

Instone Real Estate Group SE

Investor presentation
March 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** (25.3% in FY 2022)

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

- Gross development value (GDV) of €7.7bn (thereof €3.3bn under or pre-construction, €3.0bn already sold) **provides sound basis for visible revenues in the coming years**
- Project worth €3.2bn are under construction and thereof €2.9bn (91%) 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. Strong 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
- Strong **ESG rating** by Sustainalytics (top 2% of global developers)

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

~€7.7bn

GDV project portfolio as of 31/12/2022

8 branches + HQ

Presence in all German metropolitan regions

488 employees

as of 31/12/2022

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

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

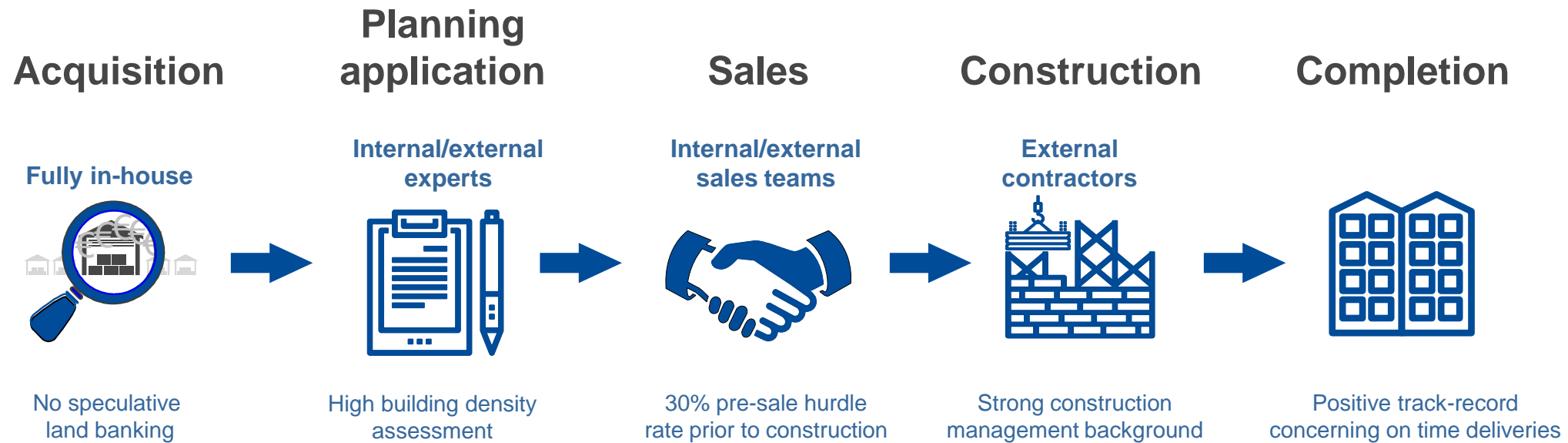
Established operating platform with **ability to achieve further scale gains**

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

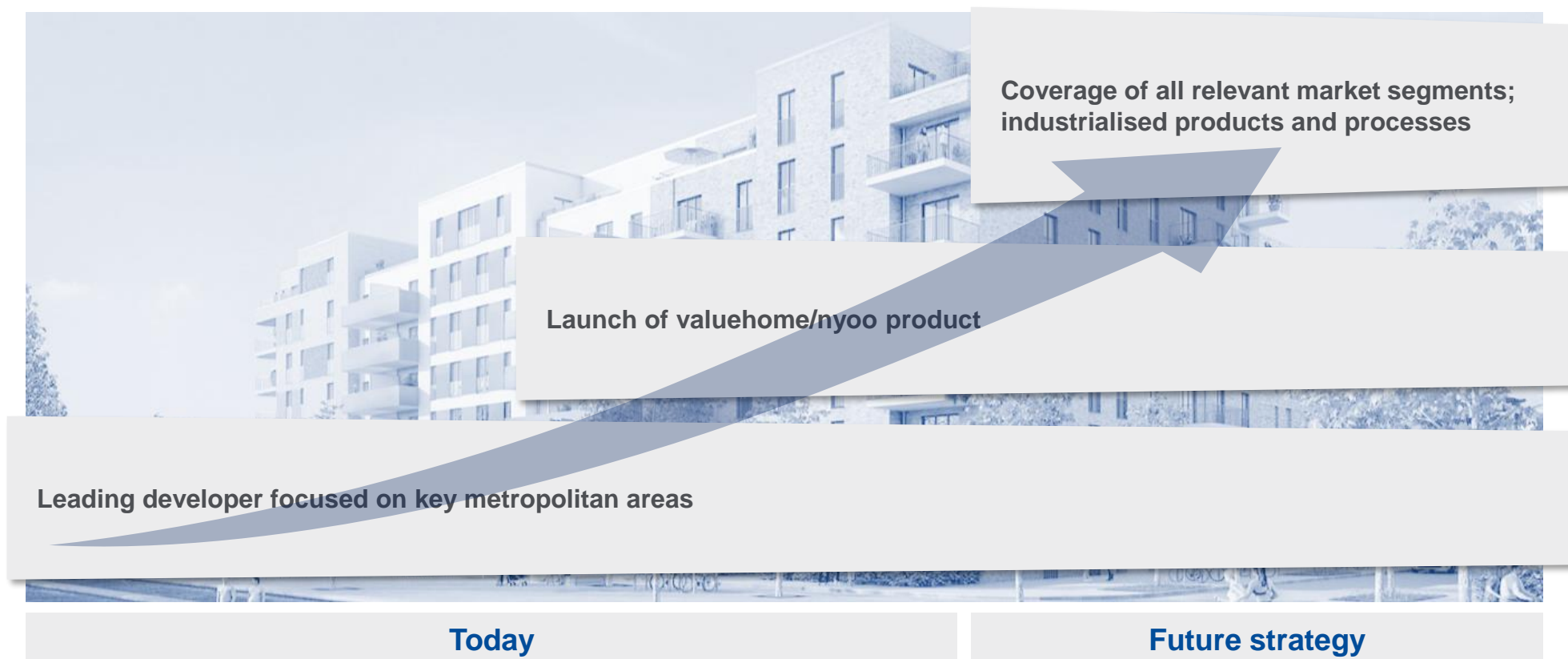
Prudent approach to risk management
Proprietary and tailored management information system

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



Q4 2022 Highlights

Highlights

Well positioned to face a difficult market environment; Adj. earnings at top end of revised guidance

Operational Highlights

- ✓ **Projects equivalent to €3.3bn of GDV under construction or pre-construction, thereof 89% pre-sold**, provide robust basis for revenues and cash flow in otherwise uncertain markets
- ✓ **Sales:** Significant slowdown in retail demand; institutional buyers in 'wait and see' mode,
 - ✓ Investor feedback that newly built properties remain preferred sub-asset class (energy efficiency, ESG, positive rental outlook)
 - ✓ No market recovery before H2-2023 expected
- ✓ **Pricing:** No major price concessions to-date; price pressure expected to increase going forward
- ✓ **Construction costs:** Material price inflation receding, expect mid single-digit construction cost increases

Strong FY 2022 results considering adverse market environment

FY 2022 Results

- ✓ Adjusted revenues: €621.0m (2021: €783.6m, -20.8%)
- ✓ Adjusted gross profit margin: 25.3% (2021: 28.3%)
- ✓ Adjusted EBIT: €88.6m (2021: €155.7m, -43.1%)
- ✓ Adjusted earnings after tax (EAT): €50.0m (2021: €96.9m, -48.4%)
- ✓ DPS proposal: €0.35 (2021: €0.62, -43.5%)

