

Q3 2020 Results Presentation

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Highlights

Highlights

Continued strong demand despite resurgence of pandemic; institutional deals in Q4 expected

Operational Highlights

- ✓ **Sales ratio fully recovered** to pre-COVID levels; at this point **no** meaningful **impact** from **renewed lockdown**
- ✓ Three to four **institutional deals signed or close to signing** in Q4
- ✓ Acquisitions: **five new projects approved since June**, incl. valuehome (aggregate GDV of c.€600m*)
- ✓ Construction starts since beginning of Q3 (**four projects**; sales volume €225m)

Q3 2020 results in line; High gross margin persists

9M 2020 Results

- ✓ Adjusted revenues: €291.3m (9M 2019: €302.4m, -3.7%)
- ✓ Adjusted gross profit margin: 32.3% (9M 2019: 32.7%)
- ✓ Adjusted EBIT: €50.0m (9M 2019: €56.7m; -11.8%)
- ✓ Adjusted earnings after tax (EAT): €24.9m (9M 2019: €43.4m; -42.6%)





Financial targets for 2020 & 2021 reiterated

Outlook

- ✓ **2020 forecast:** Adjusted revenues and adjusted EAT target of €470m-€500m and €30m-€35m
- ✓ **2021 forecast:** Adjusted revenues of €900m-€1.0bn; adjusted EAT of at least €90m
- ✓ Target payout-ratio: 30% of net profit (starting for FY 2020)

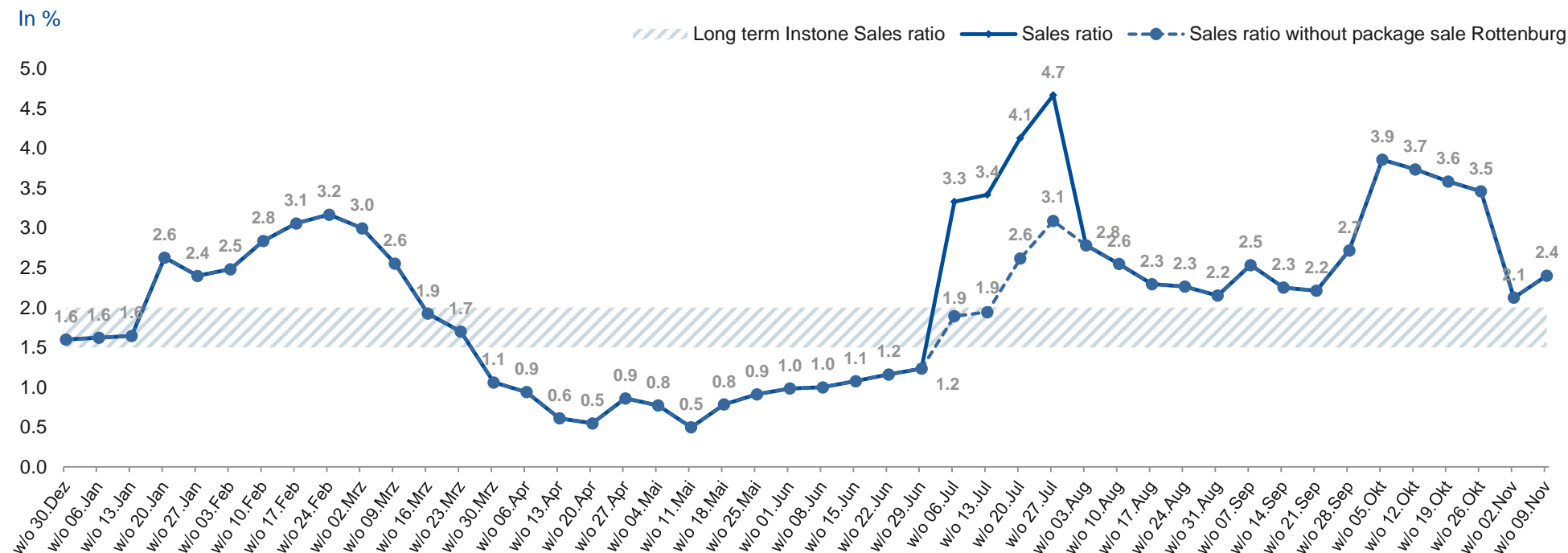
Corona Virus – Operating Update

No impact from resurgence of crisis so far

Key topics	Instone position
<p>1 Sales </p>	<ul style="list-style-type: none"> • Institutional: constructive ongoing discussions in line with expectations • Retail: volumes at pre-COVID levels, selling prices in-line with budget
<p>2 Construction </p>	<ul style="list-style-type: none"> • Construction progress according to plan on all our sites; no major impact from limited number of infections so far • Easing cost pressure due to less severe capacity constraints in construction industry
<p>3 Approvals </p>	<ul style="list-style-type: none"> • Still a differentiated picture depending on the individual situation in the municipalities (e.g. level of digitisation etc.) but no major delays so far
<p>4 Employees </p>	<ul style="list-style-type: none"> • Headquarter and branch offices: Increased share of Work from Home since October; stricter social distancing measures implemented • Construction sites: Tight monitoring of social distancing rules and hygienic measures; purchase of air cleaning systems

