21
Q1

Q1 QUARTERLY STATEMENT
INSTONE REAL ESTATE GROUP
31 MARCH 2021

Key indicators

TABLE 001

In millions of euros

		3M 2021	3M 2020
Performance indicators			
Volume of sales contracts		118.6	69.4
Volume of new approvals[1]		69.8	0.0
Revenues adjusted		128.1	99.7
Key earnings figures			
Gross profit adjusted		40.5	29.7
Gross profit margin adjusted	In %	31.6	29.8
EBIT adjusted		26.7	18.0
EBIT margin adjusted	In %	20.9	18.1
EBT adjusted		22.6	12.5
EBT margin adjusted	In %	17.6	12.6
EAT adjusted		16.1	8.7
EAT margin adjusted	In %	12.5	8.8
Key liquidity figures			
Cash flow from operations		151.3	–14.9
Cash flow from operations without new investments		160.0	33.6
Free cash flow		167.1	–16.5
Cash and cash equivalents and term deposits[2]		304.4	118.0

[1] Excluding volume of approvals from joint ventures consolidated at equity.

[2] The term deposits are comprised of cash investments of more than three months.

Key indicators

TABLE 001

In millions of euros

		31/03/2021	31/12/2020
Performance indicators			
Project portfolio		6,054.2	6,053.6
Key balance sheet figures			
Total assets		1,338.6	1,283.1
Equity		535.4	521.0
Net financial debt[1]		103.4	249.7
Leverage		1.1	2.8
Loan-to-Cost[2]	In %	10.8	25.7
ROCE[3] adjusted	In %	12.0	10.3
Employees			
Quantity		417	413
FTE[4]		347.0	342.5

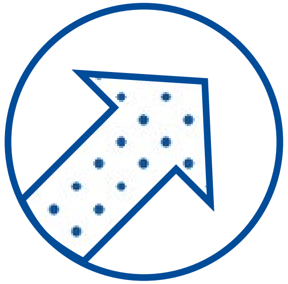
[1] Net financial debt = financial liabilities less cash and cash equivalents and term deposits.

[2] Loan-to-cost = net financial debt/(inventories + contract assets).

[3] Return on capital employed = LTM adjusted EBIT/(four-quarter average equity + net financial debt).

[4] Full-time employees.

OVERVIEW Q1 2021



Strong demand continues in Q1

ADJUSTED REVENUE
increased to

€128.1 MILLION

Previous year: €99.7 million

PROJECT PORTFOLIO
of

€6.1 BILLION

Previous year: €5.7 billion

ADJUSTED EAT
significantly increased to

€16.0 MILLION

Previous year: €8.7 million

ADJUSTED GROSS PROFIT MARGIN
of

31.6%

Previous year: 29.8%

LEVERAGE
is at

1.1

31/12/2020: 2.8

Business model and organisational structure

Instone Real Estate is one of the leading developers of residential real estate in Germany. The share is listed on the SDAX of the Frankfurt Stock Exchange. The Instone Group develops attractive residential buildings and apartment complexes and also operates in the publicly subsidised residential construction sector. It also works on contemporary urban planning and the refurbishment of listed buildings. These are marketed to owner-occupiers, retail buy-to-let investors and institutional investors. Over the past 30 years, Instone has handled more than one million square metres of real estate. The Company employs 417 employees across nine locations in Germany. As at 31 March 2021, the project portfolio of Instone Real Estate included 51 development projects with an anticipated gross development value of approximately €6.1 billion and 13,678 units.

As at 31 March 2021, approximately 89% of our portfolio (based on anticipated revenue volume after completion of development) was located in the most important conurbations and metropolitan areas in Germany (Berlin, Bonn, Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich, Nuremberg and Stuttgart) and approximately 11% in other prosperous medium-sized cities. Well-connected suburbs and medium-sized cities in the metropolitan regions are becoming increasingly attractive and can thus help to meet the generally high demand for residential space.