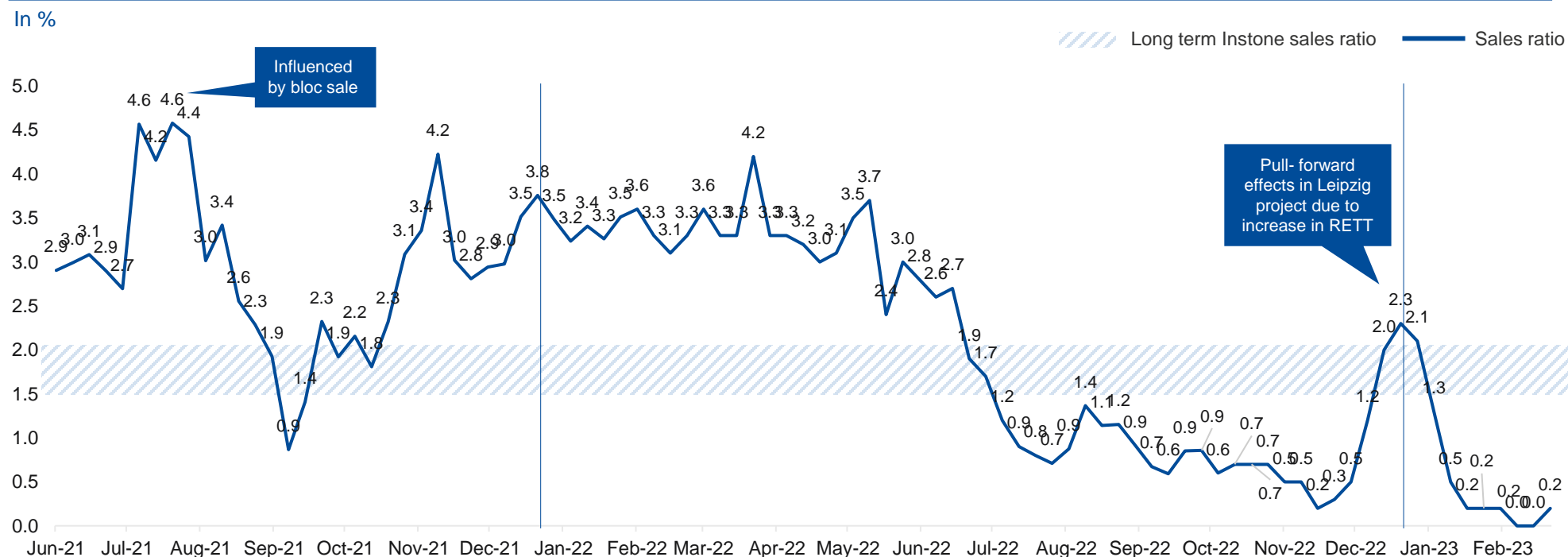
Guidance 2023 – Stable results expected

Outlook

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

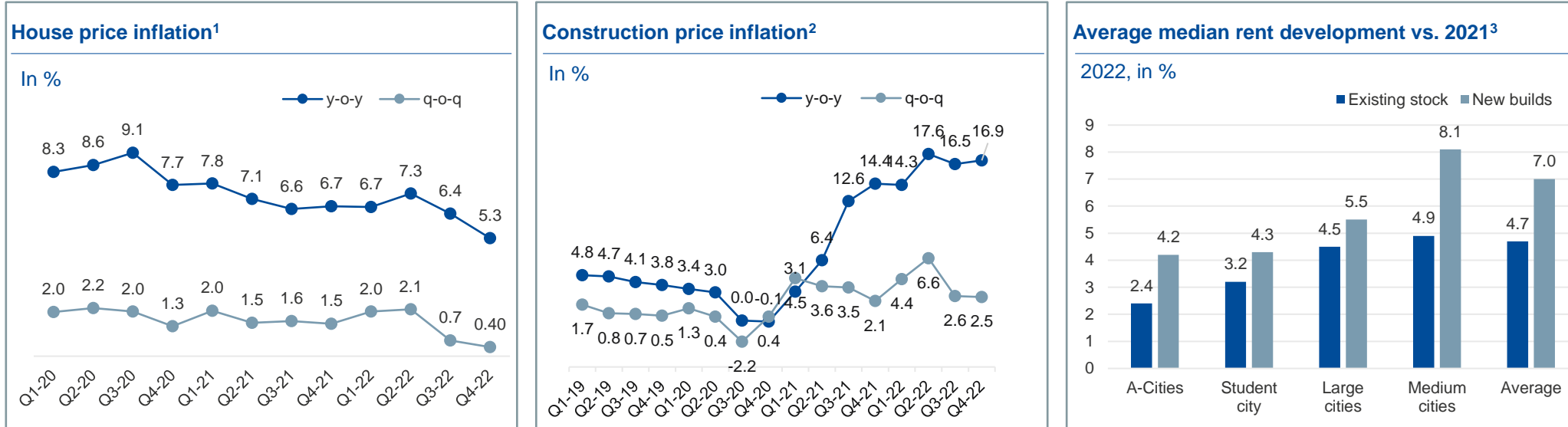
Retail demand remains depressed

Sales ratio¹



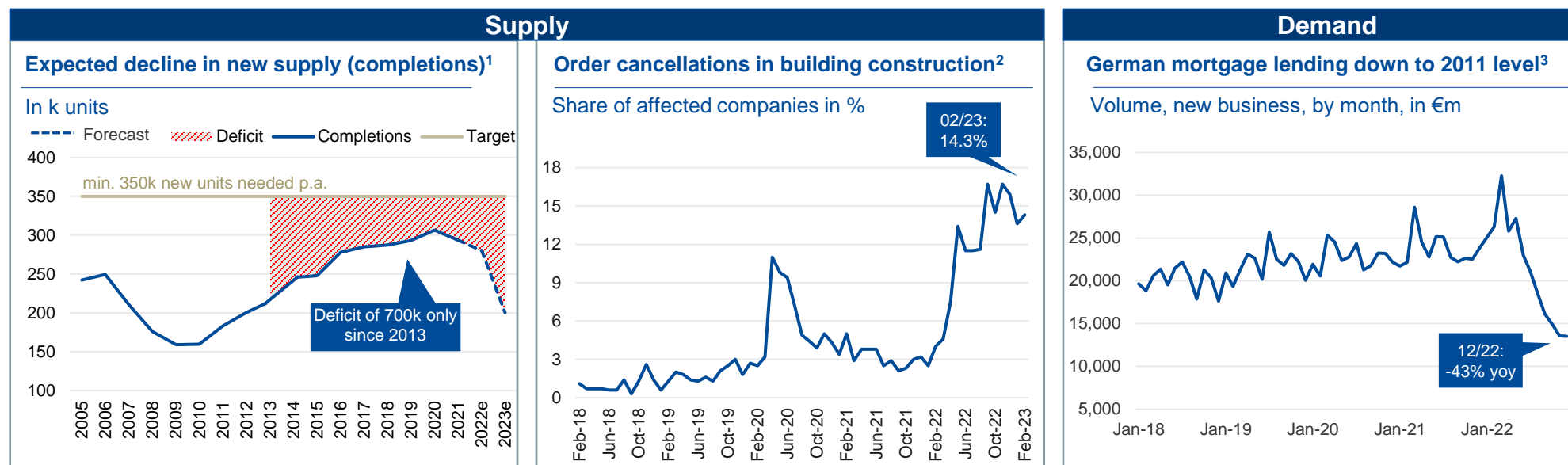
- ✓ Year-end sales ratio uplift driven by anticipated increase of real estate transfer tax in Leipzig, Saxony (effective from 1st January 2023)
- ✓ Higher share of buyers with moderate leverage
- ✓ Deliberate decision to postpone new sales starts

New build prices expected to come under pressure; CPI inflation easing



- ✓ New build condo headline prices remained robust overall in Q4 but price pressure expected to increase; transaction volumes remain depressed
- ✓ Rise in construction costs of +17% y-o-y in 2022;
 - ✓ Recently first indications of easing inflationary pressure (e.g. construction steel and timber below level of start of Ukraine war)
 - ✓ INS budgeted mid to high single-digit CPI growth appears well achievable so far
 - ✓ Negotiating power vis-à-vis construction companies has improved significantly

Structural supply shortage in German resi continues to worsen

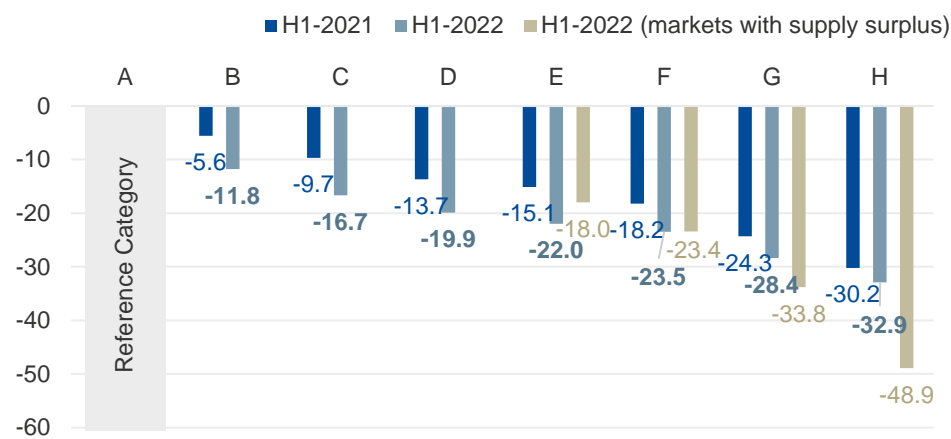


- ✓ Continued growth in demand for residential space:
 - ✓ Expected 2023 increase of 600,000 household vs. 2021 in Germany, driven by continued net migration especially from Ukraine⁴
 - ✓ Vacancy rate continuously decreasing since 2006; reaching low level of 2.8% in 2021 and 1.4% in growth regions; undersupply 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

New-builds gain relative attractiveness as investment product

Offer prices for multi-family homes: discounts per energy efficiency category¹

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 built.
”

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

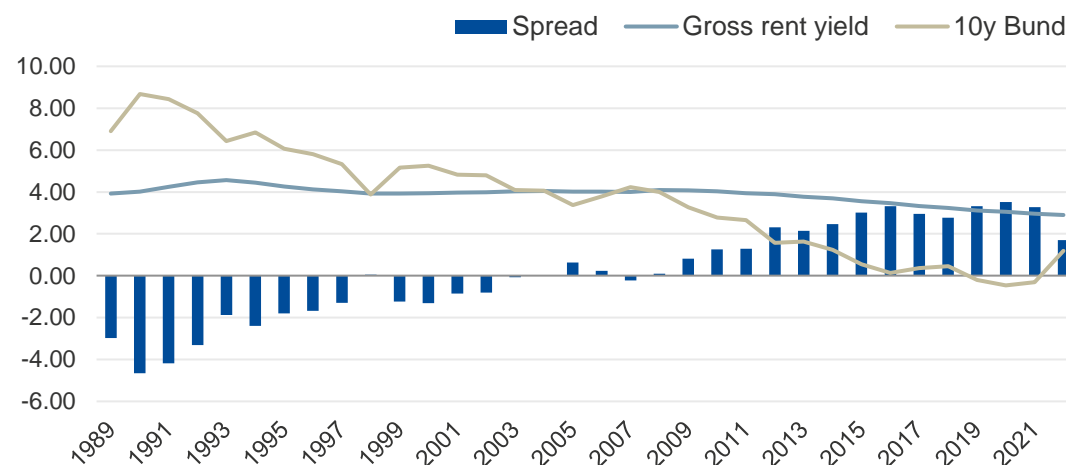
³ Due to change in EU Taxonomy requirements, reporting changed vs. prev. year from project view to revenue relevant objects view