Retail sales activities fully recovered to pre-COVID levels

Sales ratio



- ✓ Continued normalised retail sales ratio; no visible impact to date from “lockdown light” (November 2nd)
- ✓ Emerging trend of multi-unit private buy-to-let investments from high net worth investors
- ✓ Strong backlog of reservations and notarization appointments

German residential prices: stable upward trend continues - winner of the crisis

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

IMX (immoscout):	Prices for new built condos up +1.4% in Q3 (qoq); +4.8% (yoy)
Hypoport, EPX*:	Condo prices +3.8% in Q3 (qoq); +9.0% YTD in Germany
vdp:	Condo prices: +2.1% (qoq); +4.8% YTD

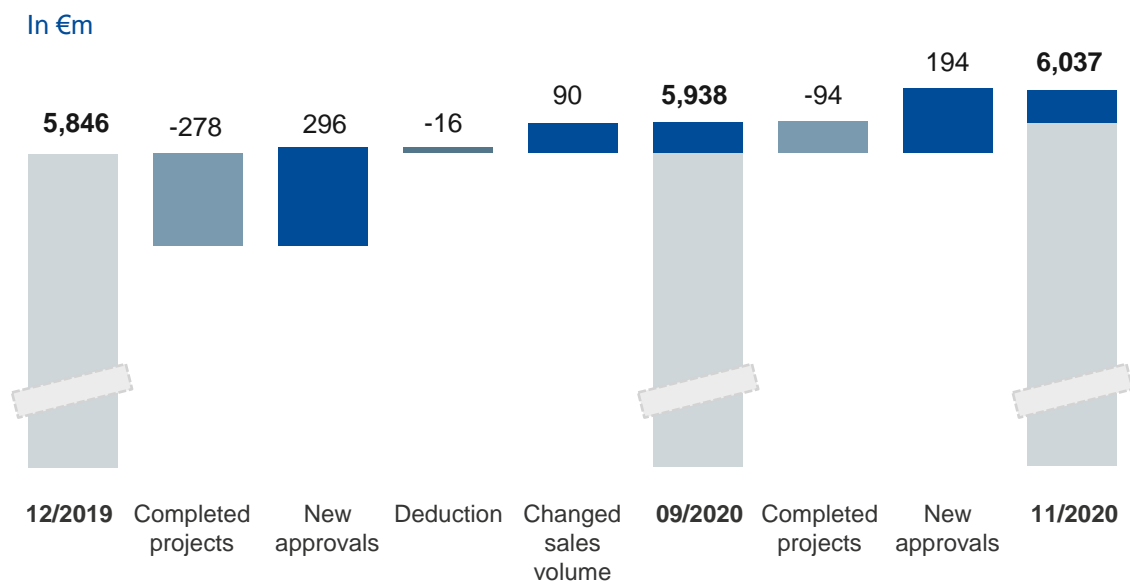
Financing markets remain supportive for residential demand

Bundesbank:	Mortgage loans for private households in September flat yoy (€21.8bn)
Interhyp:	Interest costs for mortgage loans near all-time low (~0.75% for 10 yrs.)

Portfolio Update

Projects with GDV of c. €600m approved since end of June

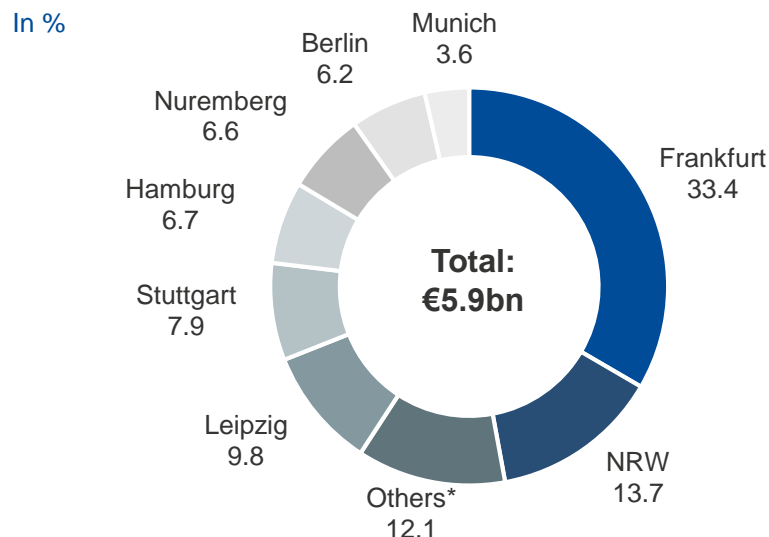
Project portfolio development, ytd (GDV)



