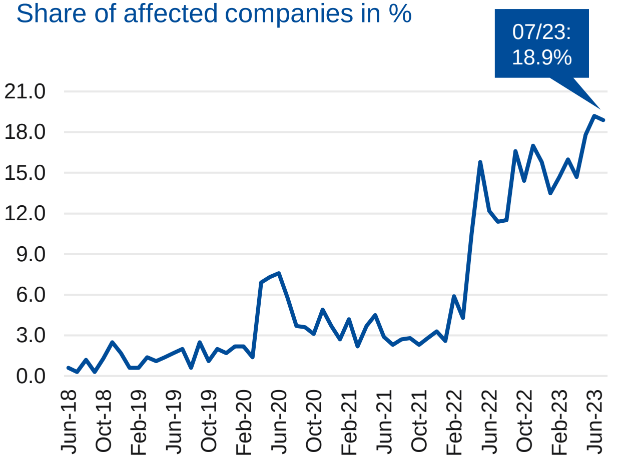
Expected decline in new supply (completions)[1]

In k units



Order cancellations in building construction[2]

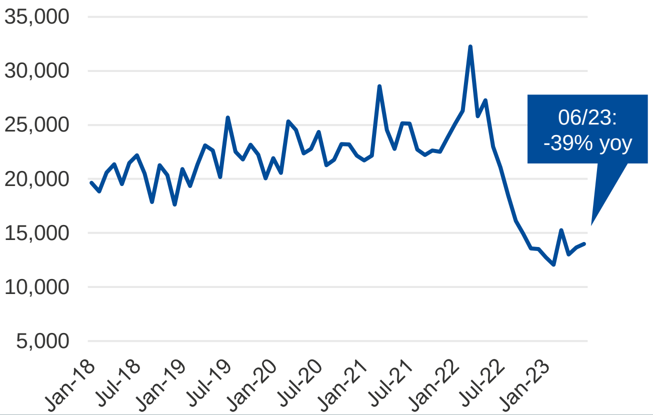
Share of affected companies in %



Demand

German mortgage lending picks up again

Volume, new business, by month, in €m



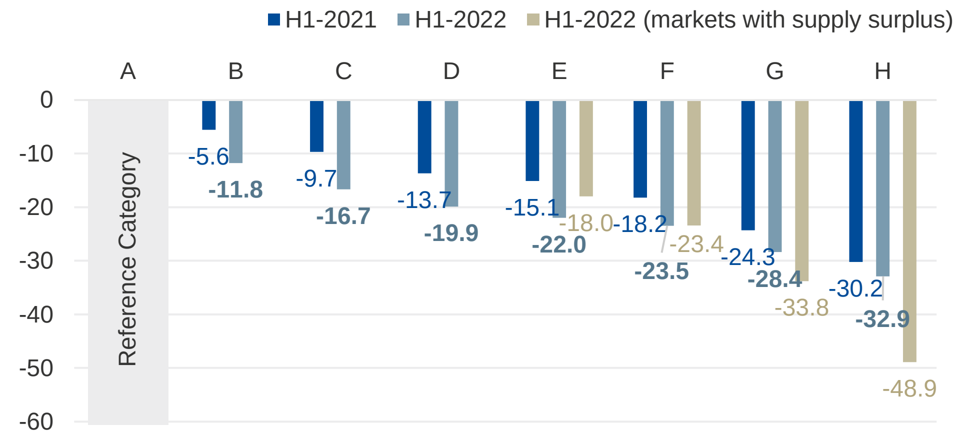
- ✓ Continued growth in demand for residential space:
  - ✓ Expected 2023 increase of 600,000 household vs. 2021 in Germany, driven by continued net migration especially from Ukraine[4]
  - ✓ Vacancy rate continuously decreasing since 2006; reaching low level of 2.8% in 2021 and 1.4% in growth regions; undersupply is growing steadily
- ✓ Order cancellations at record levels signal strong decline in supply; significant recession for residential construction in 2023 & 2024 expected
- ✓ Slump in mortgage loans also underscores current weak demand for property purchases

1 German Property Federation (ZIA) / Statistisches Bundesamt / estimated completions: German Construction Association (ZDB) and CBRE // 2 ifo Institute, Business Survey amongst German construction companies // 3 Deutsche Bundesbank // 4 empirica

New-builds gain relative attractiveness as investment product

Offer prices for multi-family homes: discounts per energy efficiency category[1]

Discounts vs. reference category in %



> "There is a higher differentiation of the market… Price discounts are dependent on the energy standard of a building…Such price discounts have increased compared to the previous year."

Source: JLL

> "Rising contact requests for leasing of new build apartments….stronger rent dynamics in A-cities for new builds."

Source: Immoscout24

New build properties continue to outperform

- ✓ Opportunity for index-linked or staggered rent lease contracts
- ✓ ~30% of all new leases in metropolitan regions are index-linked rents. In top locations like Berlin and Munich even up to 70%[2]
- ✓ Massive widening of price differential of residential properties as a function of the energy standards (due to superior rent potential and capex requirements)

Instone with leading position for energy efficient buildings

- ✓ Approx. 94.2% of INS buildings currently contributing to revenues meet NZEB-10% requirement (EU Taxonomy compliant)[3]
- ✓ Natural gas accounts for less than 2% of direct energy supply of INS‘s projects
- ✓ Unlike existing housing stock no capex backlog for energy or other investments, energy consumption for new properties is ~80%+ below average German buildings

➡ **Lower energy bill clear competitive edge**

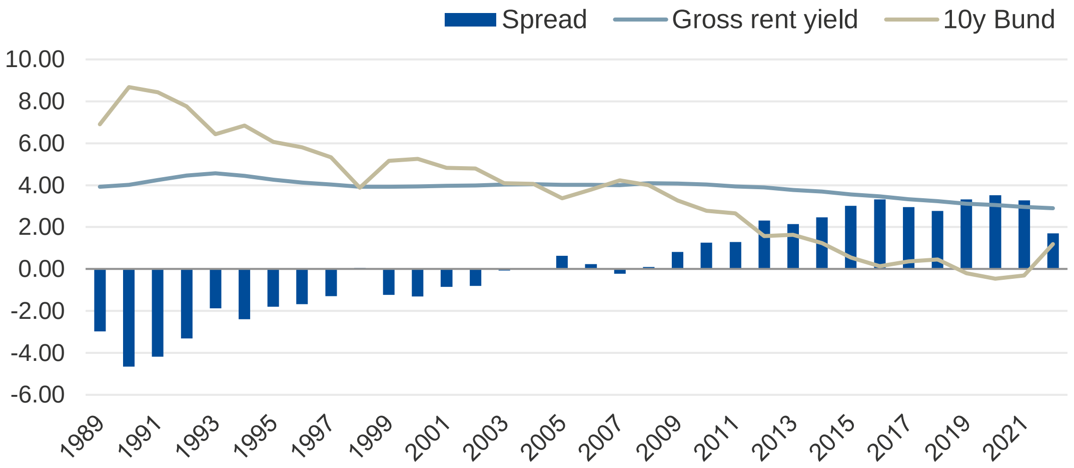
1 Source: JLL
2 Source: Tenant Association, January 2023
3 Due to change in EU Taxonomy requirements, reporting changed vs. prev. year from project view to revenue relevant objects view

Sustained positive outlook for rents will partly compensate increased rental yield requirements

House price sensitivity: price impact in different scenarios[1]

Rent Increase 2y forward	Rent Yield / Rent Multiple								
	4.2%	4.0%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%
	24x	25x	26x	27x	28x	29x	30x	31x	32x
2%	-24%	-20%	-17%	-14%	-11%	-8%	-4%	-1%	2%
4%	-22%	-19%	-16%	-12%	-9%	-6%	-3%	1%	4%
6%	-21%	-17%	-14%	-11%	-7%	-4%	-1%	3%	6%
8%	-19%	-16%	-12%	-9%	-6%	-2%	1%	5%	8%
10%	-18%	-14%	-11%	-7%	-4%	0%	3%	7%	10%
12%	-16%	-13%	-9%	-5%	-2%	2%	5%	9%	12%
14%	-15%	-11%	-7%	-4%	0%	3%	7%	10%	14%
16%	-13%	-9%	-6%	-2%	1%	5%	9%	12%	16%
18%	-12%	-8%	-4%	0%	3%	7%	11%	14%	18%