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

House price sensitivity: price impact in different scenarios¹

	Rent Yield / Rent Multiple							
	4.0%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%
	25x	26x	27x	28x	29x	30x	31x	32x
Rent Increase 2y forward								
2%	-20%	-17%	-14%	-11%	-8%	-4%	-1%	2%
4%	-19%	-16%	-12%	-9%	-6%	-3%	1%	4%
6%	-17%	-14%	-11%	-7%	-4%	-1%	3%	6%
8%	-16%	-12%	-9%	-6%	-2%	1%	5%	8%
10%	-14%	-11%	-7%	-4%	0%	3%	7%	10%
12%	-13%	-9%	-5%	-2%	2%	5%	9%	12%
14%	-11%	-7%	-4%	0%	3%	7%	10%	14%
16%	-9%	-6%	-2%	1%	5%	9%	12%	16%
18%	-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 scenario¹
- ✓ A positive yield spread to interest costs was historically rather the exception (due to expected rent growth/inflation)

Upcoming market consolidation offers vast opportunities

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
- ✓ Strong balance sheet (LTC 20.8%)
- ✓ Strong cash generation from pre-sold projects (> EUR 600m)
- ✓ Approx. 91% of units under construction (EUR 3.2bn) are already sold - very low inventory risk of unsold units
- ✓ Average holding period of unsold land plots on balance sheet c. 3 years booked at cost. Value creation from land development not reflected (book value per share¹: EUR 13.09)

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)

FY 2022 Financial Performance

Adjusted Results of Operations

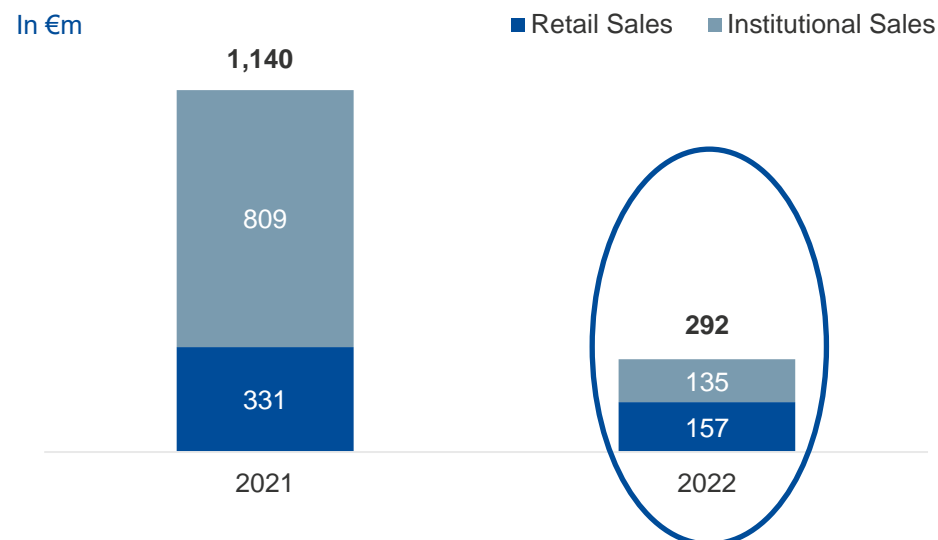
Attractive margins despite challenging market

€m	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Revenues	179.1	378.0	-52.6%	621.0	783.6	-20.7%
Project cost	-135.6	-277.5	-51.1%	-463.8	-562.1	-17.5%
Gross profit	43.4	100.5	-56.8%	157.2	221.5	-29.0%
<i>Gross Margin</i>	24.2%	26.6%		25.3%	28.3%	
Platform cost	-17.4	-22.2	-21.6%	-72.5	-80.5	-9.9%
Share of results of joint ventures	1.7	12.0		3.9	14.6	
EBIT	27.7	90.4	-69.4%	88.6	155.7	-43.1%
<i>EBIT Margin</i>	15.5%	23.9%		14.3%	19.9%	
Financial and other results	-4.3	-9.1		-15.9	-19.2	
EBT	23.4	81.3	-71.2%	72.7	136.5	-46.7%
<i>EBT Margin</i>	13.1%	21.5%		11.7%	17.4%	
Taxes	-7.3	-24.7		-22.6	-39.6	
<i>Tax rate</i>	31.6%	30.3%		31.2%	29.0%	
EAT	16.0	56.6	-71.7%	50.0	96.9	-48.4%
<i>EAT Margin</i>	8.9%	15.0%		8.1%	12.4%	
EAT post minorities	15.8	73.8	-78.6%	50.9	98.7	-48.5%
EPS¹	0.34	1.57	-78.1%	1.11	2.10	-47.2%

- ✓ Decline in revenues reflects depressed sales activity across private and institutional buyers
- ✓ Market leading gross margin despite 15% CPI
- ✓ Platform cost contained
 - ✓ Strict review of new hires
 - ✓ Non-project related/admin expenses
 - ✓ Reduction of variable compensation
 → Cost discipline to be maintained in 2023
- ✓ EAT at top of revised guidance

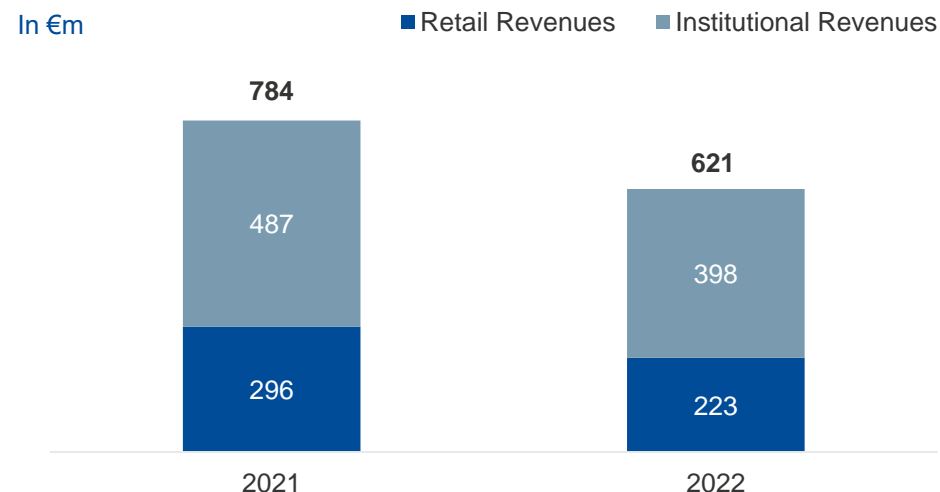
Potential restart of institutional business is key swing factor

Volume of sales contracts by customer segment



- ✓ Decline in institutional sales (-83% y-o-y) due to current 'wait-and-see' stance
- ✓ Restart of the institutional market could become major swing factor in 2023 but visibility on timing remains low (INS has product in place)

Adjusted revenues by customer segment



- ✓ Institutional revenues account for 64% 2022 revenues (2021: 62%), predominantly resulting from pre-sold projects

Strong balance sheet is key strength in current environment

€m	31/12/2022	31/12/2021
Corporate debt	179.7	199.1
Project debt	341.0	191.4
Financial debt	520.6	390.5
Cash and cash equivalents and term deposits	-255.6	-151.0
Net financial debt	265.1	239.5
Inventories and contract asset / liabilities	1,275.0	1,190.1
LTC¹	20.8%	20.1%
Adjusted EBIT (LTM) ²	88.6	155.7
Adjusted EBITDA (LTM) ²	93.4	160.3
Net financial debt / adjusted EBITDA	2.8x	1.5x

- ✓ Moderate 20.8% LTC
 - ✓ Reminder: inventories are recorded at historical costs
- ✓ Net debt/adjusted EBITDA of 2.8x remains moderate
- ✓ Balance sheet and liquidity provide for downside protection as well as financial flexibility

Financially strong position

Cash Flow (€m)	Q4 2022	Q4 2021	FY 2022	FY 2021
EBITDA adj.	28.8	91.6	93.4	160.3
Other non-cash items	51.5	-25.1	-20.3	-36.6
Taxes paid	-1.6	-0.3	-4.5	-8.3
Change in working capital	77.2	-134.3	1.6	-71.5
Operating cash flow	96.9	-68.1	70.2	43.9
Land plot acquisition payments (incl. RETT) ¹	42.9	139.3	117.0	212.4
Operating cash flow excl. investments	139.8	71.3	187.2	256.3

- ✓ Selective 2023 new land investments – 2022 payout mainly relates to prior year and Q1 commitments
- ✓ Focus will continue to be on cash preservation and maximising value from existing land bank
- ✓ Significant positive operating cash flow 2023e proves resilience of INS business