2020 new project approvals	Exp. sales volume (€m)	Exp. units
Heusenstamm (near Frankfurt)	149	341
Halle	38	151
Subtotal as of 06/20	187	492
Hannover, Buentekamp III	50	72
Nuremberg, Boxdorf	59	125
Rhine/Main	194	480
Berlin*	222	531
Rhine/Main*	72	177

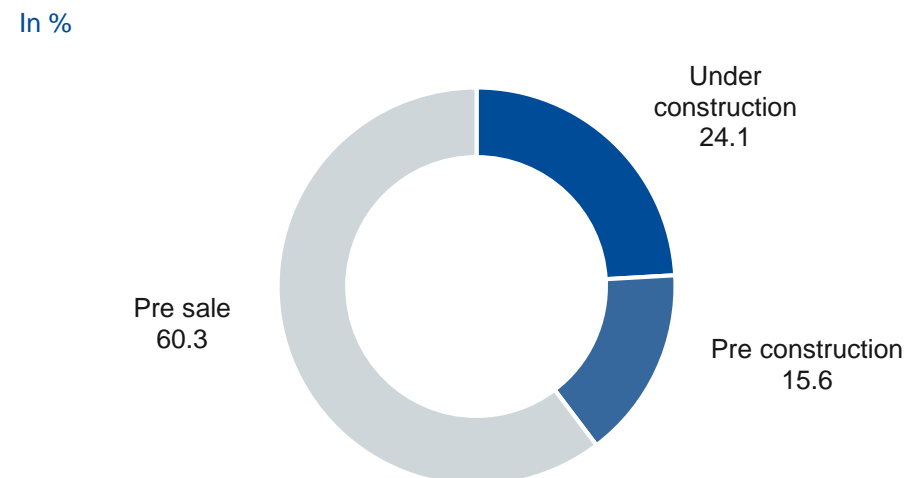
Significant share of pre-sold units support future cash flow and earnings visibility

Project portfolio as of 30/09/2020 by region (GDV)



- ✓ 53 projects / 13,374 units
- ✓ 88% in metropolitan regions
- ✓ ~80 sqm / unit
- ✓ ~€5,450 ASP / sqm

Project portfolio as of 30/09/2020 by development (GDV)



- ✓ €2.4bn GDV pre-construction or under construction
- ✓ €1.4bn GDV under construction
- ✓ €2.1bn of portfolio already sold (89% of pre-construction and under construction)
- ✓ €1.2bn of currently under construction portfolio is sold (85%)

Q3 Financial Performance

Adjusted Results of Operations

9M sales affected by COVID-19 effects – Recovery well underway

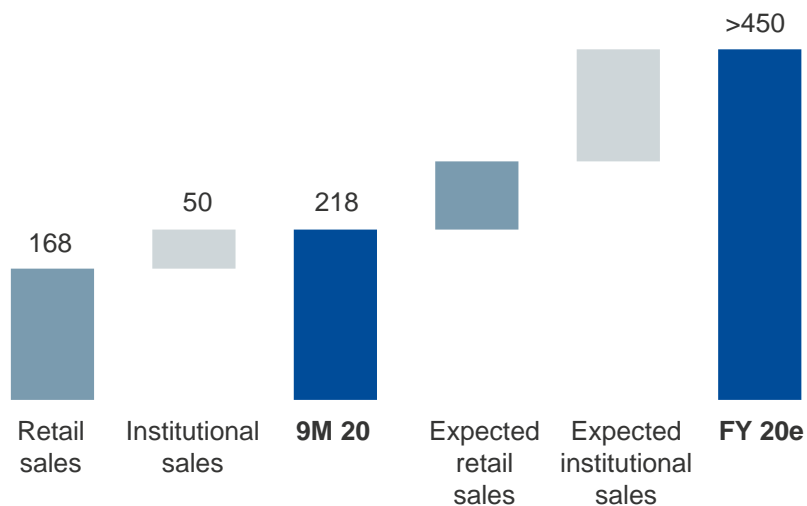
€m	Q3 2020	Q3 2019	Change	9M 2020	9M 2019	Change
Revenues	111.7	128.2	-12.9%	291.3	302.4	-3.7%
Project cost	-75.4	-87.8	-14.1%	-197.2	-203.5	-3.1%
Gross profit	36.3	40.4	-10.1%	94.1	98.9	-4.9%
<i>Gross Margin</i>	32.5%	31.5%		32.3%	32.7%	
Platform cost	-14.9	-16.0	-6.9%	-44.8	-42.2	6.2%
Share of results of joint ventures	0.4	0.4		0.7	0.0	
EBIT	21.8	24.8	-12.1%	50.0	56.7	-11.8%
<i>EBIT Margin</i>	19.5%	19.3%		17.2%	18.8%	
Financial and other result	-6.0	-5.1		-15.5	-10.6	
EBT	15.7	19.6	-19.9%	34.4	46.1	-25.4%
<i>EBT Margin</i>	14.1%	15.3%		11.8%	15.2%	
Taxes	-4.7	-1.3		-9.6	-2.7	
<i>Tax rate</i>	29.9%	6.6%		27.9%	5.9%	
EAT	11.2	18.3	-38.8%	24.9	43.4	-42.6%
<i>EAT Margin</i>	10.0%	14.3%		8.5%	14.4%	