New builds historically traded at negative yield spreads to Bunds



- ✓ Illiquid investment markets - market is still adjusting to new interest rate environment (many institutional investors in ‘wait and see’ mode)
- ✓ The impact of yield expansion due to higher rates is mitigated by accelerating rent growth. Price correction of 5-8% for institutional market appears realistic scenario[1]
- ✓ A positive yield spread to interest costs was historically rather the exception (due to expected rent growth/inflation)

1 Assumptions: yield shift to 3.6-3.8%; rent growth 2 years forward of 10-12% (starting point: Q1-23)

Upcoming market consolidation offers vast opportunities

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INS well positioned to weather more difficult market environment

- ✓ Industry leading gross margins (c.25% in 2023e) a key strength and competitive advantage
  - ✓ Comparatively low production costs vs. peers due to strong inhouse construction expertise
  - ✓ Selling prices start at affordable price points of approx. 4,000 €/sqm and rents of around 13 €/sqm for free financed units
- ✓ Robust balance sheet (LTC 21.0%)
- ✓ Strong cash generation projects under construction (ca. EUR 500m)
- ✓ Approx. 90% of units under construction (EUR 3.1bn) are already sold - very low inventory risk of unsold units
- ✓ Average holding period of unsold land plots on balance sheet c. 4 years booked at cost. Value creation from land development not reflected (book value per share[1]: EUR 13.51)

Larger players are abandoning the business and many smaller players are struggling

- ✓ Players with weak balance sheet and/or lower margins are suffering most (e.g. larger players with non-core development activities)
- ✓ Many players bought land at peak of cycle with high financial leverage (land ready for construction without operational upside)

1) 43,322,575 shares as of 30/06/2023:

nyoo: Growth Perspective

Mid to long-term opportunity: nyoo

Mid-market segment and most underserved residential market in Germany

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 companies

Key benefits

- Substantially expand Instone's addressable 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

First projects confirm INS's competitive edge

Projects running according to plan and within budget

DUS 19, Düsseldorf (Unterbach)

- 100% sold to LEG
- Land plot ~5,300 sqm
- Living space: ~5,000 sqm
- 66 units (52 publicly subsidized)
- Energy efficiency standard 55
- Acquisition 04/16 and 11/16

Completed in May 2023

DUI 76, Duisburg (Buchholz)

- 100% sold to Danish Pension fund
- Land plot ~5,400 sqm
- Living space: ~6,200 sqm
- 78 units (46-125 sqm)
- Energy efficiency standard 55, green roofs
- Acquisition 12/19, completion ~Q4/23

Completed in Sept 2023

MG 400, Mönchengladbach (Lürrip)[1]

Joint project with INS Development (core product). nyoo part includes:

- Land plot ~15.500 sqm
- Living space ~16,300 sqm
- ~110 apartments
- ~50 town houses
- ~300 sqm business unit
- High energy efficiency standard, green roofs

DUI 06, Duisburg (Wedau)

- Land plot ~15,800 sqm
- Living space ~16,000 sqm
- 155 apartments
- 26 town houses
- High energy efficiency standard, green roofs
- Acquisition 08/22, completion ~Q4/26

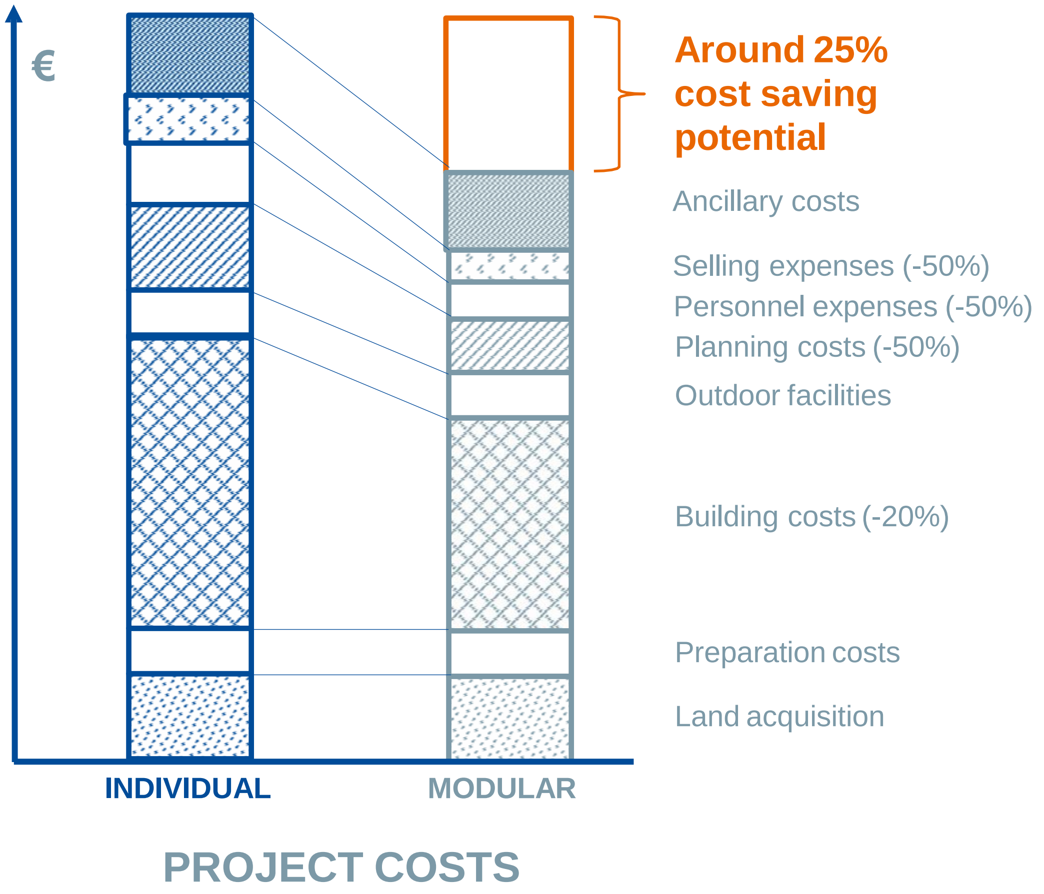
1) Visualisation shows complete Instone project (nyoo part included)

Demanding challenges for cost-effective housing solutions

Cost efficiency requirements	Key challenges
	Highly **fragmented** market
Simplification of Product	General building law and social housing pre-requisites are regulated on **state level**
Standardisation of Planning	Additional **municipal** statutes exist in each city (e.g. parking spaces)
"Industrialisation" of Development and Construction	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 c.2,800€/m² total production costs achievable



Around 25% cost saving potential

- Reduction of total production cost including planning, marketing, sales etc. from ~ 3,700€/m² to c. 2,80€/m²