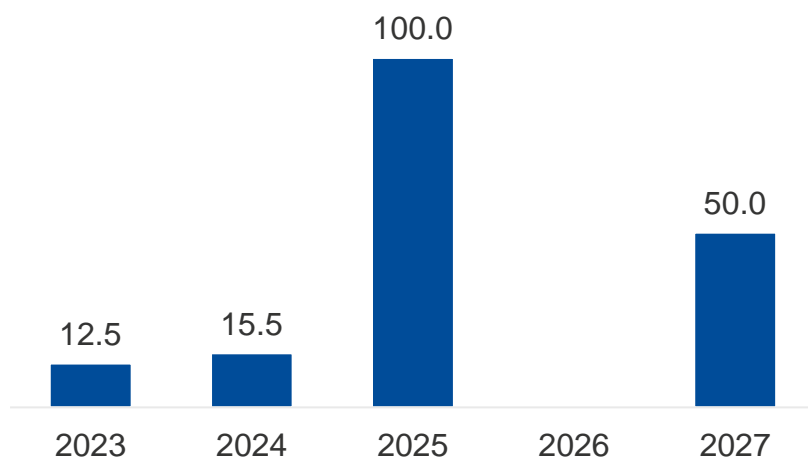
Liquidity (€m)	Total	t/o drawn	t/o available
Corporate debt			
Promissory notes	178.0	-	-
Revolving Credit Facilities	170.0	0.0	170.0
Cash and cash equivalents and term deposits			255.6
Total corporate funds available			425.6
Project debt			
Project finance²	653.3	340.2	313.1

- ✓ Well funded to weather the downturn
- ✓ Ample cash and available funding to benefit from attractive distressed opportunities once markets stabilise

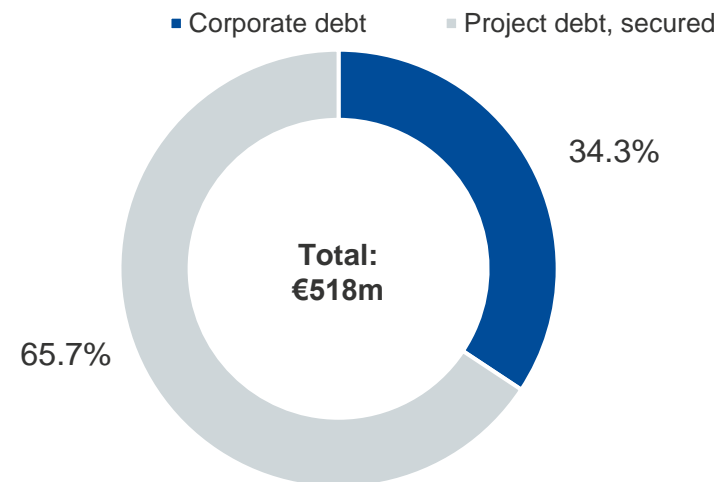
Well balanced financing structure at attractive terms

Maturity profile (corporate debt) as of 31/12/2022

In €m



Secured/unsecured as of 31/12/2022



Weighted average corporate debt maturity	2.9 years
Weighted average corporate interest costs	4.13%
Share of corporate debt with floating interest	7.0%

FY 2022 achievements:

- ✓ Successfully termed out debt maturities
- ✓ €50m, 2027, 4.5% promissory note placed with group of pension funds
- ✓ No significant remaining debt maturities until 2025

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
2023E 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 will exceed EUR 80 million within 15 months including 2021 and 2022e dividends

Outlook 2023: largely stable revenues and earnings

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

Key assumptions:

- ✓ Muted investor appetite expected to continue at least until second half of 2023
- ✓ No significant institutional sales included in 2023 guidance
- ✓ Expect mid-single digit construction price inflation

nyoo: Growth Perspective

Mid to long-term opportunity: nyoo

Midmarket 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 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

First projects confirm INS's competitive edge

Project 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, completion ~Q3/23



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



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



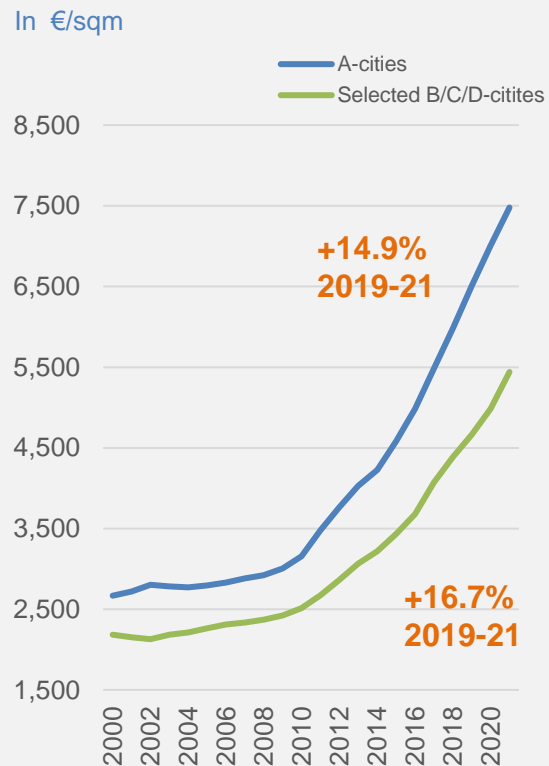
DUI 06, Duisburg (Wedau)

- 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

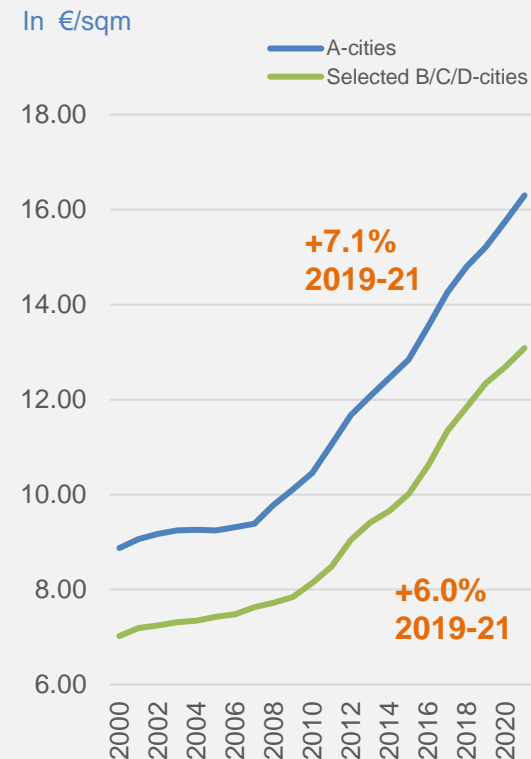


Focus on B-markets with high affordability and catch-up potential

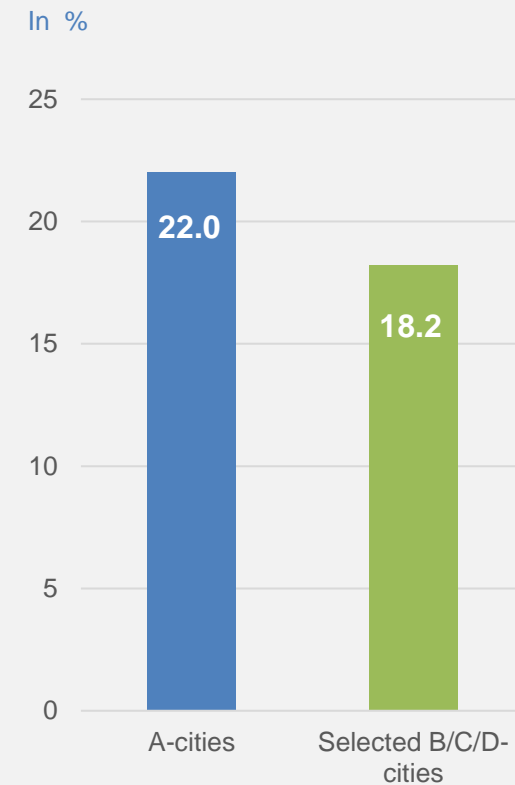
Average purchase price development
(newly built condominiums)



Average rent price development
(newly built condominiums)



Rent as % of disposable household income¹



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**

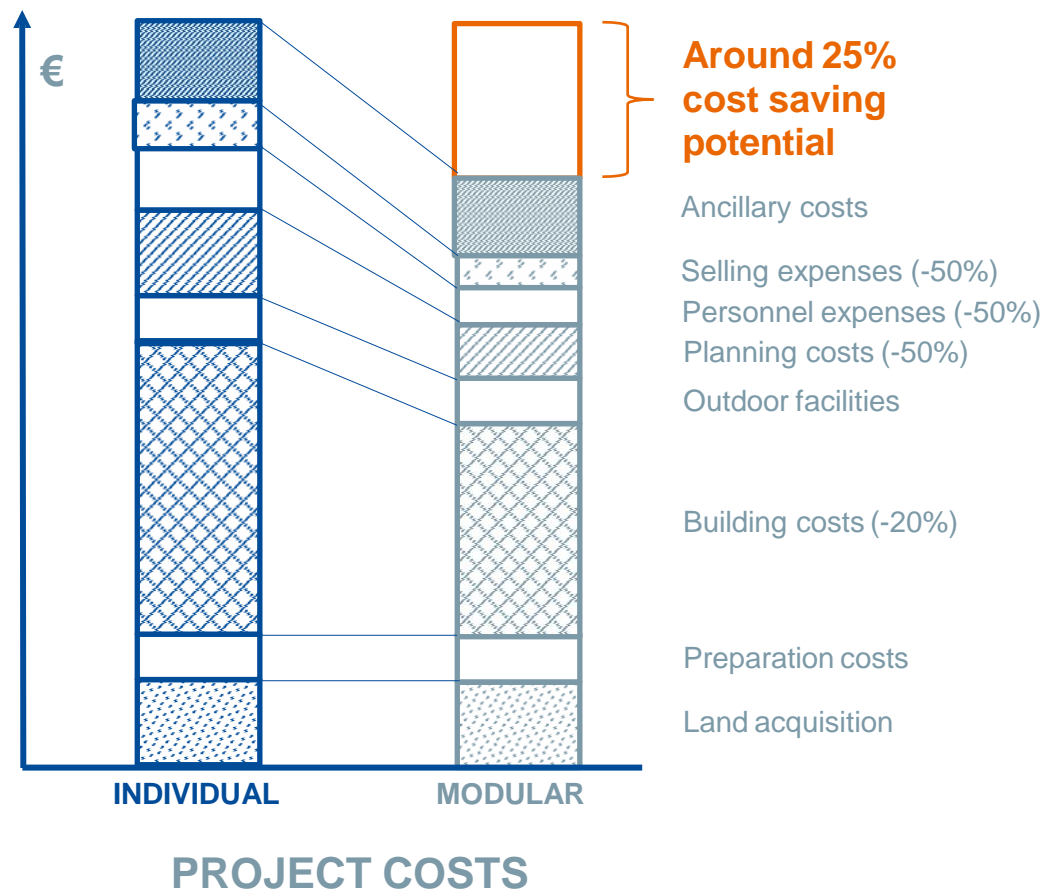
Additional **municipal** statutes exist in each city (e.g. parking spaces)