- ✓ Q2+Q3 revenues affected by reduced sales speed and postponed marketing launches
- ✓ Sustained very high gross margins underscores resilient pricing environment as well as quality of product pipeline
- ✓ Moderately rising 9M platform costs reflect investments into future growth (incl. valuehome)
- ✓ Increased interest expenses due to 2019 land acquisitions and related increase in debt
- ✓ Normalisation of tax rate: Low FY 2019 taxes due to one-time effect

High visibility for FY 2020 sales and revenues targets

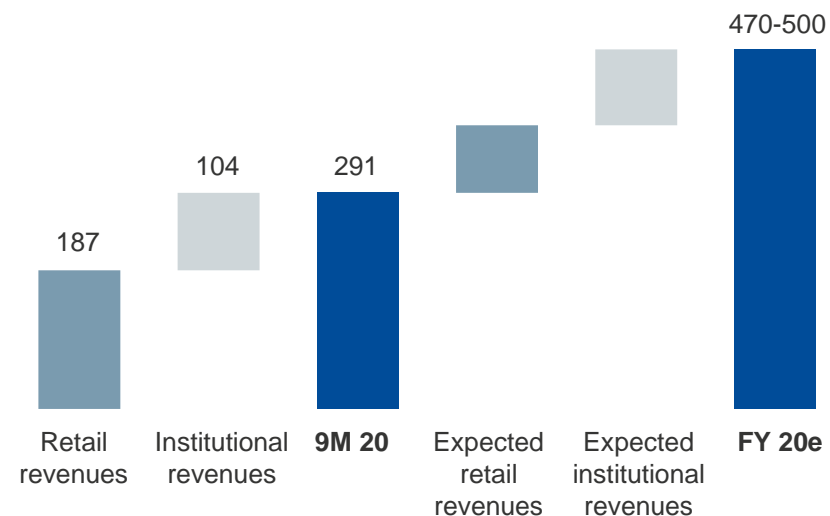
Concluded sales contracts – expected development in Q4 2020

In €m



Revenue recognition – expected development in Q4 2020

In €m



- ✓ Q4 expected sales and revenues in line with targets
- ✓ Retail demand remains strong
- ✓ Expect institutional sales related to three to four projects to be completed in Q4

Strong balance sheet a competitive edge in current markets

€m	30/09/2020	31/12/2019
Corporate debt	215.3	180.8
Project debt	332.8	414.7
Financial debt	548.1	595.5
Cash and cash equivalents and term deposits	-241.5	-117.1
Net financial debt	306.6	478.4
Inventories and Contract asset	951.2	951.1
LTC**	32.2%	50.3%
Adjusted EBIT (LTM)***	122.9	129.6
Adjusted EBITDA (LTM)***	127.0	133.7
Net financial debt / adjusted EBITDA	2.4	3.6

- ✓ 9M LTC of 32.2% implies low financial gearing
 - ✓ Reminder: inventories are recorded at historical costs
 - ✓ Significant hidden reserves provide additional downside cushion
- ✓ Low 9M net debt/adjusted EBITDA of just 2.4x despite temporary decline in profitability
- ✓ €1.6bn-€1.7bn mid term revenues target fully funded with the recent capital raise
- ✓ INS's financial strength a competitive edge for acquisitions in current environment

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

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

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

Cash Flow (€m)	9M 2020	9M 2019
EBITDA adj.	53.0	59.7
Other non-cash items	-5.5	-14.0
Taxes paid	-13.3	-10.2
Change in working capital	-7.8	-67.5
Operating cash flow	26.4	-32.0
Land plot acquisition payments (incl. RETT*)	72.2	100.8
Operating cash flow excl. investments	98.6	68.8

- ✓ 9M operating cash flow remains positive prior to new land investment
- ✓ Existing projects are fully self-funding
- ✓ Expect significant positive operating cash flow (including new land investments) for FY 2020
 - ✓ Substantial milestone payments from pre-sold institutional projects in Q4
 - ✓ Full recovery of retail sales