Cost savings by standardisation

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

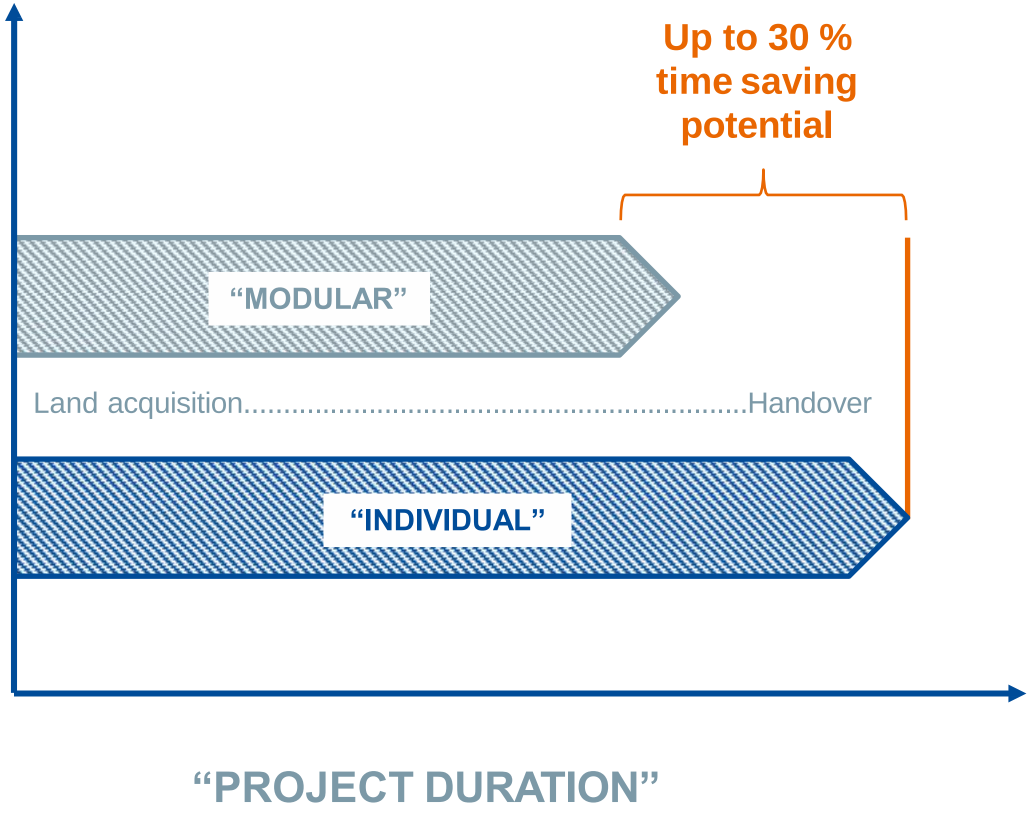
~20% reduction of building costs

- 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

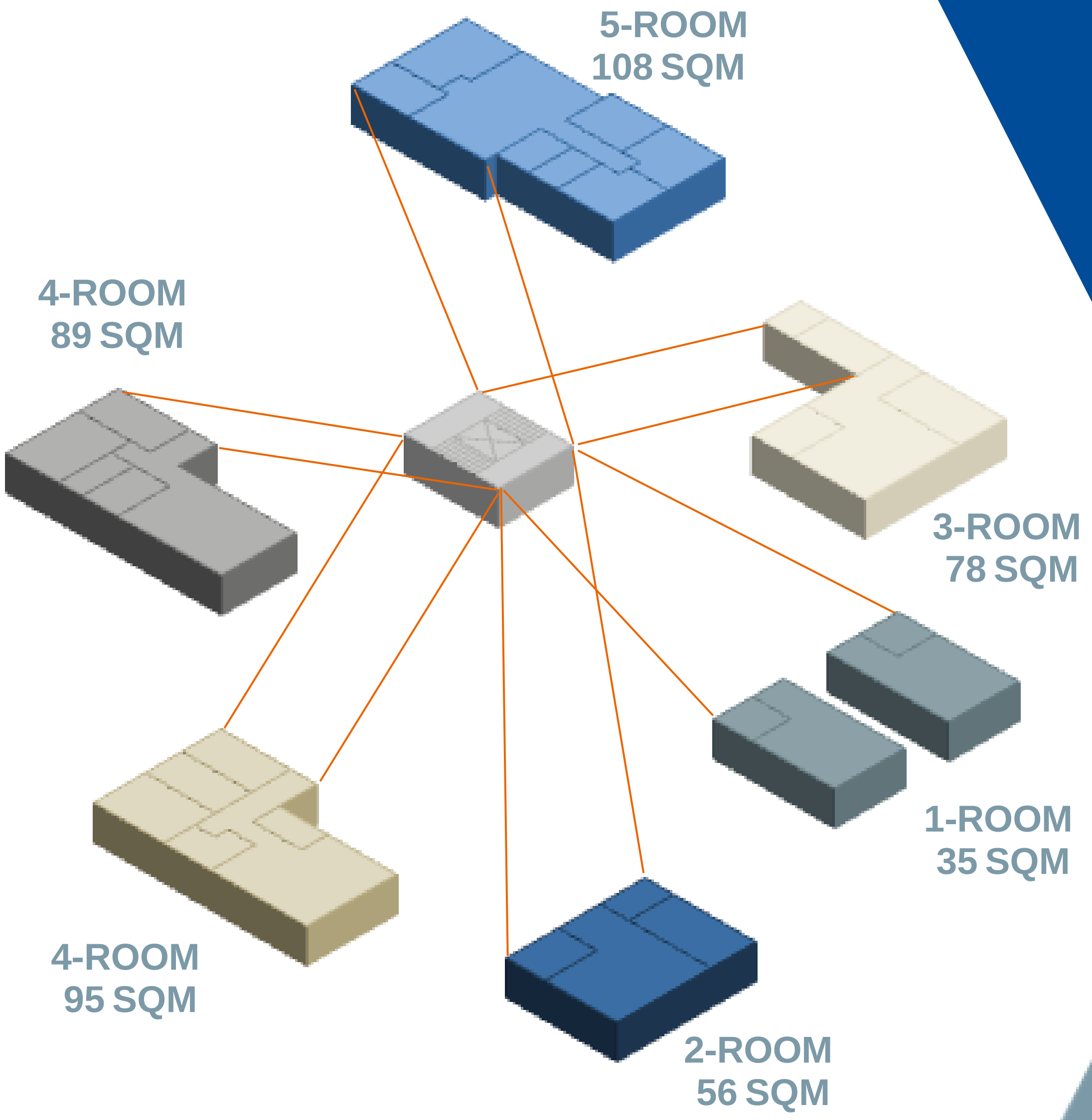
Project related economics		
Project Size	▪ €30-50m	• Standardised planning and simplified execution provides for attractive economics in smaller size projects
Target gross margin	▪ ~20%	• Projects gross margins expected to be lower compared to target margins for INS core product • Lower margin reflects reduced capital intensity and risk profile of valuehome product
Target EBIT margin	▪ In line with core product	• EBIT margin in line with core product • Standardised planning and more efficient / repetitive construction works allow for leaner valuehome platform vs INS core product
Target IRR/ ROCE	▪ Exceeding core product	• Accelerated planning, reduced complexity, minimized underground construction as well as sales more geared towards institutions result in improved project IRR and superior ROCE

Notes:
* Excluding corporate overhead allocation

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

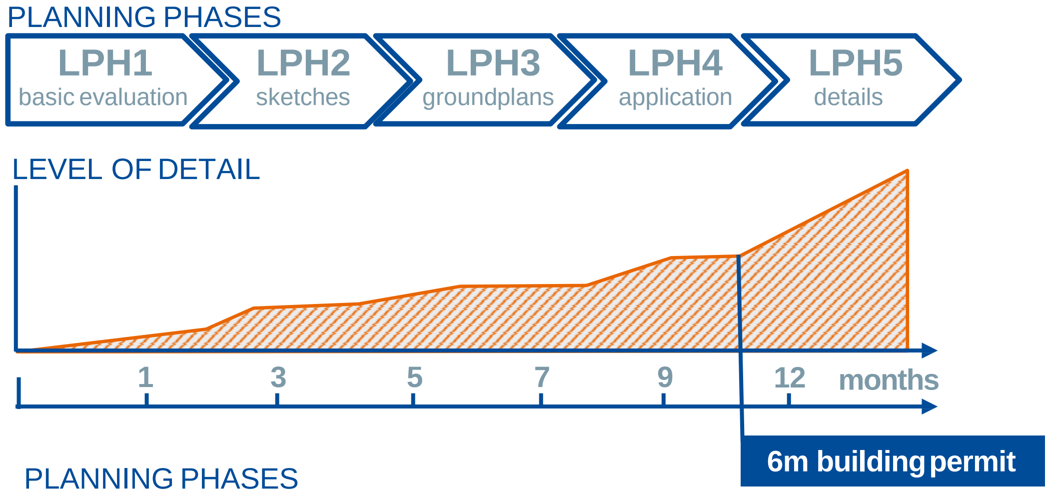
▶ Exceptionally rapid and highly efficient planning process with consistent quality