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 2,300€/m² total production costs achievable



Around 25% cost saving potential

- Reduction of total production cost including planning, marketing, sales etc. from ~ 3,100€/m² to c. 2,200€/m² - 2,500€/m²

Cost savings by standardisation

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

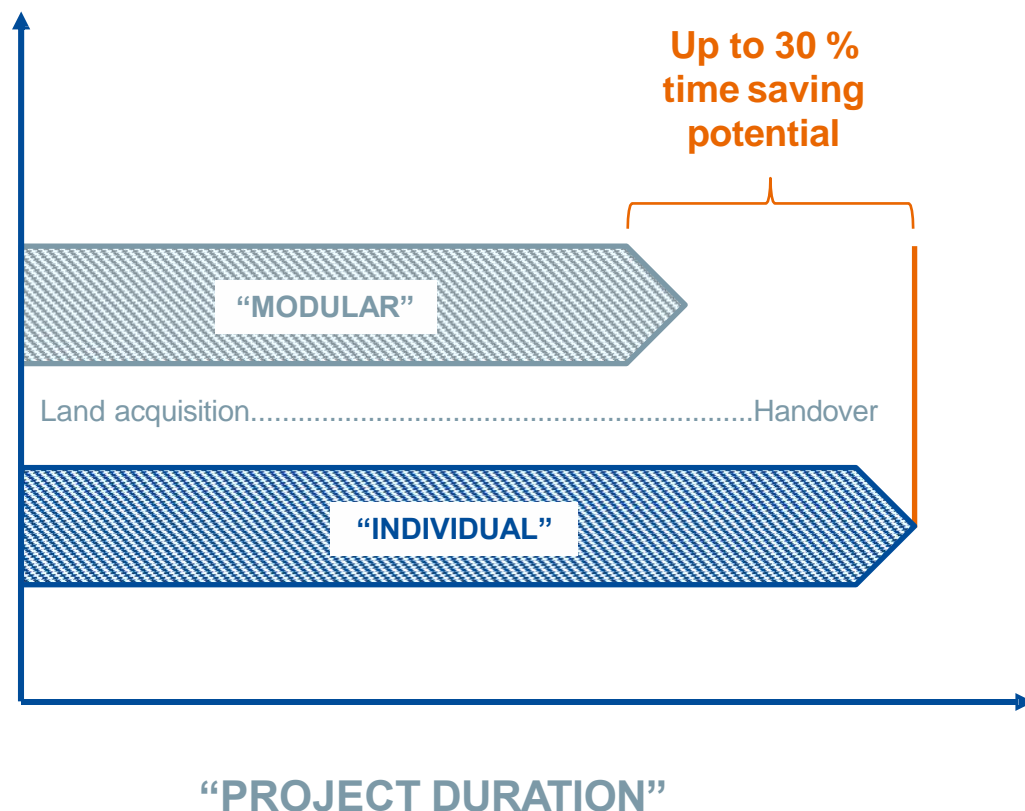
~20% reduction of building costs

- 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

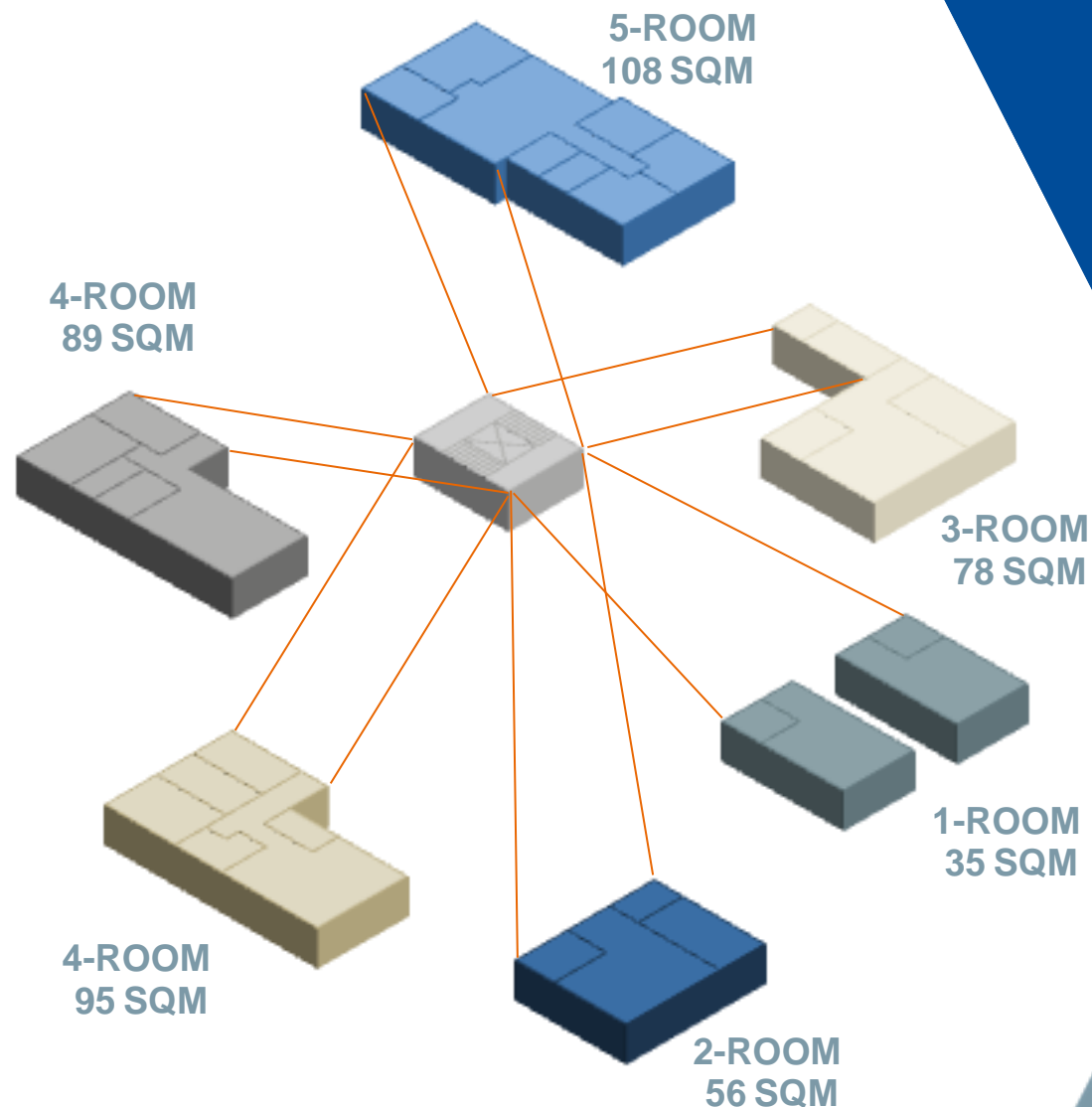
- Exceeding core product

- 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

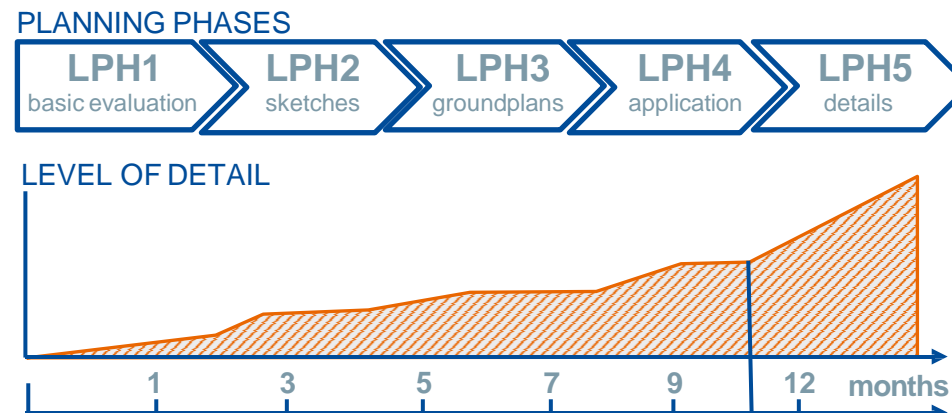
Innovative modular and highly standardised planning concept