Coverage of the entire value chain

Instone Real Estate is the only listed developer in Germany that exclusively focuses on residential real estate and also covers the entire value chain. The Instone Group offers a fully integrated platform across Germany which covers land acquisition, land development, concept planning and construction management through to marketing and sales.

The Instone Real Estate locations have their own on-site teams responsible for acquisition, planning, construction management, and marketing and sales management, while strategic decisions are coordinated and implemented jointly with headquarters.

Strategy

As one of the leading developers of residential real estate in Germany, Instone Real Estate consistently pursues a strategy of profitable growth. This strategy takes advantage of the highly attractive opportunities in the German market while creating added value for all stakeholders. This particularly includes our customers, employees, shareholders, local authorities and the social environment in which we operate. The strategy comprises the following key elements:

→ Continued focus on the most attractive metropolitan regions and conurbations in Germany

→ Growth through expansion of our innovative "Affordable housing" product

→ Taking advantage of short-term market opportunities, particularly in terms of land acquisitions

→ Using competitive advantages based on comprehensive expertise at all stages of the value chain

→ Exploiting efficiency gains through digitisation

→ Implementing a sustainability strategy and sustainability management

Key performance indicators

Financial and real estate business key performance indicators

Important key performance indicators

In order to manage our sustainable economic success, we use the profit-based key performance indicators (KPIs) of adjusted revenue, adjusted gross profit margin and adjusted earnings after tax (EAT) as financial performance indicators and the real estate business key performance indicator of volume of sales contracts as a non-financial performance indicator.

Other important key performance indicators

In addition, the management of Instone Real Estate uses the following KPIs for analysis and reporting: current offer for sale, project portfolio, volume of new approvals, project gross profit or loss and project gross profit margin.

Further information on corporate governance key indicators, in particular regarding their calculation, can be found on ↗ pages 93–94 in the 2020 Annual Report.

Results of operations, net assets and financial position

Cumulative key financial performance indicators TABLE 002

In millions of euros

	3M 2021	3M 2020	Change
Revenues adjusted [1]	128.1	99.7	28.5%
Gross profit adjusted	40.5	29.7	36.4%
Gross profit margin adjusted [1]	31.6%	29.8%	
EBIT adjusted	26.7	18.0	48.3%
EBT adjusted	22.6	12.5	80.8%
EAT adjusted [1]	16.1	8.7	85.1%

[1] Financial performance indicators.

Results of operations

The presentation of the results of operations in the consolidated financial statements of Instone Real Estate Group AG for the first quarter of 2021 reflects this business which is largely impacted by the project developments of the Instone Group. For this reason, the following adjustments have been made to the income statement.

As part of the adjusted earnings situation of the Instone Group, revenue recognition will continue to reflect share deals and asset deals in the same way and similarly in accordance with IFRS 15, irrespective of a decision by the IFRS IC to exempt share deals from revenue recognition over time under IFRS 15.

Adjusted earnings after tax are intended to reflect the sustained profitability and are thus adjusted for non-recurring effects relating to other periods. In particular, the following significant expenses are adjusted for disposal losses from sales of tangible or financial assets or securities, unscheduled depreciation and amortisation of tangible and financial assets, costs for acquisitions, merger losses, contractual penalties, demands for additional taxes from previous years (e.g. based on audits), severance payments to the Management Board, and personnel reductions and restructuring to a greater extent, if these do not meet the strict criteria set out in IAS 37. The adjustment of material income includes, in particular, income from capital gains arising from sales of non-current assets, compensation for damages, write-ups on non-current assets, refunds of taxes from previous years based on audits, reversals of provisions for extraordinary events and merger gains.

The ongoing effects from purchase price allocations following the expansion of the scope of consolidation in previous years have also been eliminated in the adjusted income figures.

To simplify the presentation of the results of operations, some items in the income statement are combined into new items:

→ Cost of materials and changes in inventories form project costs.

→ The gross profit item is the balance of revenue and project costs.

→ Other operating income, staff costs as well as other operating expenses and depreciation and amortisation are summarised under the heading Platform costs.