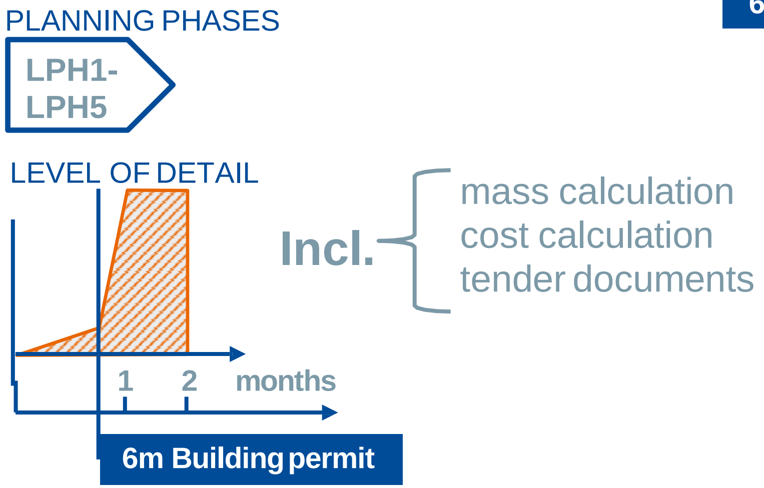
The modular planning process is the foundation of our new product

Illustrative simulation of modular planning approach applied to Project Rottenburg

INDIVIDUAL PLANNING PROCESS



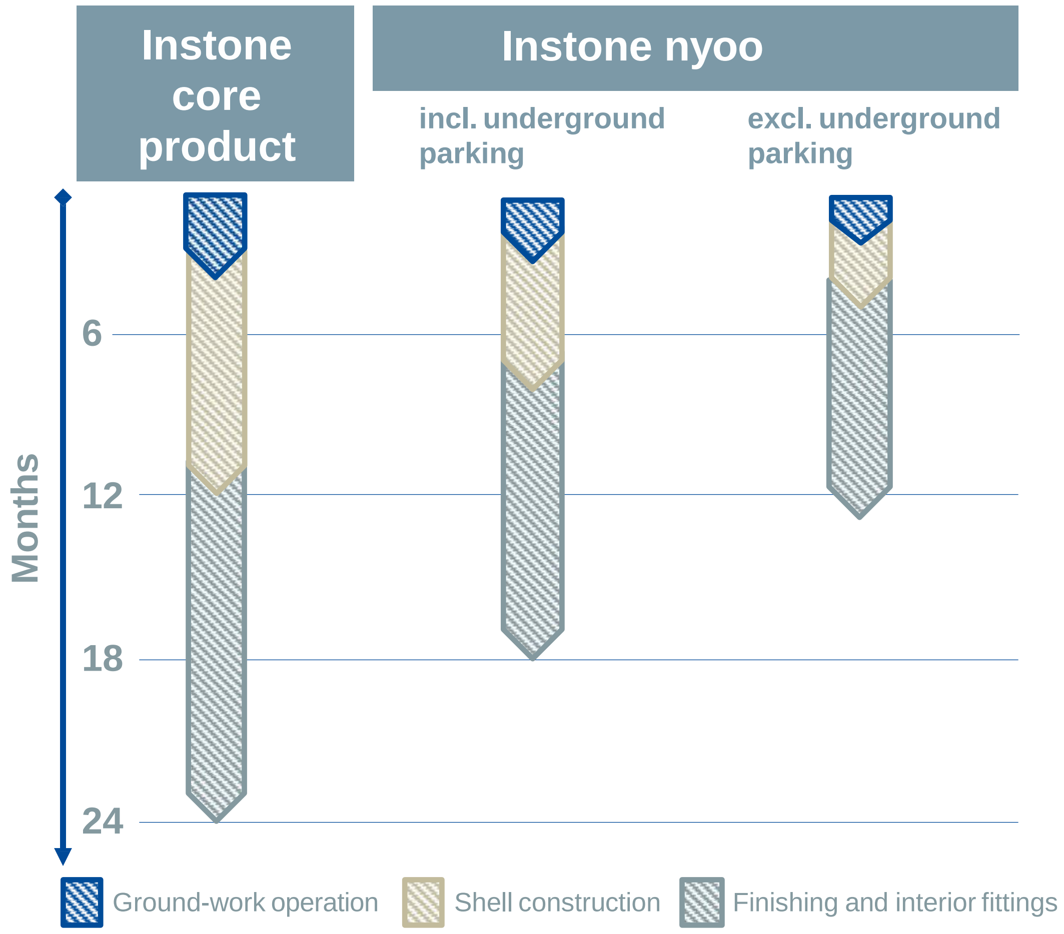
MODULAR PLANNING PROCESS



► 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 nyoo
Price	▪ Mid to high price segment ▪ No luxury ▪ Selling price €5.000/sqm – 9,000/sqm	▪ Lower to mid-price segment ▪ Positioning between social housing and Instone core product ▪ Selling price up €4,000/sqm – 5,000/sqm
Complexity	▪ Highly customised ▪ Typically includes substantial underground construction (e.g. parking space) ▪ Medium to high level of customer optionality	▪ Highly standardised ▪ Minimising costly underground construction (e.g. parking space) ▪ Low level of customer optionality
Location	▪ Focused on largest and fastest growing metropolitan areas (A cities and attractive B cities) ▪ Mainly targeting coveted inner-city locations	▪ Focused on B locations in and around metropolitan areas ▪ Certain B cities in commuter belts ▪ Typically well-connected suburban locations
Project size	▪ Project size >€50m ▪ Preference for development of entire residential quarters; typically including masterplanning process	▪ Project size >€20m ▪ Less complex projects; lower share of masterplanning processes
Target Customer	▪ Mid to high income owner occupiers ▪ Affluent buy-to-let investors ▪ Institutional investors	▪ Municipal housing companies ▪ Institutional investors ▪ Professional landlords ▪ Affluent buy-to-let investors ▪ To a lesser extent owner occupiers

ESG Strategy

2022 ESG achievements and disclosures

Environment

- *EU Taxonomy related disclosure*
  - 96.5% of Instone 2022 revenues are eligible for EU taxonomy assessment
  - 86.7% of Instone 2022 revenues are EU taxonomy aligned
  - 94.2% of individual buildings contributing to Instone 2022 revenues are taxonomy aligned
- Scope 1 and 2 emissions reduced by 19.5% vs. base year 2020 (in line with SBTI requirements) through gradual conversion from construction sites to green electricity and replacement of company vehicles with electric vehicles
- Established calculation of GHG emissions into a standard process covering the entire value chain (including life cycle analysis)
- Started considerations of concrete measures to reduce Scope 3 emissions with a view to deriving an Instone specific marginal abatement cost curve

Social

- 2022 employee survey shows further improved satisfaction rate of 75% (2021: 70%)
- Social-Impact-Initiative established five internal working groups to improve sustainability and increase social impact of projects, and share ESG best practices within the Instone Group
- Top ranking on social media employee platform reconfirms Instone as an attractive employer[1]
- First time offer of an employee share plan

Governance

- Target to increase diversity on Supervisory Board by an additional female member (30% female) – Target successfully implemented at the AGM 2023
- Sustainability reporting already essentially compliant with ESRS/CSRD/Taxonomy requirements on a voluntary basis (mandatory from financial year 2025 onwards)

1 Kununu valuation tool for platform Xing

Major ESG-KPIs – achievements and targets

	Major KPIs	2021	2022	Targets
E	**Taxonomy-compliant revenues (in %)**	**n/a**	**86.7**	**Predominantly taxonomy-compliant**
E	**Share of projects/objects with energy requirements at least NZEB - 10%[1]**	**~82.5%**	**~97.4%**	**100% of project/object portfolio in 2030**
E	GHG emissions / scope 1 and 2 abs.	2,746 t CO_2e	2,147 t CO_2e	-42% (2030 vs. 2020)
E	GHG emissions / scope 3 abs.	100,367 t CO_2e	429,489 t CO_2e	Net zero climate neutrality (2045)
E	GHG emissions in relation to revenues	0.1316 kg CO_2e/€	0.7112 kg CO_2e/€	Net zero climate neutrality (2045)
E	GHG emissions in relation to net room area	1,517 kg CO_2e/sqm	1,536 kg CO_2e/sqm	Net zero climate neutrality (2045)
E	Energy consumption in relation to revenues (Offices and Construction Sites)	n/a	0.0055 kWh/€	n/a
E	Water consumption in relation to reveneues[2]	n/a	0.000056 ccm/€	n/a
E	Charging stations for EVs	~734	~1,433	From 2025, 100% of projects in construction to provide charging stations
E	Brownfield developments (land plot size)	~645,000sqm	~532,000sqm	Acquisition focus on brownfield projects
S	Shares of affordable housing: social / subsidized / privately financed (incl. nyoo)	17% / 1.5% / 81.5%	18% / 1% / 81%	at least 50% share of revenues with affordable housing (social / subsidized / nyoo) by 2030
S	Share of female employees in management positions (below C-level)	25% (1st)* / 23% (2nd)/ n/a (3rd)	20% (1st)* / 28% (2nd)/ 19% (3rd)	at least stable and growing
S	Employee satisfaction and loyalty	70% / 76%	75% / 72%	75% / 80%
S	Code of Conduct for employees and contractors (UN Charter)	100%	100%	100%
G	Employee compliance and data protection training	99%	100%	100%
G	Compliance cases (suspected)	0	0	0
G	Independent Supervisory Board	100%	100%	100%
G	Client Satisfaction	n/a	1.7	< 2.4