- 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

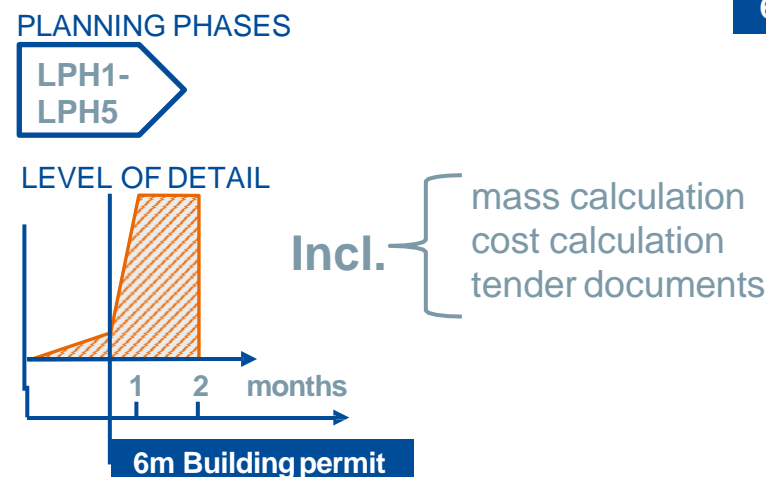


The modular planning process is the foundation of our new product

Illustrative simulation of modular planning approach applied to Project Rottenburg



6m Building permit

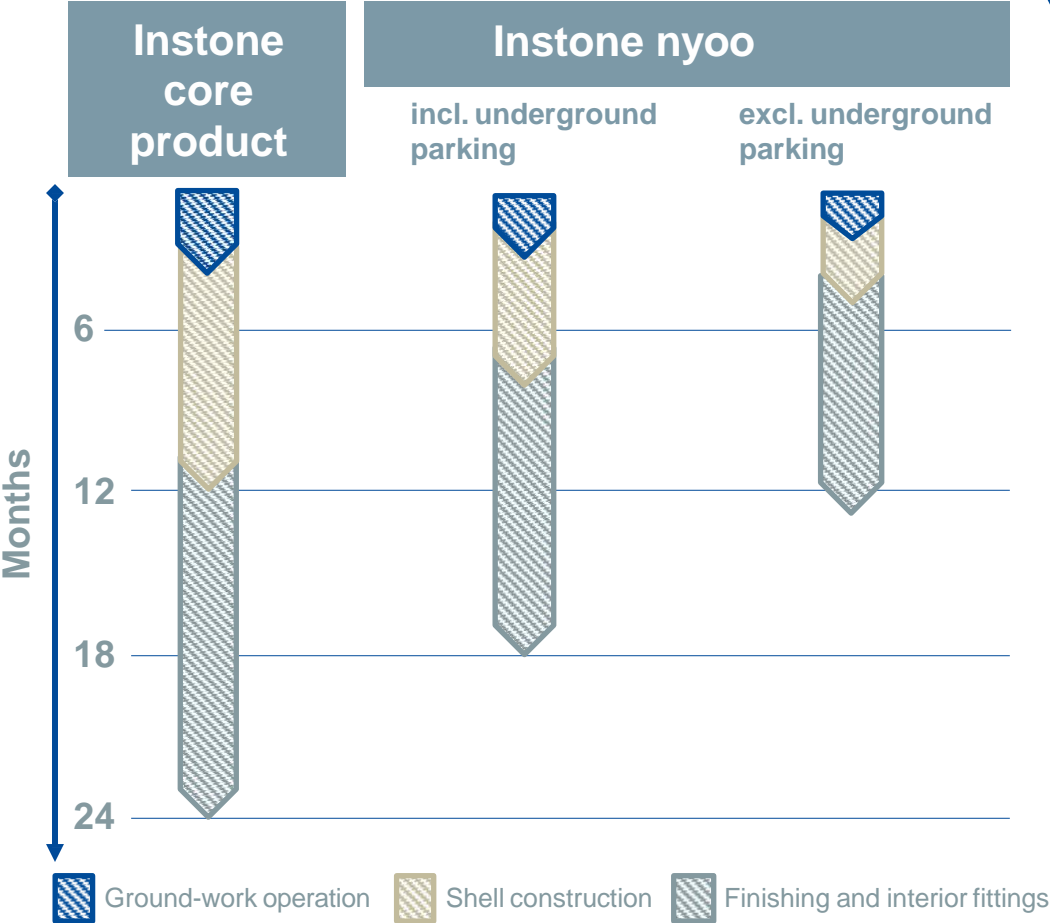


6m Building permit

► 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	<ul style="list-style-type: none"> Mid to high price segment No Luxury Selling price €4,500/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 €3,800/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

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 employer¹
- First time offer of an employee share plan

Governance

- Target to increase diversity on Supervisory Board by an additional female member to be voted by the AGM in 2023
- Sustainability reporting already essentially compliant with ESRS/CSRD/Taxonomy requirements on a voluntary basis (mandatory from financial year 2024 onwards)

Major ESG-KPIs – achievements and targets

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

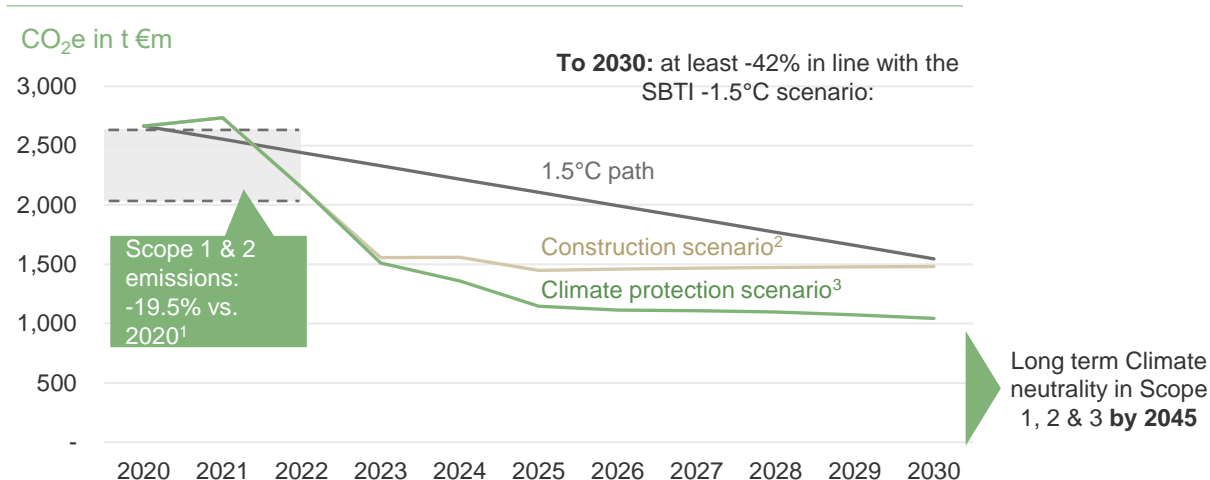
87% of revenues are compliant with EU Taxonomy

	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%		

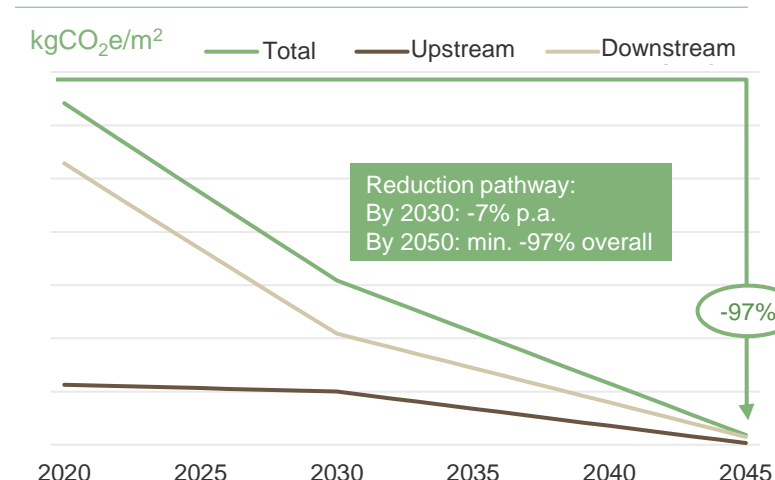
- Instone reports according to Art. 8 of the Taxonomy Ordinance on non-financial reporting according to the NFRD/HGB for the disclosure of Taxonomy-eligible and Taxonomy-aligned revenues, CapEx & OpEx
- Economic activity of Instone is the "7.1 New Construction", other possible economic activities fall 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 Not 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 SBTi⁴



- ✓ 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: Strong initial rating underscores commitment to industry leadership

Instone Real Estate Group SE

Real Estate Development Germany ETR:INS

ESG Risk Rating

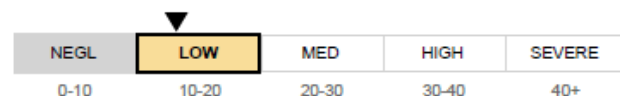
13.2

Updated Nov 12, 2021

Not
available

Momentum

Low Risk



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	702/14640	6th
Real Estate INDUSTRY	148/1043	15th
Real Estate Development SUBINDUSTRY	4/284	2nd



- ✓ INS among the top 2% of the 284 global real estate development companies
- ✓ Top 6% across all sectors
- ✓ Clear commitment to improve ratings in the future