Liquidity (€m)	Total	t/o drawn	t/o available
Corporate debt			
Promissory notes	206.0	206.0	0.0
Revolving Credit Facilities	119.0	10.0	109.0
Total	325.0	216.0	109.0
Cash and cash equivalents and term deposits			241.5
Total corporate funds available			350.5
Project debt			
Project finance**	458.7	334.6	124.1

- ✓ Strong liquidity position further improved through equity raise
- ✓ Acquisitions expected to continue at elevated levels

Intrinsic pipeline value suggests fundamental upside

Additional upside from deployment of funds from capital increase

NAV (€m) as of 30/09/2020	ACTUAL
Expected selling prices of project pipeline (GDV)	5,938
Payments received	-750
Expected project costs	-3,389
Net debt	-307
Net Asset Value	1,492
Number of shares (m)	47.0
Net Asset Value per share (€)	31.75

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

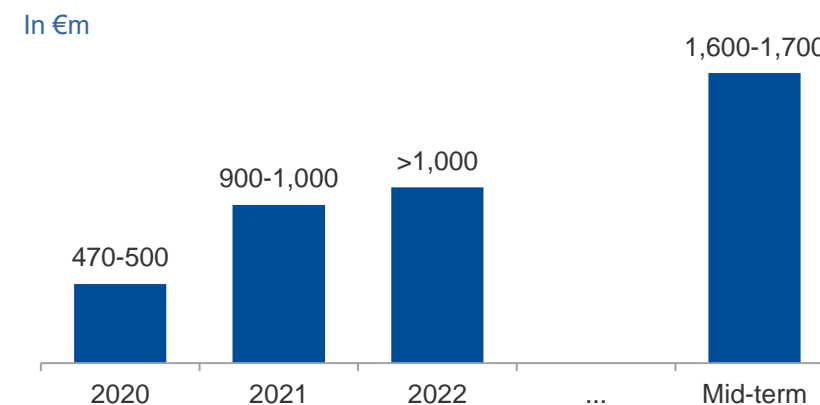
Outlook

Guidance confirmed, strong structural growth ahead

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

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

Revenues (adjusted)



Thereof from existing projects*:



Thereof from projects with building right*:



Revenues secured through pre-sales*:



Appendix

Income statement (reported)

€m	9M 2020	9M 2019
Total revenues	275.9	296.4
Changes in inventories	73.3	86.8
	349.2	283.2
Other operating income	5.6	2.4
Cost of materials	-251.4	-286.1
Staff costs	-30.8	-25.4
Other operating expenses	-18.4	-22.0
Depreciation and amortization	-3.0	-3.0
Earnings from operative activities	51.2	49.1
Income from associated affiliates	0.7	0.0
Other net income from investments	-1.2	-3.3
Finance income	0.0	1.4
Finance costs	-18.2	-11.8
Changes of securities classified as financial assets	0.1	0.3
EBT	32.5	35.7
Income taxes	-9.3	-0.6
EAT	23.3	35.2

- ✓ Cost of materials including land price payments and corresponding ancillary costs of around €60.8m for previously secured projects.
- ✓ Increase in staff costs reflects the increase in FTEs to 333.7 (9M-2019: 307.7).
- ✓ The increase of finance costs is related to the increase in gross debt due to investments in new land acquisition.
- ✓ In 9M-2019 tax rate was positively influenced by a special effect associated with the first-time recognition of loss carry forwards.

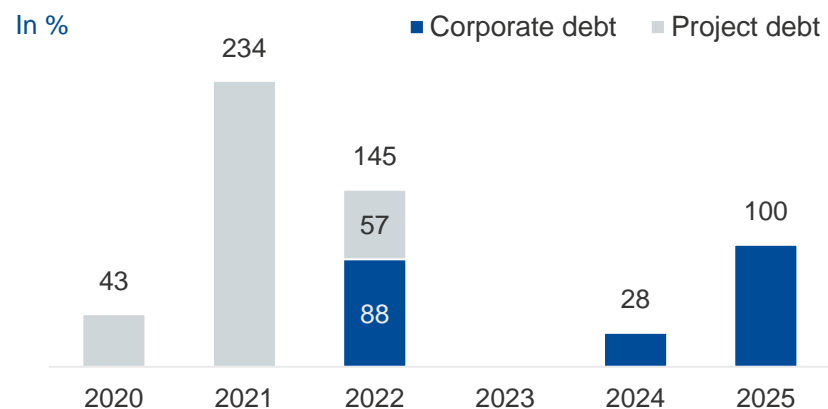
Condensed balance sheet

€m	30/09/2020	31/12/2019
Non-current assets	18.9	20.4
Inventories	805.4	732.1
Contract assets	145.8	219.0
Other receivables	143.5	34.7
Cash and cash equivalents	141.5	117.1
Current assets	1,236.2	1,102.9
Total assets	1,255.1	1,123.4
Total equity	508.4	310.2
Financial liabilities	297.7	451.6
Other provisions and liabilities	26.2	26.6
Deferred tax liabilities	14.3	12.0
Non-current liabilities	338.2	490.2
Financial liabilities	250.4	143.9
Trade payables	79.0	87.6
Other provisions and liabilities	79.1	91.5
Current liabilities	408.5	323.0
Total equity and liabilities	1,255.1	1,123.4