→ The consolidated earnings from operating activities and share of results of joint ventures form earnings before interest and tax (EBIT).

The calculation of the individual adjusted items results from the following items in the income statement and the above-mentioned consolidated items:

- → Adjusted revenue is revenues adjusted for the effects from purchase price allocations and including effects from share deal agreements.
- → The adjusted project costs include the cost of materials less changes in inventories, other operating income after subtracting the cost of materials (income opposed by a directly attributable item in cost of materials), indirect selling expenses and capitalised interest. It thus reflects the external costs allocated to the project developments.
- → Adjusted gross profit is the result of adjusted revenues less adjusted project costs.
- → Adjusted platform costs are the total of staff costs, other operating income as well as other operating expenses and depreciation and amortisation less other operating income after subtracting the cost of materials and indirect sales expenses allocated to project costs and adjusted for non-recurring effects.
- → Earnings of associates are the pro rata earnings contributions of subsidiaries included in the consolidated financial statements using the equity method.
- → Adjusted earnings before interest and tax are the adjusted gross profit reduced by the adjusted platform costs, plus the earnings of companies consolidated at equity.
- → Adjusted investment and financial result is the total of other income from investments, finance income, finance costs, and depreciation and amortisation on securities classified as financial assets less capitalised interest.

Adjusted results of operations TABLE 003

In millions of euros

	3M 2021	3M 2020	Change
Revenues adjusted	128.1	99.7	28.5%
Project costs adjusted	– 87.6	– 70.0	25.1%
Gross profit adjusted	**40.5**	**29.7**	**36.4%**
Gross profit margin adjusted	**31.6%**	**29.8%**	
Platform costs adjusted	– 16.3	– 11.9	37.0%
Share of results of joint ventures adjusted	2.5	0.3	n/a
Earnings before interest and tax (EBIT) adjusted	**26.7**	**18.0**	**48.3%**
EBIT margin adjusted	**20.8%**	**18.1%**	
Income from investments adjusted	0.0	– 0.8	n/a
Financial result adjusted	– 4.1	– 4.7	12.8%
Earnings before tax (EBT) adjusted	**22.6**	**12.5**	**80.8%**
EBT margin adjusted	**17.6%**	**12.5%**	
Income taxes adjusted	– 6.5	– 3.8	– 71.1%
Earnings after tax (EAT) adjusted	**16.1**	**8.7**	**85.1%**
EAT margin adjusted	**12.6%**	**8.7%**	

- → Adjusted earnings before tax results from adjusted earnings before interest and tax less the adjusted investment and financial result.
- → Adjusted income taxes correspond to income taxes adjusted for the tax effects of purchase price allocations, share deal agreements and non-recurring effects.
- → Adjusted earnings after tax are the adjusted earnings before tax less the adjusted income taxes.

Key indicators

‣ Report on the Group's position

Business model and organisational structure

Corporate strategy and management

‣ Results of operations, net assets and financial position

Project business at a glance

Risk and opportunities report

Outlook

Consolidated financial statements

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Multi-year overview

Revenue

In the first three months of the 2021 financial year, adjusted revenue rose by around 29% to €128.1 million (previous-year period: €99.7 million). This increase in revenue is due to the successful marketing and on-schedule construction progress of the ongoing project developments. Despite the economic downturn caused by the ongoing coronavirus pandemic, Instone Real Estate was able to increase its marketing and to realise several successful sales launches in the first quarter of 2021.

The amortisation of the effects from purchase price allocations resulted in a charge of €– 0.3 million (previous-year period: €– 0.2 million) on the reported revenue. The separate valuation of share deals ("Westville" project) increased the adjusted revenue by €8.6 million (previous-year period: €5.0 million).