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

Key action areas	Measures	Affected UN SDGs
Environmental issues	<ul style="list-style-type: none"> E1 Consumption of natural resources/recycling E2 Biodiversity E3 CO2 emissions from building operations E4 CO2 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	<ul style="list-style-type: none"> S1 Employee diversity S2 Work-life balance S4 Occupational health and safety S10 Fair pay S13 Employee satisfaction 	   
Social issues	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> S11 Respect for human rights G2 Business ethics – compliance with social and ethical criteria (Instone Code of Conduct) 	   
Combating corruption and bribery	<ul style="list-style-type: none"> 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 child care facilities
 - Large green areas incl. six playgrounds
 - Specially designed heat pumps for waste heat recovery from nearby data center
 - 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 and around 420 bicycle parking spaces
- Use of CO₂ 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

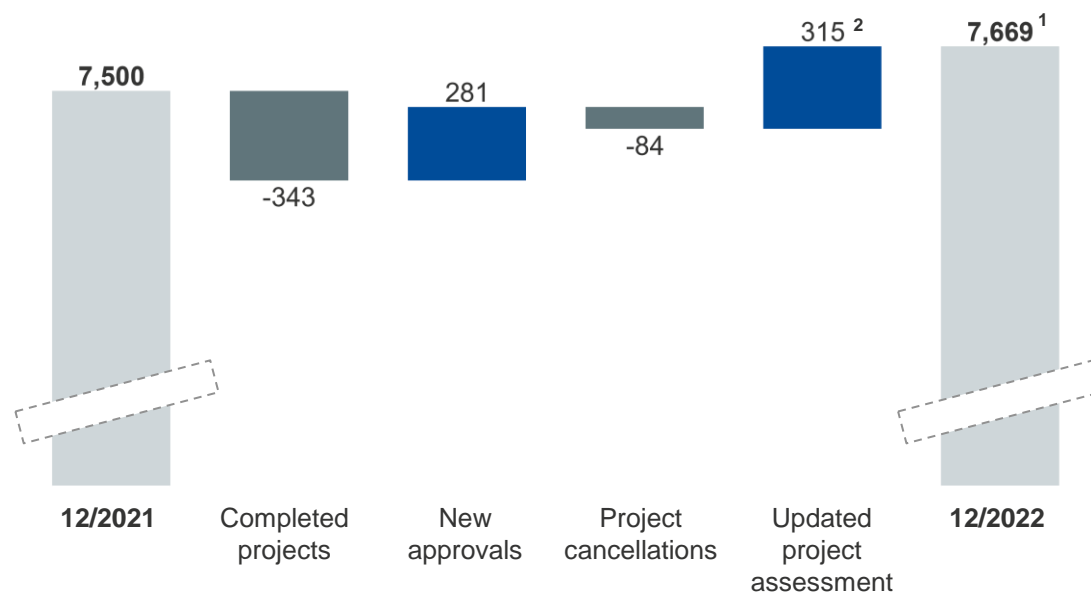
€m	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Volume of sales contracts	42.0	104.6	58.0	87.6	761.7	170.7	89.1	118.6 ¹	246.0
Project Portfolio	7,668.8	7,827.4	7,727.4	7,567.7	7,500.0	7,154.9	6,268.1	6,054.2	6,053.6
<i>thereof already sold</i>	2,987.3	2,945.4	2,891.4	3,070.1	3,038.9	2,308.7	2,444.0	2,360.5	2,328.8
<i>thereof already realized revenues</i>	1,902.7	1,721.0	1,597.1	1,684.0	1,621.0	1,276.2	1,436.1	1,307.8	1,265.5
Units	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Volume of sales contracts	44	199	96	191	1,906	468	169	372 ¹	708
Project Portfolio	16,209	16,580	16,644	16,607	16,418	15,913	14,338	13,678	13,561
<i>thereof already sold</i>	7,309	7,265	7,179	7,404	7,215	5,401	5,679	5,510	5,381

(Unless otherwise stated, the figures are quarterly values)

Significant pipeline allows opportunistic investment strategy

Project portfolio development (GDV)

In €m



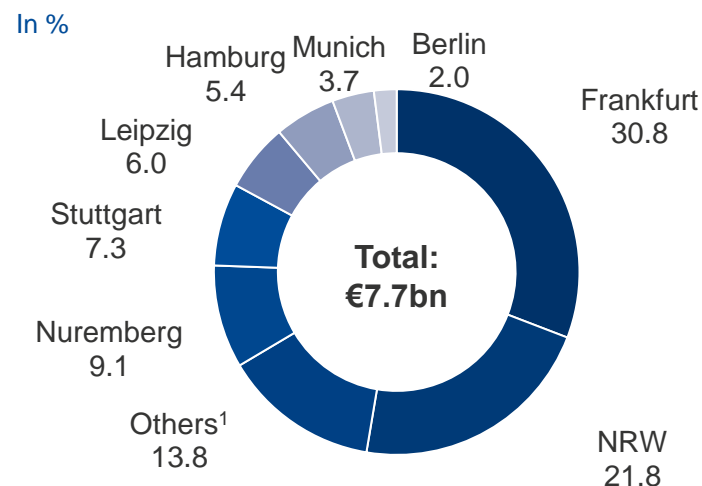
New project approvals		Exp. sales volume (€m)	Exp. units
2022			
Metropolitan area Nuremberg	Q1	85	140
Metropolitan area Berlin	Q2	145	361
Metropolitan area NRW	Q3	51	114
Total		281	615

¹ Excluding GDV of at-equity JVs

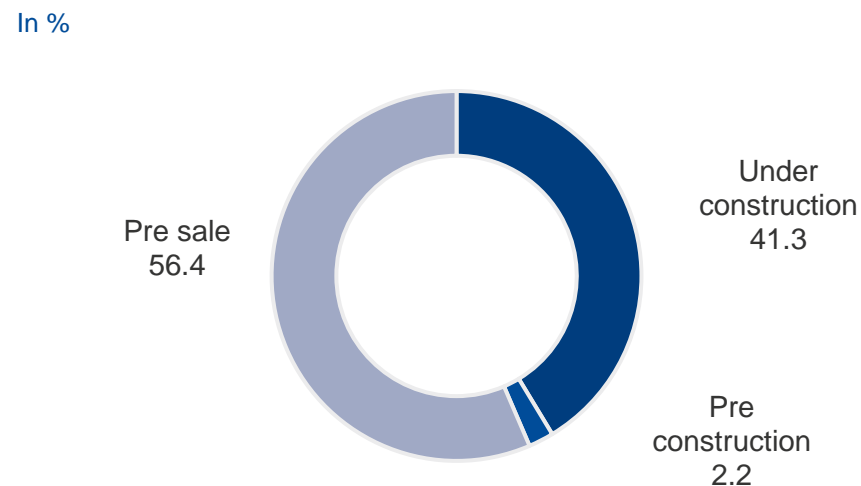
² Includes increased density, index based pre-agreed sales price adjustments and re-assessed sales prices of certain pre-construction projects

Pre-sold units provide cash flow visibility in tougher markets

Project portfolio as of 31/12/2022 by region (GDV)



Project portfolio as of 31/12/2022 by development (GDV)

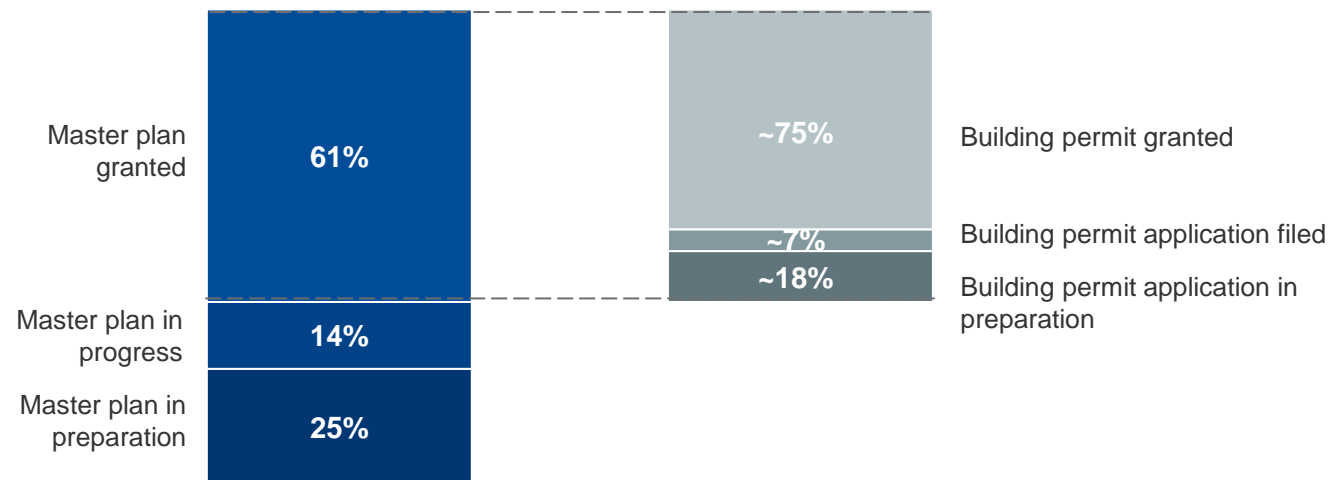


- ✓ 52 projects / 16,209 units
- ✓ 86% in metropolitan regions
- ✓ ~80 average sqm / unit
- ✓ ~€5,623 ASP / sqm
- ✓ Additional three JV projects (INS share of GDV: ~€500m)

- ✓ €3.3bn GDV in “pre-construction” or “under construction” of which 89% (€3.0bn) already sold
- ✓ Of the €3.0bn pre-sold volume as of the reporting date €1.9bn has been recognised in revenues

Status of building rights

Project portfolio as of 31/12/2022 by building right status (GDV)