1) In the 2021 reporting year, this value was still determined based on the number of projects. From the 2022 reporting year, this value will be determined based on the number of properties. // 2) Consideration of 24 construction sites

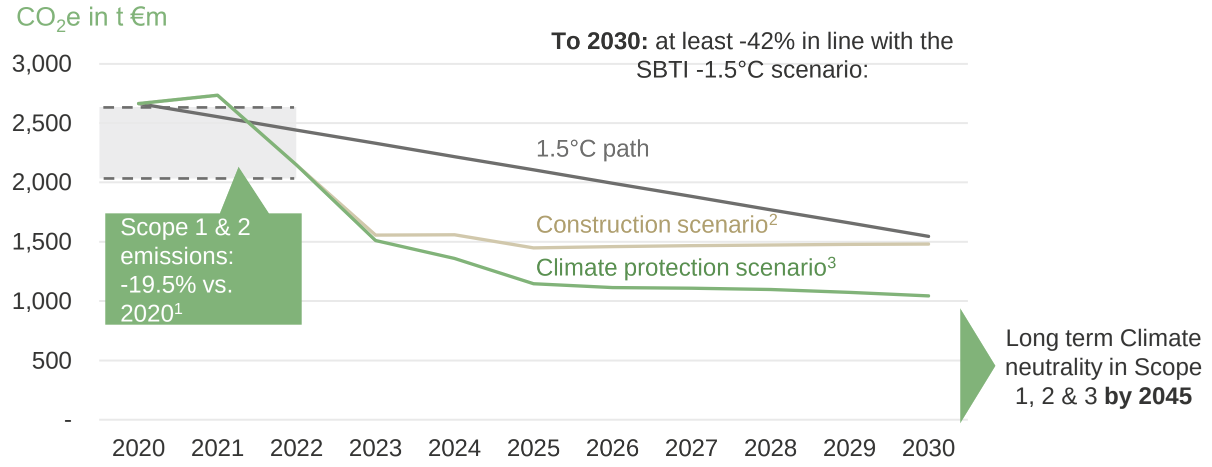
87% of revenues are compliant with EU Taxonomy

	Absolute revenue	Proportion of total revenues	Climate change mitigation	Climate change adaptation
A. Taxonomy-eligible activities				
A.1. Environmentally sustainable activities (Taxonomy-aligned)				
Activity: 7.1 New Construction (Taxonomy-aligned)	€538m	86.7%	100%	100%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)				
Activity: 7.1 New Construction (not Taxonomy-aligned)	€61m	9.8%		
Total A.1 + A.2	**€599m**	**96.5%**		
B. Taxonomy-non-eligible activities				
Revenue of Taxonomy-non-eligible activities (B)	€22m	3.5%		
Total A + B	**€621m**	**100%**		

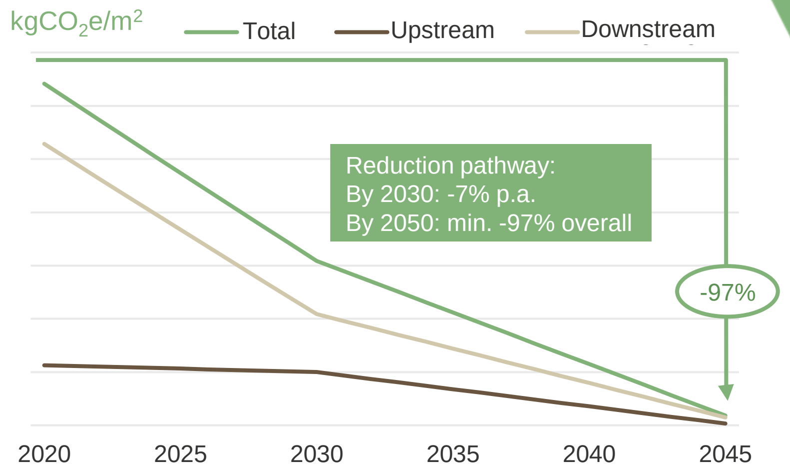
- Instone reports according to Art. 8 of the Taxonomy Ordinance on non-financial reporting according to the NFRD/HGB for the disclosure of Taxonomy-eligible and Taxonomy-aligned revenues, CapEx & OpEx
- Economic activity of Instone is the "7.1 New Construction", other possible economic activities fall under a materiality limit of 3% set by Instone, just like CapEx and OpEx
- 86.7% of INS 2022 adj. revenues are taxonomy-aligned, 100% of those contribute to the environmental goal of climate protection
→ i.e., the *Technical Screening Criteria* and *Do No Significant Harm* criteria have already been met or will be met upon completion of construction
- 191 buildings were considered, of which 180 buildings are considered taxonomy-compliant
- Minimum safeguards are observed

Clear pathway to reduce GHG emissions scope 1 to 3

Projected versus actual climate targets



Scope 3 emissions target curve based on SBTi[4]



- ✓ Scope 1 and 2 emissions reduced by 19.5% vs. base year 2020 (in line with SBTI requirements) through gradual conversion from construction sites to green electricity and replacement of company vehicles with electric vehicles
- ✓ For scope 3 emissions (~99% of total emissions) a relative increase of 4% was recorded vs. 2021, mainly driven by a 323% increase in completed projects and share of buildings undergoing refurbishment (listed buildings)
- ✓ Based on the comparison of the portfolio of completed buildings, an average increase in energy intensity in the usage phase of 9% compared to the previous year could be determined

1 Baseline 2020 has changed vs. prev. report, further explanation can be found in the Annual Report // 2 BAU scenario: based on the assumption that decarbonising the energy sector is only progressing moderately // 3 Climate protection scenario: based on the assumption that decarbonising the energy sector achieves climate neutrality in 2045 // 4 Upstream emissions: cover erection of the building (incl. manufacturing of materials) / downstream emissions: largely consist of the use phase (95%) and of the demolition/disposal (5%)

ESG: Top rating underscores commitment to industry leadership

Instone Real Estate Group SE

Real Estate Development   Germany   ETR:INS

ESG Risk Rating 12.0 (Updated May 10, 2023)   -1.2 (Momentum)

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Ranking

UNIVERSE	RANK (1st = lowest risk)	PERCENTILE (1st = Top Score)
Global Universe	592/15343	5th
Real Estate INDUSTRY	147/1057	15th
Real Estate Development SUBINDUSTRY	6/288	3rd

SUSTAINALYTICS
a Morningstar company

- ✓ INS among the top 3% of the 288 global real estate development companies
- ✓ Top 5% across all sectors