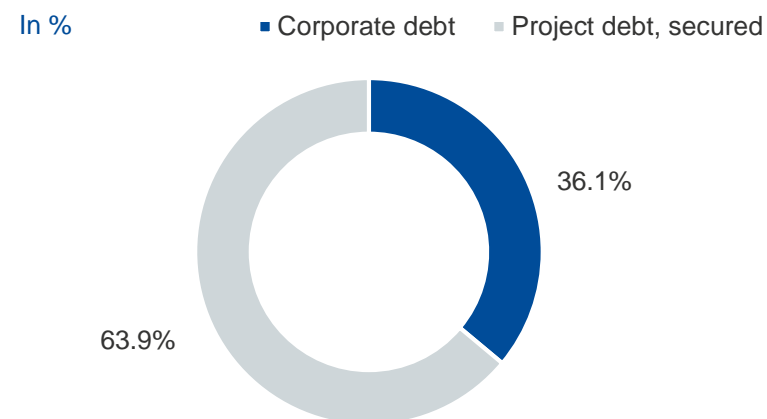
- ✓ As at 30 September 2020, inventories increased to €805.4m (Q4 2019: €732.1m) due to construction progress as well as land acquisitions of €60.8m.
- ✓ Equity increased due to the capital increase by issuing 10 million new shares with net proceeds of round €175m.
- ✓ Non-current financial liabilities fell to €297.7m as of Q3 2020 (Q4 2019: €451.6m). Current financial liabilities increased to €250.4m (Q4 2019: €143.9m). In Q3 corporate financing €75.0m was repaid with the proceeds from a new promissory note loan of €100m at better terms.
- ✓ Trade payables decreased to €79.0m (Q4 2019: €87.6m) and essentially comprise the services provided by contractors.

Well balanced financing structure at attractive terms

Maturity profile as of 30/09/2020



Secured/unsecured* as of 30/09/2020



Weighted average corporate debt maturity	3.1 years
Weighted average corporate interest costs	3.12%
Share of total debt with floating interest	82.1%

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

Project Portfolio Key Figures

€m	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Volume of sales contracts	94.9	54.1*	69.4	1,088.2	183.1	69.0	62.8
Project Portfolio (as of)	5,937.5	5,701.3	5,744.4	5,845.7	5,384.1	5,091.7	4,790.2
<i>thereof already sold (as of)</i>	<i>2,108.6</i>	<i>2,017.1</i>	<i>2,189.0</i>	<i>2,174.0</i>	<i>1,261.1</i>	<i>1,128.7</i>	<i>1,061.1</i>
Units	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Volume of sales contracts	128	347*	109	2,063	380	120	170
Project Portfolio (as of)	13,374	13,075	12,952	13,715	12,233	11,628	11,041
<i>thereof already sold (as of)</i>	<i>4,770</i>	<i>4,648</i>	<i>4,799</i>	<i>4,814</i>	<i>2,944</i>	<i>2,684</i>	<i>2,564</i>

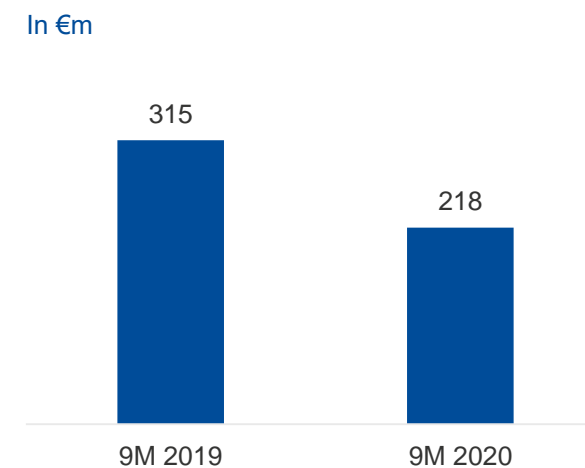
(Unless otherwise stated, the figures are quarterly values)

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

9M 2020 – Concluded Sales Contracts (Top Projects)

Project	City	Units	€m
St. Marienkrankenhaus	Frankfurt a. M.	28	32.5
Schulterblatt "Amanda"	Hamburg	41	29.1
Westville*	Frankfurt a. M.	303	24.3
Schumanns Höhe	Bonn	50	19.3
"Carlina Park", Schopenhauerstraße	Nuremberg	39	19.2
Schwarzwaldstraße	Herrenberg	37	16.7
Lange Seegewann, Delkenheim	Wiesbaden	2	15.9
"Neckar.Au Viertel"	Rottenburg	40	14.6
"Wohnen im Hochfeld", Unterbach	Dusseldorf	18	12.5
Quartier Stallschreiber Straße - Luisenpark	Berlin	12	10.6
Others		14	23.6
Total		584	218.4