Project portfolio as of 31/12/2022

(projects > €30m sales volume, representing total: ~ €7.7bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Hamburg</u>						
HH - Schulterblatt "Amanda"	Hamburg	96 Mio. €	●	●	●	●
SE - Kösliner Weg	Norderstedt-Garstedt	104 Mio. €	●	●		
H - Sportplatz Bult	Hannover	120 Mio. €				
HH - RBO	Hamburg	215 Mio. €	●	●	◐	●
H - Büntekamp	Hannover	163 Mio. €	●	◐		
<u>Berlin</u>						
HVL - Nauen	Nauen	152 Mio. €		●		
P - Fontane Gärten	Potsdam	67 Mio. €	●	●	●	●
<u>NRW</u>						
D - Niederkasseler Lohweg	Düsseldorf	N/A	●	●	●	●
D - Unterbach	Düsseldorf	200 Mio. €	●	●	◐	◐
E - Literaturquartier	Essen	N/A	●	●	●	●
MG - REME	Mönchengladbach	124 Mio. €		◐		
BN - west.side	Bonn	203 Mio. €	●	●	●	●
DO - Gartenstadtquartier	Dortmund	122 Mio. €	●	◐		
K - Bickendorf	Köln	717 Mio. €	●			
DU - 6-Seen Wedau	Duisburg	74 Mio. €	●	●		
KK - Kempen	Kempen	51 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 31/12/2022

(projects > €30m sales volume, representing total: ~ €7.7bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Rhine-Main</u>						
WI - Delkenheim	Wiesbaden	111 Mio. €	●	●	●	●
F - Schönhof-Viertel	Frankfurt am Main	610 Mio. €	●	●	◐	◐
F - Friedberger Landstr.	Frankfurt am Main	306 Mio. €		◐		
F - Elisabethenareal	Frankfurt am Main	90 Mio. €	●	●		
F - Steinbacher Hohl	Frankfurt am Main	69 Mio. €	●	●	●	●
F - Gallus	Frankfurt am Main	42 Mio. €	●	●		
F - Westville	Frankfurt am Main	N/A	●	●	●	●
WI - Aukamm	Wiesbaden	200 Mio. €	●		◐	
OF - Heusenstamm	Heusenstamm	191 Mio. €	●			
MKK - Kesselstädter	Maintal	237 Mio. €	●			
MTK - Polaris	Hofheim	73 Mio. €	●	◐		
WI - Rheinblick	Wiesbaden	305 Mio. €	●			
MKK- Eichenheege	Maintal	108 Mio. €	●			
<u>Leipzig</u>						
L - Parkresidenz	Leipzig	282 Mio. €	●	●	◐	◐
L - Rosa-Luxemburg	Leipzig	115 Mio. €	●	●		
HAL - Heide Süd	Halle (Saale)	41 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 31/12/2022

(projects > €30m sales volume, representing total: ~ €7.7bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Baden-Württemberg</u>						
S - City-Prag	Stuttgart	133 Mio. €	●	●	●	●
WN - Schorndorf	Schorndorf	N/A	●	●	●	●
TÜ - Rottenburg	Rottenburg	176 Mio. €	●	●	◐	◐
BB - Herrenberg III, Schäferlinde	Herrenberg	82 Mio. €	●	◐		
BB - Herrenberg II, Schwarzwald II	Herrenberg	83 Mio. €	●	◐		
<u>Bavaria South</u>						
M - Ottobrunner	München	118 Mio. €	●	●		
A - Beethovenpark	Augsburg	N/A	●	●	●	●
<u>Bavaria North</u>						
N - Eslarner Straße	Nürnberg	64 Mio. €	●	●		
BA - Lagarde	Bamberg	89 Mio. €	●	●	◐	
N - Schopenhauer	Nürnberg	68 Mio. €	●	●	●	●
N - Stephanstr.	Nürnberg	N/A	●	●	●	●
N - Seetor	Nürnberg	115 Mio. €	●	●	●	●
R - Marina Bricks	Regensburg	30 Mio. €	●	●	●	●
N - Boxdorf	Nürnberg	70 Mio. €	●	●	●	
N - Thumenberger	Nürnberg	132 Mio. €	●	●		
N - Worzeldorf	Nürnberg	68 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.

New subsidies scheme for new builds planned for 06/2023

The German government plans to invest 1bn to support owner-occupiers (help-to-buy) and new build of rental apartments (planning status as of February 2023)

Volume	<ul style="list-style-type: none"> • EUR 350 million 	<ul style="list-style-type: none"> • EUR 650 million
Recipient	<ul style="list-style-type: none"> • Families with children <18 yrs • Household income of max. €60,000 plus €10,000 per child <ul style="list-style-type: none"> → Potentially 75% of German households → Support of 13,000-15,000 households p.a. 	<ul style="list-style-type: none"> • Resi landlords, other private investors
Objective	<ul style="list-style-type: none"> • Help-to-buy: Build or buy new home/condominium for own use (for at least 10 years) • Energy efficiency (minimum energy standard KfW 55) 	<ul style="list-style-type: none"> • New build of rental apartments • Energy efficiency (minimum energy standard KfW 40)
Subsidies	<ul style="list-style-type: none"> • No direct grant • Subsidized mortgages, reduced interest costs (by 2-4%) by federal KfW Bank <ul style="list-style-type: none"> → Max. 240,000 EUR credit volume → Will be accepted as equity substitute 	<ul style="list-style-type: none"> • To be defined

Approvals/Acquisition Strategy

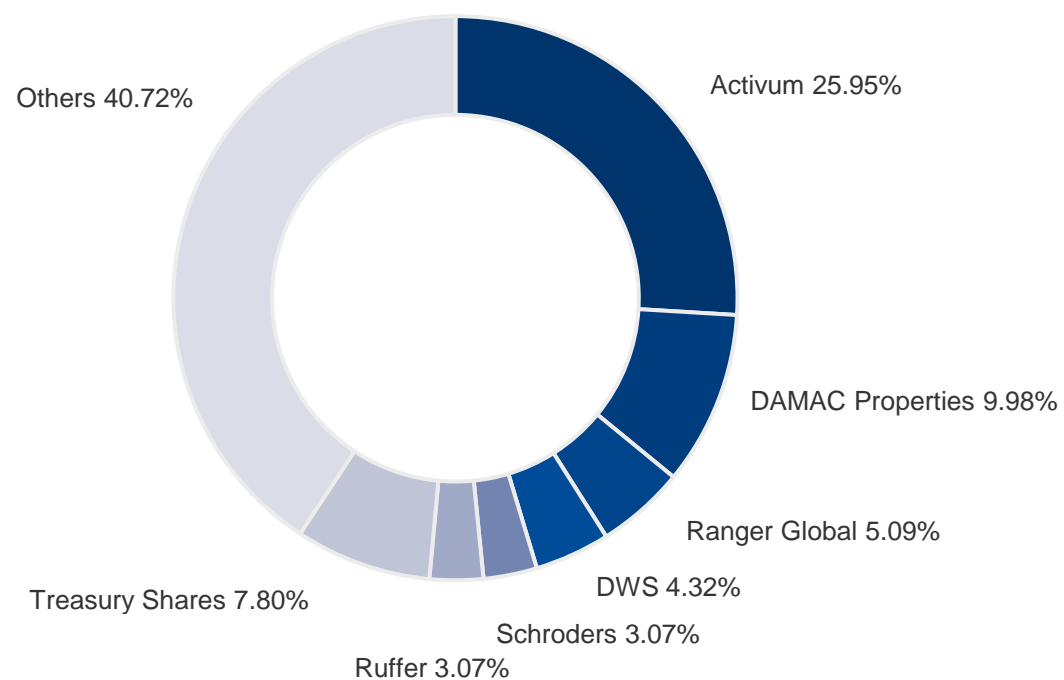
	Projects without need for zoning processes		Projects with zoning processes
	Masterplan in place	No requirement due to §34 BauGB (building code)	Brownfield projects
	<ul style="list-style-type: none"> Generally less attractive for INS due to higher competition 	<ul style="list-style-type: none"> Within built-up districts Insertion rule within settlement No precise predefinition of building character (negotiation with municipality) 	<ul style="list-style-type: none"> 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 cap¹: €418m
- Average daily trading volume: €0.7m
- Market segment: Prime Standard, Frankfurt

Shareholder structure (March 2023)



Financial calendar

2023

March	16	Annual Report 2022
March	21	Roadshow Great Britain, London (Deutsche Bank)
March	22	Roadshow France, virtual (Kepler Cheuvreux)
April	21	Roadshow Germany, Frankfurt (Deutsche Bank)
May	11	Quarterly Statement for the first quarter of 2023
June	14	Annual General Meeting
June	15	Morgan Stanley - European Real Estate Capital Markets Conference 2023, London
August	10	Group Interim Report for the first half of 2023
September	18	Berenberg and Goldman Sachs Twelfth German Corporate Conference, Munich
September	19	12th Baader Investment Conference, Munich
November	09	Quarterly Statement for the first nine months of 2023

The Instone Management Board

Kruno Crepulja
CEO



- ✓ CEO since 2008 (of Instone's predecessor format)
- ✓ 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

Dr. Foruhar Madjlessi
CFO



- ✓ CFO since 2019
- ✓ Recognized capital market expert with extensive expertise in the field of corporate finance
- ✓ 20-year career in investment banking with various management positions at Deutsche Bank and Merrill Lynch
- ✓ Appointed until 31 December 2026

Andreas Gräf
COO



- ✓ COO since 2008 (of Instone's predecessor format)
- ✓ 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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