Our contribution to our main fields of action, measures and the UN SDGs

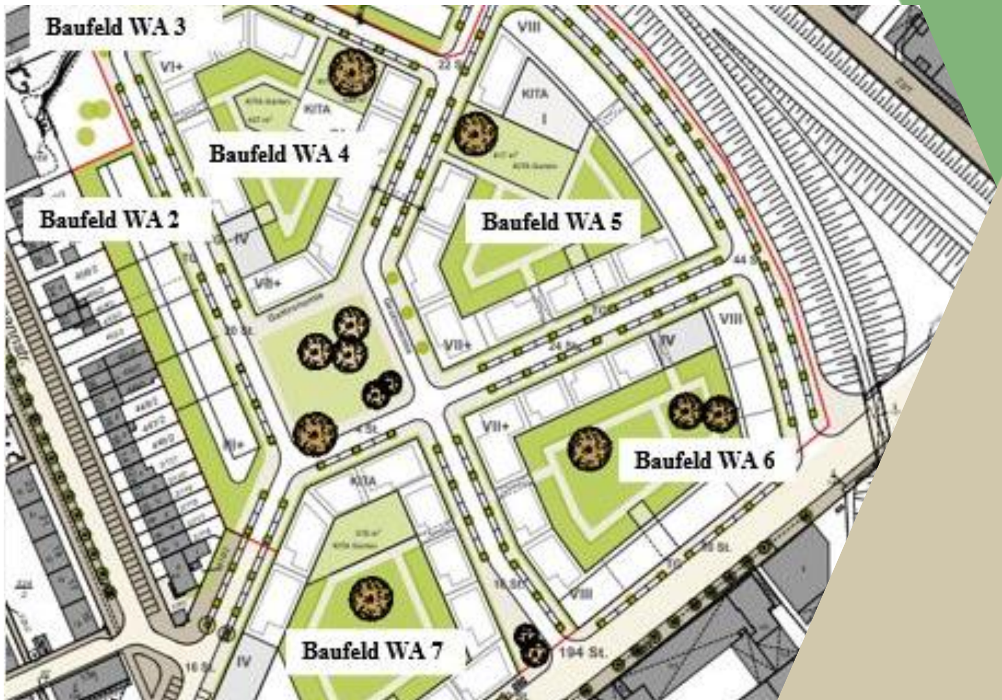
Key action areas	Measures	Affected UN SDGs
Environmental issues	• E1 Consumption of natural resources/recycling • E2 Biodiversity • E3 CO_2 emissions from building operations • E4 CO_2 emissions from building manufacture • E6 Choice of building materials (use of environmentally friendly materials) • E9 Brownfield developments • E10 Water consumption and management • E12 Environmental pollution (air, water, soil) • E13 Energy consumption and intensity	
Employee issues	• S1 Employee diversity • S2 Work-life balance • S4 Occupational health and safety • S10 Fair pay • S13 Employee satisfaction	
Social issues	• S5 Proportion of affordable housing • S6 Development of neighbourhoods (for different sociodemographic groups and social infrastructure, such as schools and child daycare centres) • S7 Social commitment • S12 Social dialogue/good working conditions • G1 Economic development of the company • G6 Customer satisfaction • G7 Fair competition • G8 Payment behaviour (towards contractors)	
Respecting human rights **Combating corruption and bribery**	• S11 Respect for human rights • G2 Business ethics – compliance with social and ethical criteria (Instone Code of Conduct) • G4 Compliance/anti-corruption measures	

Westville, Frankfurt am Main

Realizing an innovative energy concept

- Former industrial site turned into an attractive living quarter for more than 3,000 people
- ~1,300 apartments, thereof 380 subsidized
- Three childcare facilities
- Large green areas incl. six playgrounds
- Specially designed heat pumps for waste heat recovery from nearby data centre
- 100 % energy standard KfW 55

► Attractive living quarter combined with a highly innovative, sustainable energy concept



Augusta und Luca, Augsburg

Creating living quarters on former station area

- Brownfield redevelopment incl. deconstruction and recycling
- Mix of 429 apartments (1 to 3 room apartments) plus 5 local squares, 4 playgrounds
- Green Building Certificate (DGNB)
- Energy standard KfW 55 NH
- Rooftop Garden, Service Point, Common Room
- 657 bicycle parking spaces and promotion of social infrastructure

Neckar.Au, Rottenburg

Social Impact for the society and the newly developed quarter

- Reduction of sealing by converting a former commercial area into a residential area
- Five construction sites with around 480 apartments
- Extensive (roof) greening to improve the quality of stay
- Around 11,300 sqm for playgrounds and green spaces an around 420 bicycle parking spaces
- Use of CO_2 reduced concrete
- Implementation of 4 residential groups with 24 places for people with mental and/or physical disabilities in cooperation with the Liebenau Foundation in cooperation with FUNKE e.V.

► Highly liveable quarters with great social impact

INSTONE REAL ESTATE

Appendix

Project portfolio key figures

€m	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Volume of sales contracts	20.2	18.4	52.7	42.0	104.6	58.0	87.6	761.7	170.7
Project Portfolio	7,015.5	7,182.6	7,600.4	7,668.8	7,827.4	7,727.4	7,567.7	7,500.0	7,154.9
thereof already sold	*2,822.7*	*2,868.8*	*2,958.7*	*2,980.5*	*2,945.4*	*2,891.4*	*3,070.1*	*3,038.9*	*2,308.7*
thereof already realized revenues	*2,089.4*	*2,002.2*	*1,944.7*	*1,902.7*	*1,721.0*	*1,597.1*	*1,684.0*	*1,621.0*	*1,276.2*
Units	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**
Volume of sales contracts	37	28	110	44	199	96	191	1,906	468
Project Portfolio	14,269	15,148	16,107	16,209	16,580	16,644	16,607	16,418	15,913
thereof already sold	*6,588*	*7,017*	*7,198*	*7,309*	*7,265*	*7,179*	*7,404*	*7,215*	*5,401*

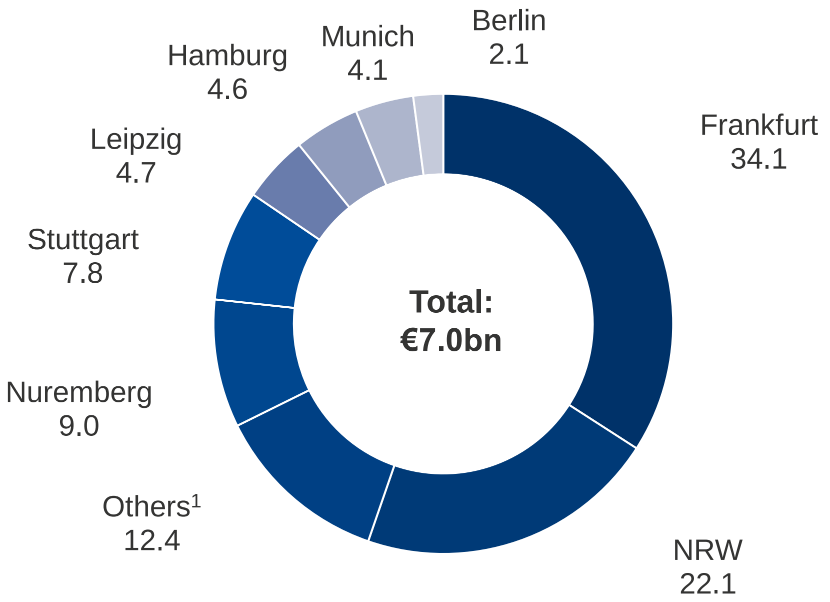
(Unless otherwise stated, the figures are quarterly values)

Diversified project portfolio across most attractive German regions

INSTONE REAL ESTATE

Project portfolio as of 30/09/2023 by region (GDV)