Revenue TABLE 004

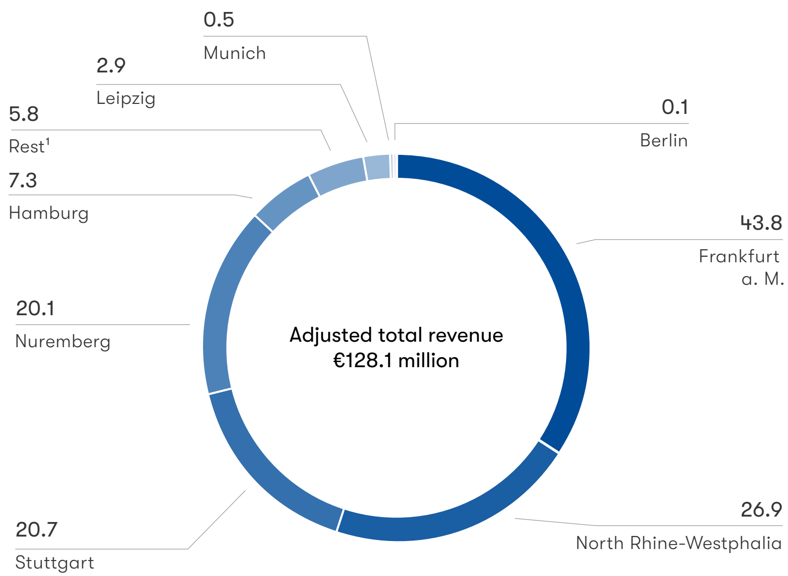
In millions of euros

	3M 2021	3M 2020	Change
Revenue	**119.9**	**94.5**	**26.9 %**
+ effects from purchase price allocations	– 0.3	0.2	n/a
+ effects from share deal agreements	8.6	5.0	72.0%
Revenues adjusted	**128.1**	**99.7**	**28.5%**

The adjusted revenue of the Instone Group was almost exclusively generated in Germany and spread across the following regions:

Sales (adjusted) by region

In millions of euros



[1] Includes Potsdam, among others (€5.1 million).

Project costs

The adjusted project costs, significantly influenced by the cost of materials and changes in inventories, rose to €87.6 million in the first quarter of 2021 (previous-year period: €70.0 million). The reduction in purchases of land compared to the previous-year quarter and the continuation of construction activities at the same level as in the previous-year period resulted in a reduction in cost of materials to €74.2 million (previous-year period: €97.9 million). The changes in inventories essentially decreased for the same reasons to €7.3 million (previous-year period: €35.0 million).

Indirect sales expenses allocated to the project costs amounted to €0.2 million as at 31 December 2020 (previous-year period: €0.6 million). The adjustment of the capitalised interest in the changes in inventories of €0.3 million (previous-year period: €2.6 million) added to the project costs. The elimination of effects from purchase price allocations reduced the adjusted project costs by €2.0 million (previous-year period: €0.4 million). Due to the separate valuation of the share deals, project costs increased by €7.6 million (previous-year period: €4.4 million).

Project costs TABLE 005

In millions of euros

	3M 2021	3M 2020	Change
Project costs	**81.5**	**62.9**	**29.6%**
+ effects from purchase price allocations	– 2.0	– 0.4	n/a
+ effects from reclassifications	0.4	3.2	– 87.5%
+ effects from share deal agreements	7.6	4.4	72.7%
Project costs adjusted	**87.6**	**70.0**	**25.1%**

Gross profit

The adjusted gross profit improved by around 36% compared to the previous-year figure, reaching €40.5 million (previous-year period: €29.7 million), due to the increase in revenue in the first quarter.

Gross profit TABLE 006

In millions of euros

	3M 2021	3M 2020	Change
Gross profit	**38.3**	**31.7**	**20.8%**
+ effects from purchase price allocations	1.7	0.6	n/a
+ effects from reclassifications	– 0.4	– 3.2	– 87.5 %
+ effects from share deal agreements	1.0	0.6	66.7%
Gross profit adjusted	**40.5**	**29.7**	**36.4%**

The adjusted gross profit margin – calculated from the adjusted gross profit relating to the adjusted revenue – amounted to 31.6% (previous-year period: 29.8%). The adjusted gross profit margin improved slightly in the first quarter. This improvement reflects the continued high demand for our homes and the proportion of particularly high-margin projects in the revenue generated. The margin in the first quarter is therefore not indicative of the overall annual forecast.