Concluded sales contracts



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

9M 2020 – Revenue Contribution (Top Projects)

Project	City	Adj. revenues (€m)
St. Marienkrankenhaus	Frankfurt a. M.	43.9
Schumanns Höhe	Bonn	30.5
west.side	Bonn	28.2
Quartier Stallschreiber Straße - Luisenpark	Berlin	22.8
Schulterblatt "Amanda"	Hamburg	18.7
Westville	Frankfurt a. M.	14.8
City-Prag - Wohnen im Theaterviertel	Stuttgart	13.7
Schwarzwaldstraße	Herrenberg	12.8
Franklin	Mannheim	12.3
S'LEDERER	Schorndorf	9.6
Others		84.1
Total		291.3

9M 2020 Construction Launches

Project	City	Start in	Exp. Sales Volume (€m)	Units
Schulterblatt "Amanda"	Hamburg	Q2	~ 93	~ 165
Schorndorf, S'LEDERER	Schorndorf	Q2	~ 87	~ 230
"Niederkasseler Lohweg"	Dusseldorf	Q3	~ 80	~ 220
"Neckar.AU Viertel" (section 1)	Rottenburg	Q3	~ 24	~ 65
"Carlina Park"	Nuremberg	Q3	~ 67	~ 100
"west.side" (section 3)	Bonn	Q3	~ 54	~ 140
Total			~ 405	~ 920

Sales Offer as of Q3 2020 (Top Projects, condominium sales)

Project	City	Sales volume (€m)	Units	Already sold in %
St. Marienkrankenhaus	Frankfurt a. M.	51.9	41	73%
“Carlina Park”, Schopenhauerstr. 10	Nuremberg	47.9	63	29%
Schulterblatt “Amanda”	Hamburg	38.1	47	57%
Scholle 1, D-Unterbach	Dusseldorf	24.4	43	33%
Marina Bricks	Regensburg	11.9	14	60%
Schwarzwaldstraße	Herrenberg	9.7	17	80%
“Neckar.Au Viertel”	Rottenburg	9.5	26	61%
Quartier Stallschreiber Straße - Luisenpark	Berlin	7.8	7	94%
Schumanns Höhe BF 3	Bonn	0.9	1	98%
Total		202.0	259	

Project Portfolio as of Q3 2020

(projects > €30m sales volume, representing total: ~ €5.9bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Hamburg</u>						
Schulterblatt "Amanda"	Hamburg	95 Mio. €	●	●	●	●
Kösliner Weg	Norderstedt-Garstedt	85 Mio. €	●	◐		
Sportplatz Bult	Hannover	120 Mio. €				
Rothenburgsort	Hamburg	198 Mio. €	●	◐	◐	
Büntekamp	Hannover	143 Mio. €	●	◐		
<u>Berlin</u>						
Quartier Stallschreiber Straße / Luisenpark	Berlin	236 Mio. €	●	●	●	●
Wendenschlossstr.	Berlin	135 Mio. €	●	◐		
Rote Kaserne West	Potsdam	59 Mio. €	●	●		
<u>NRW</u>						
Sebastiansraße / Schumanns Höhe	Bonn	70 Mio. €	●	●	●	●
Niederkasseler Lohweg	Düsseldorf	N/A	●	●	●	●
Unterbach / Wohnen am Hochfeld	Düsseldorf	172 Mio. €	●	●	◐	
Literaturquartier	Essen	68 Mio. €		●		
REME	Mönchengladbach	105 Mio. €		◐		
west.side	Bonn	187 Mio. €	●	●	◐	◐
Gartenstadtquartier	Dortmund	103 Mio. €	●	◐		

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

Project Portfolio as of Q3 2020

(projects > €30m sales volume, representing total: ~ €5.9bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Rhine-Main</u>						
Wiesbaden-Delkenheim, Lange Seegewann	Wiesbaden	100 Mio. €	●	◐	◐	
Siemens-Areal	Frankfurt	554 Mio. €	●	◐	◐	
St. Marienkrankenhaus	Frankfurt am Main	211 Mio. €	●	●	●	●
Friedberger Landstraße	Frankfurt am Main	324 Mio. €		◐		
Elisabethenareal Frankfurt	Frankfurt am Main	30 Mio. €	●			
Steinbacher Hohl	Frankfurt am Main	53 Mio. €	●	●		
Gallus	Frankfurt am Main	41 Mio. €	●	●		
Westville	Frankfurt am Main	N/A	●	●	●	
Aukamm	Wiesbaden	147 Mio. €	●			
Heusenstamm	Heusenstamm	153 Mio. €	●			
<u>Leipzig</u>						
Semmelweisstraße	Leipzig	110 Mio. €	●	●		
Parkresidenz	Leipzig	250 Mio. €	●	◐		
Rosa-Luxemburg-Straße	Leipzig	111 Mio. €	●	●		
Heide Süd	Halle	38 Mio. €				