In %



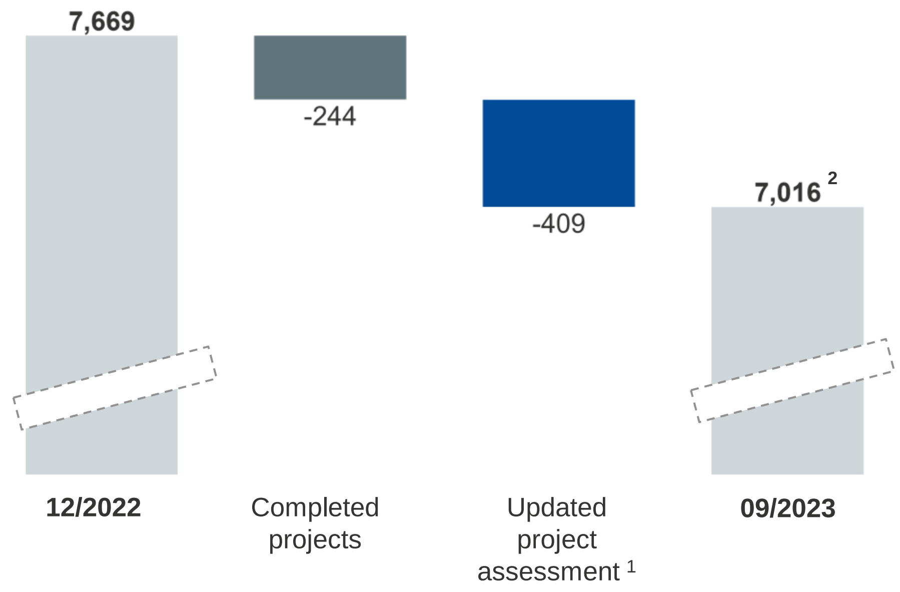
- ✓ 48 projects / 14,269 units
- ✓ 88% in metropolitan regions
- ✓ ~79 average sqm / unit
- ✓ ~€5,728 ASP / sqm
- ✓ Additional four JV projects (INS share of GDV: ~€650m)

1 “Others” include Wiesbaden, Hannover, Potsdam, Bamberg

Significant pipeline allows opportunistic investment strategy

Project portfolio development (GDV)

In €m



1 incl. deconsolidation of one project as “at-equity” as well as changed sales strategy to land sale
2 Excluding GDV of at-equity JVs

Expected future cash flows suggest significant upside[1]

Fundamental Instone value rests on three distinct pillars

1 Pre-sold projects

- **c.€3.1bn** currently under construction
  - t/o **c.€2.8bn** pre-sold (90%)
  - in addition **c.€70m** pre-construction already pre-sold

→ tangible and substantially de-risked cash-flow profile

2 Land bank

- Residual unsold and paid land bank recognised at cost[2] of **>€400m**

→ substantial incremental value

3 Future potential

- Ability to source new projects
- Highly attractive opportunities likely to materialise within 12-24 months
- Additional income streams from various strategic initiatives

(As of 30 September 2023; in EUR million)

De-risked free cash flow from projects under construction[1]	c.500m
Unsold land bank at cost[2]	>400
Notional gross asset value[2]	**c.900m**
Net debt	-272.4
Notional value to shareholders[3]	**>600m**

1) Free cash flow post platform cost and taxes incl. at-equity result
2) Note: "unsold land bank at cost" excluding unsold portion of projects under construction
3) Note: 43.32m shares issued and outstanding (excluding Treasury shares)

Substantial cash return to shareholders

Share Buyback	SBB I	SBB II	Total
No. of shares[1]	2,349,416	1,349,417	**3,698,833**
Percentage of share capital (%)	*5.00*	*2.87*	***7.87***
Volume (€ million)	25.4	11.4	**36.9**
Average purchase price (€)	*10.82*	*8.48*	***9.97***

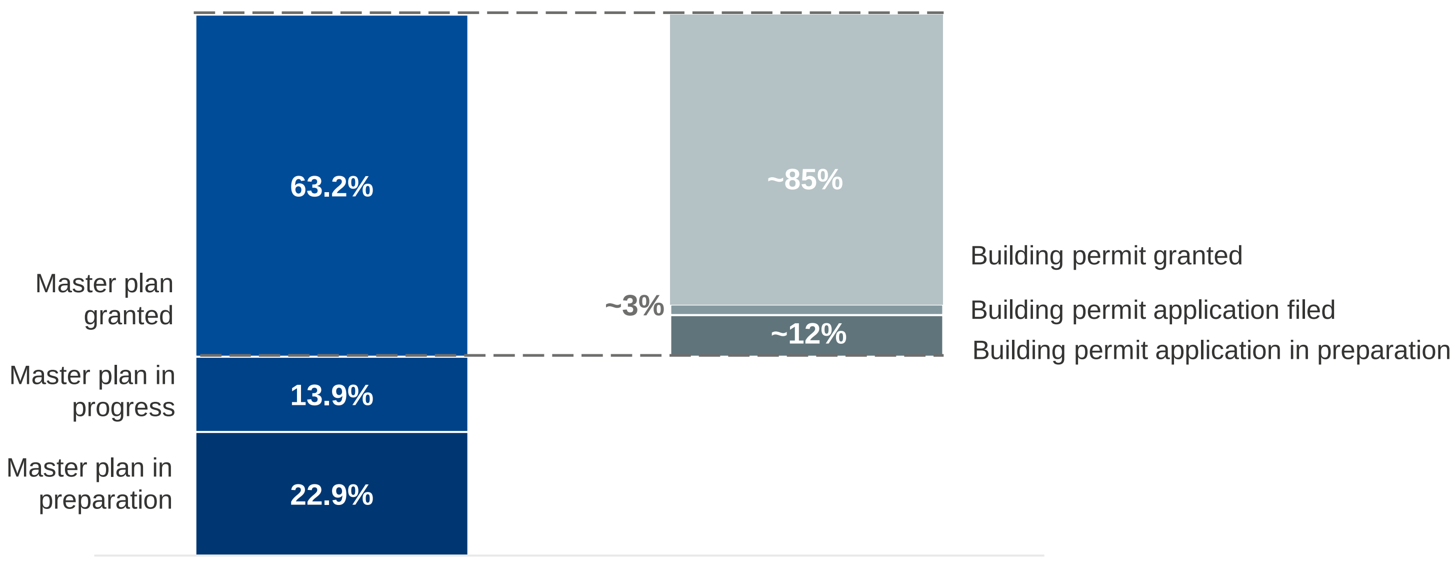
Dividends	Total
2022 payout (€ million)	**28.7**
2023 payout (€ million)	**15.2**

- ✓ Share buy back completed; used full existing authorisation
- ✓ Two consecutive programmes: 18 March 2022 – 06 February 2023
- ✓ Total cash return to shareholders exceeds EUR 80 million within 15 months including 2021 and 2022 dividends

1 Thereof 33,072 shares were used for an employee share plan

Status of building rights

Project portfolio as of 30/09/2023 by building right status (GDV)



Project portfolio as of 30/09/2023

(projects > €30m sales volume, representing total: ~ €7.0bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Hamburg						
SE - Kösliner Weg	Norderstedt-Garstedt	106 Mio. €	●	●		
H - Sportplatz Bult	Hannover	120 Mio. €				
HH - RBO	Hamburg	217 Mio. €	●	●	◑	●
H - Büntekamp	Hannover	169 Mio. €	●	◑		
Berlin						
HVL - Nauen	Nauen	148 Mio. €	●	●		
P - Fontane Gärten	Potsdam	67 Mio. €	●	●	●	●
NRW						
D - Unterbach	Düsseldorf	200 Mio. €	●	●	◑	◑
E - Literaturquartier	Essen	N/A	●	●	●	●
MG - REME	Mönchengladbach	124 Mio. €		◑		
BN - west.side	Bonn	203 Mio. €	●	●	●	●
DO - Gartenstadtquartier	Dortmund	98 Mio. €	●	◑		
K - Bickendorf	Köln	631 Mio. €	●			
DU - 6-Seen Wedau	Duisburg	76 Mio. €	●	●		
KK - Kempen	Kempen	52 Mio. €	●	◑		

Semi-filled circle means that the milestone has already been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building rights, 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 30/09/2023

(projects > €30m sales volume, representing total: ~ €7.0bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Rhine-Main						
WI - Delkenheim	Wiesbaden	114 Mio. €	●	●	●	●
F - Schönhof-Viertel	Frankfurt	621 Mio. €	●	●	◑	◑
F - Friedberger Landstr.	Frankfurt am Main	306 Mio. €		◑		
F - Elisabethenareal	Frankfurt am Main	90 Mio. €	●	●		
F - Steinbacher Hohl	Frankfurt am Main	73 Mio. €	●	●	●	●
F - Gallus	Frankfurt am Main	47 Mio. €	●	●		
F - Westville	Frankfurt am Main	N/A	●	●	●	●
OF - Heusenstamm	Heusenstamm	194 Mio. €	●			
MKK - Kesselstädter	Maintal	233 Mio. €	●			
MTK - Polaris	Hofheim	70 Mio. €	●	●		
WI - Rheinblick	Wiesbaden	315 Mio. €	●			
MKK - Eichenheege	Maintal	119 Mio. €	●			
Leipzig						
L - Parkresidenz	Leipzig	274 Mio. €	●	●	◑	◑