Platform costs

The adjusted platform costs increased to €16.3 million (previous-year period: €11.9 million). In the first quarter of 2021, indirect sales costs of €0.2 million (previous-year period: €0.6 million) were reclassified in project costs.

Platform costs TABLE 007

In millions of euros

	3M 2021	3M 2020	Change
Platform costs	**16.5**	**12.5**	**32.0%**
+ effects from reclassifications	– 0.2	– 0.6	– 66.7%
Platform costs adjusted	**16.3**	**11.9**	**37.0%**

In the first three months of the 2021 financial year, staff costs rose slightly compared to the previous year to €11.9 million (previous-year period: €10.4 million). This was mainly due to the higher number of employees, which currently stands at 417 (previous year: 380), and the corresponding increase in the FTE figure of 347.0 (previous year: 316.8). Other operating income dropped to €0.6 million (previous-year period: €5.9 million), mainly due to lower income from settlements in connection with legal disputes. Other operating expenses decreased to €4.1 million in the period under review (previous-year period: €7.0 million), due to the expenses from subsequent acquisition costs for company acquisitions recognised in the previous year. Depreciation and amortisation was €1.1 million (previous-year period: €1.0 million), the same level as last year.

Share of results of joint ventures

The adjusted share of results from joint ventures amounting to €2.5 million (previous-year period: €0.3 million) was mainly generated from a joint venture's newly marketed project development.

Earnings before interest and tax (EBIT)

Adjusted earnings before interest and tax rose significantly by around 48% to €26.7 million (previous-year period: €18.0 million) in the first quarter of 2021, mainly due to the increased revenue volume and the improved gross profit margin.

EBIT TABLE 008

In millions of euros

	3M 2021	3M 2020	Change
EBIT	**24.4**	**19.4**	**25.8%**
+ effects from purchase price allocations	1.7	0.6	n/a
+ effects from reclassifications	– 0.3	– 2.6	– 88.5%
+ effects from share deal agreements	1.0	0.6	66.7%
EBIT adjusted	**26.7**	**18.0**	**48.3%**
EBIT margin adjusted	**20.8%**	**18.1%**	

Investment and financial result

The adjusted result from investments amounted to €0.0 million in the first quarter of 2021 (previous-year period: €– 0.8 million) and thus had no material impact on results of operations.

The financial result decreased in the first three months of 2021 to €– 4.4 million (previous-year period: €– 7.3 million). The scheduled reduction in interest expenses is mainly due to the refinancing to better conditions successfully carried out in 2020 and the lower utilisation of project financing in the current period under review compared to the previous-year period.

The financial result, adjusted for the interest from project financing capitalised in the changes in inventories before the start of sales in the amount of €0.3 million (previous-year period: €2.6 million), improved to €– 4.1 million (previous-year period: €– 4.7 million).

Earnings before tax (EBT)

Adjusted earnings before tax rose significantly compared to the same period in the previous year to €22.6 million (previous-year period: €12.5 million) due to the increase in revenue and the improved gross profit margin.

EBT TABLE 009

In millions of euros

	3M 2021	3M 2020	Change
EBT	**20.0**	**11.3**	**77.0%**
+ effects from purchase price allocations	1.7	0.6	n/a
+ effects from share deal agreements	1.0	0.6	66.7%
EBT adjusted	**22.6**	**12.5**	**80.8%**
EBT margin adjusted	**17.6%**	**12.5%**	

Income taxes

Adjusted income taxes amounted to €6.5 million in the first quarter (previous-year period: €3.8 million). The tax rate in the adjusted results of operations in the period under review was 28.9% (previous-year period: approximately 30.2%). Individual project-related tax effects led to a lower tax rate in the current reporting period.