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Project Portfolio as of Q3 2020

(projects > €30m sales volume, representing total: ~ €5.9bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Baden-Wurttemberg</u>						
City-Prag - Wohnen im Theaterviertel	Stuttgart	126 Mio. €	●	●	●	●
Franklin	Mannheim	69 Mio. €	●	●	●	●
Schwarzwaldstraße	Herrenberg	49 Mio. €	●	●	●	●
S`LEDERER	Schorndorf	N/A	●	●	●	●
Neckartalterrassen	Rottenburg	149 Mio. €	●	●	◐	◐
Schäferlinde	Herrenberg	56 Mio. €	●			
<u>Bavaria South</u>						
Ottobrunner Straße	München	84 Mio. €	●	●		
Beethovenpark	Augsburg	58 Mio. €	●	●		
Römerhügel	Augsburg	51 Mio. €		●		
<u>Bavaria North</u>						
Schopenhauerstraße	Nürnberg	67 Mio. €	●	●	●	●
Stephanstraße	Nürnberg	66 Mio. €	●	●		
Seetor	Nürnberg	112 Mio. €	●	●	◐	
Eslarner Straße	Nürnberg	50 Mio. €	●	●		
Lagarde	Bamberg	80 Mio. €	●	◐		
Boxdorf	Nürnberg	59 Mio. €	●	●		
Marina Bricks	Regensburg	30 Mio. €	●	●	●	●

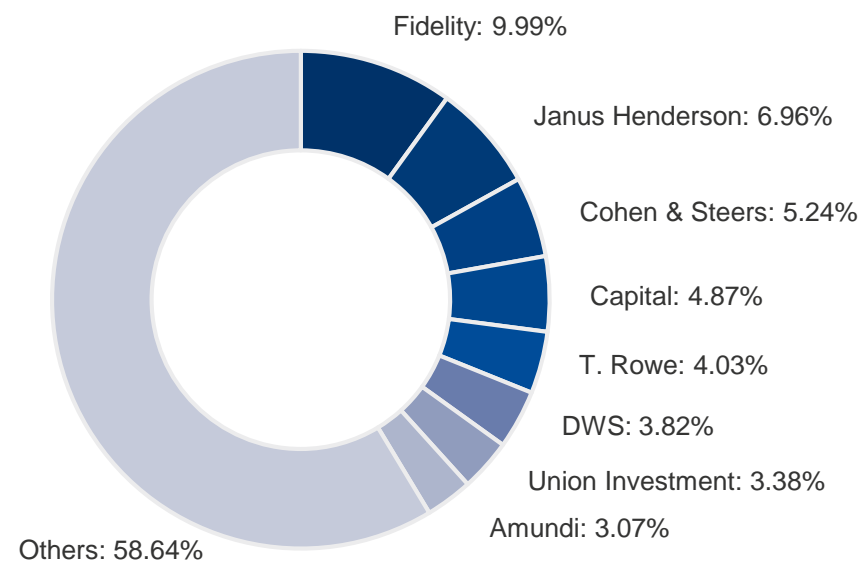
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Instone Share

Basic data

- ISIN: DE000A2NBX80
- Ticker symbol: INS
- No of shares: 46,988,336
- Index: SDAX
- Market cap* : €1,003.2m
- Average daily trading volume: €1.4m
- Free float: 100%
- Indices: SDAX
- Market segment: Prime Standard, Frankfurt

Shareholder structure (October 2020)



* Based on closing price on 20/11/2020 at €21.35

Financial Calendar

2020

November	26	Quarterly Statement for the first nine months of 2020
November	27	Virtual Roadshow, Switzerland and Scandinavia (Mainfirst)
November	30	Virtual Roadshow, UK (Deutsche Bank)
December	01	Virtual Roadshow, US (Jefferies)
December	02	Virtual Roadshow, Benelux (Kempen & Co)
December	03	Virtual Roadshow, Germany (MM Warburg)
December	09	HSBC Virtual Real Estate Seminar

2021

January	07	ODDO BHF Forum
January	18	UniCredit Kepler Cheuvreux German Corporate Conference
February	24	Publication of preliminary figures for the financial year 2020
March	18	Annual Report 2020
March	25	BofA EMEA Real Estate CEO Virtual Conference
March	30	Jefferies Pan-European Mid-Cap Virtual Conference
May	20	Quarterly Statement for the first quarter of 2021
June	09	Annual General Meeting
August	26	Group Interim Report for the first half of 2021
November	18	Quarterly Statement for the first nine months of 2021

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