Semi-filled circle means that the milestone has already been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building rights, 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 30/09/2023

(projects > €30m sales volume, representing total: ~ €7.0bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Baden-Wurttemberg						
S - City-Prag	Stuttgart	135 Mio. €	●	●	●	●
WN - Schorndorf	Schorndorf	N/A	●	●	●	●
TÜ - Rottenburg	Rottenburg	170 Mio. €	●	●	◑	◑
BB - Herrenberg III, Schäferlinde	Herrenberg	74 Mio. €	●	◑		
BB - Herrenberg II, Zeppelinstraße	Herrenberg	82 Mio. €	●	◑		
Bavaria South						
M - Ottobrunner	München	118 Mio. €	●	●		
A - Beethovenpark	Augsburg	N/A	●	●	●	●
Bavaria North						
N - Eslarner Straße	Nürnberg	60 Mio. €	●	●		
BA - Lagarde	Bamberg	86 Mio. €	●	●	◑	◑
N - Schopenhauer	Nürnberg	67 Mio. €	●	●	●	●
N - Seetor	Nürnberg	114 Mio. €	●	●	●	●
R - Marina Bricks	Regensburg	30 Mio. €	●	●	●	●
N - Boxdorf	Nürnberg	65 Mio. €	●	●	●	●
N - Thumenberger	Nürnberg	133 Mio. €	●	●		
N - Worzeldorf	Nürnberg	72 Mio. €	●	◑		
N - Lichtenreuth	Nürnberg	87 Mio. €	●	●		

Semi-filled circle means that the milestone has already been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building rights, 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.

Opportunity Growth Act Introduction (“Wachstumschancen Gesetz“)

Key Positives from Increased Depreciation Expected

- Positive impact for buy-to-let investors expected
- Increase of depreciation on newly built residential properties from (currently) 3% linear to 6% degressive p.a.
- The higher depreciation is expected to have a substantial positive impact on the return expectations and thus demand the willingness to pay from private buy-to-let investors (due to full tax deductibility from personal income)
- The law is expected to be passed by the German parliament (Bundestag) in mid-December but will become effective as of 1 October 2023 retroactively

No major impact from other new subsidy schemes expected

The German government plans to invest >1bn p.a. to support owner-occupiers (help-to-buy) and new build of rental apartments

Programme details	• Name: "Wohneigentum für Familien" = homes for families • Volume: EUR 350 million • Start: October 16, 2023	• Name: "Klimafreundlicher Neubau" = climate friendly new-build • Volume: EUR 750 million • Start: March 1, 2023
Recipient	• **Families** with at least 1 child <18 yrs living in their household • Household income of max. €90,000 (up from €60,000 previously) plus €10,000 per child	• Resi landlords, other institutional or private investors

Objective	• **Help-to-buy**: Build or buy new home/condominium for own use for the first time (for at least 10 years)
	• **Energy efficiency:**
	  • at least energy standard KfW40 plus additional requirements regarding GHG emissions defined in regulation "Qualitätssiegel Nachhaltiges Gebäude"
	  • Higher subsidies possible with additional certificate for sustainable buildings "QNG"
		• **New build** of energy efficient buildings
		• **Energy efficiency**
		  • at least energy standard KfW40 plus additional requirements regarding GHG emissions defined in regulation "Qualitätssiegel Nachhaltiges Gebäude"
		  • Higher subsidies possible with additional certificate for sustainable buildings "QNG"
		  • Use of fossil fuels not allowed

Subsidies	• No direct grant; max. one housing unit
	• Subsidized mortgages, reduced interest costs (0.01%-0.72%) by federal KfW Bank
	  • 170,000 EUR – 270,000 EUR credit volume (with QNG certificate)
	  • Will be accepted as equity substitute
		• No direct grant
		• Subsidized mortgages by federal KfW Bank (volumes per unit)
		  • Max. 100,000 EUR credit volume
		  • Up to 150,000 EUR with QNG certificate

Source: businessinsider.de, aktion-pro-eigenheim.de

Approvals/Acquisition Strategy

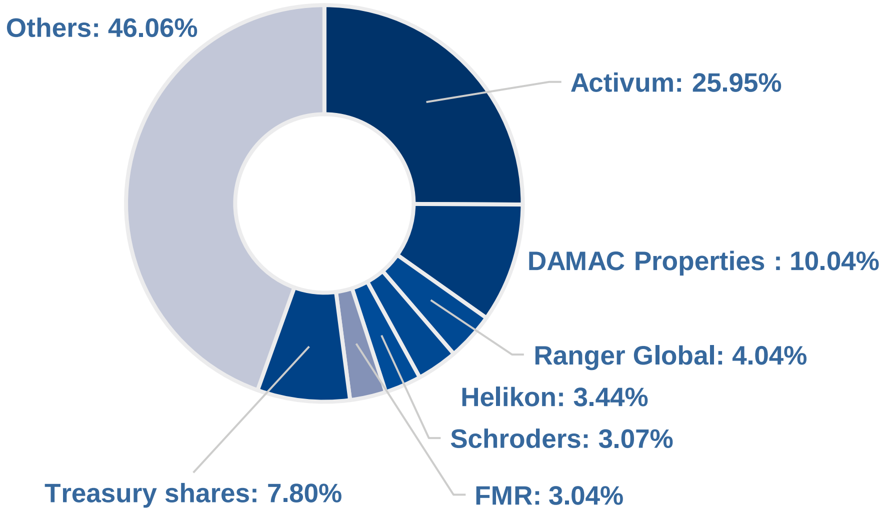
	Projects without need for zoning processes		Projects with zoning processes
	Masterplan in place	**No requirement due to §34 BauGB (building code)**	**Brownfield projects**
	▪ Generally less attractive for INS due to higher competition in a normalised market environment	▪ Within built-up districts ▪ Insertion rule within settlement ▪ No precise predefinition of building character (negotiation with municipality)	▪ Close cooperation with municipalities and other stakeholders ▪ Development of new city districts ▪ Focus on off-market deals ▪ Tender processes: Only deals where INS has a special angle
Value potential	⊕	⊕ ⊕	⊕ ⊕ ⊕
Duration	6 months	6 months	Avg. approx. 2 – 5 years

Instone share

Basic data

- ISIN: DE000A2NBX80
- Ticker symbol: INS
- No of shares: 46,988,336
- Market cap[1]: €274.9m
- Average daily trading volume: €0.4m
- Market segment: Prime Standard, Frankfurt

Shareholder structure (December 2023)



1 Based on closing price 3/11/2023 at €5.85

Financial calendar

2024

January	11	Barclays European Real Estate Conference, London
January	15	ODDO BHF Forum, Virtual
January	16	UniCredit Kepler Cheuvreux German Corporate Conference, Frankfurt
March	19	Annual Report 2023
March	20	EMEA Real Estate CEO Conference, London
May	08	Quarterly Statement for the first quarter of 2024
June	05	Annual General Meeting
August	08	Group Interim Report for the first half of 2024
September	05	Pan-European Real Estate Conference, London
November	07	Quarterly Statement for the first nine months of 2024

The Instone Management Board

Kruno Crepulja
CEO

- ✓ CEO since 2008 (of Instone's predecessor formart)
- ✓ Comprehensive experience as an engineer, site manager and project developer
- ✓ 17-year career on the management boards of large development companies
- ✓ Appointed until 31 December 2025

David Dreyfus
CFO

- ✓ CFO, effective September 1, 2023
- ✓ >28 years of experience in corporate finance and capital markets, including as Director with Lazard and Senior Partner of Lilja & Co.
- ✓ Dreyfus already advised Instone in preparation and execution of its IPO in 2017 and 2018
- ✓ Appointed until 31 December 2027

Andreas Gräf
COO

- ✓ COO since 2008 (of Instone's predecessor formart)
- ✓ Established the residential development as a standalone business model at HOCHTIEF
- ✓ Working in the construction and real estate sector for 30 years
- ✓ Appointed until 31 December 2025

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