Due to the effects mentioned above, income taxes in the reported earnings amounted to an expense of €6.0 million (previous-year period: €3.5 million).

Earnings after tax (EAT)

As a result of the effects mentioned above, the adjusted earnings after tax of the Instone Group totalled €16.1 million (previous-year period: €8.7 million). Before adjustment for effects from purchase price allocations as well as effects from share deal agreements, reported earnings after tax were €13.9 million (previous-year period: €7.8 million).

EAT TABLE 010

In millions of euros

	3M 2021	3M 2020	Change
EAT	**13.9**	**7.8**	**78.2 %**
+ effects from purchase price allocations	1.2	0.4	n/a
+ effects from share deal agreements	1.0	0.5	100.0%
EAT adjusted	**16.1**	**8.7**	**85.1%**
EAT margin adjusted	**12.6%**	**8.7%**	

Earnings after tax and after minority interests

The non-controlling interests in reported and adjusted earnings after tax amounted to €0.0 million (previous-year period: €0.0 million).

Earnings after tax and after minority interests TABLE 011

In millions of euros

	3M 2021	3M 2020	Change
EAT after minority interests	**13.9**	**7.8**	**78.2%**
+ effects from purchase price allocations	1.2	0.4	n/a
+ effects from share deal agreements	1.0	0.5	100.0%
EAT adjusted after minority interests	**16.1**	**8.7**	**85.1%**

Earnings per share

At €0.34 (previous-year period: €0.22), adjusted earnings per share in the first quarter of 2021 increased significantly. In the second half of 2020, 10 million new shares were issued as part of a capital increase. In relation to the number of shares before the capital increase, adjusted earnings per share would have been an additional €0.09 higher.

Earnings per share TABLE 012

In millions of euros

	3M 2021	3M 2020	Change
Shares (in thousands of units)	46,988.3	39,299.6	19.6%
Owners of the Company	13.9	7.8	n/a
Earnings per share (in euros)	0.30	0.20	n/a
Owners of the Company adjusted	16.1	8.7	n/a
Earnings per share adjusted (in euros)	0.34	0.22	n/a

Net assets

Condensed statement of financial position [1] TABLE 013

In millions of euros

	31/03/2021	31/12/2020	Change
Non-current assets	56.8	52.9	7.4%
Inventories	770.5	777.8	– 0.9%
Contract assets	187.3	194.2	– 3.6%
Other receivables and assets	19.5	26.3	– 25.9%
Cash and cash equivalents and term deposits	304.4	232.0	31.2%
Assets	**1,338.6**	**1,283.1**	**4.3%**
Equity	535.4	521.0	2.8%
Liabilities from corporate finance	208.4	207.2	0.6%
Liabilities from project-related financing	199.5	274.5	– 27.3%
Provisions and other liabilities	395.3	280.4	41.0%
Equity and liabilities	**1,338.6**	**1,283.1**	**4.3%**

[1] Items have been adjusted: term deposits have been allocated to liquid assets due to short- to medium-term availability, financial liabilities are classified on the basis of their use in corporate finance or project financing.

The total assets of the Instone Group increased to €1,338.6 million as at 31 March 2021 (31 December 2020: €1,283.1 million). This is mainly due to the increase in cash and cash equivalents brought about by the inflow from the operating cash flow.

As at 31 March 2021, inventories rose to €770.5 million (31 December 2020: €777.8 million). This reduction in inventories is mainly due to the relatively higher sales volume compared to the still low purchase of new properties for future residential development projects. As at 31 March 2021, acquisition costs and incidental acquisition costs for land amounting to €579.5 million (31 December 2020: €589.0 million) were included in inventories.

The receivables from customers for work-in-progress already sold (contract assets) and valued at the current fulfilment of development increased as at 31 March 2021 to €613.1 million (31 December 2020: €573.1 million) due mainly to increased completions. Payments received from customers amounted to €430.7 million as at 31 March 2021 (31 December 2020: €383.5 million). The capitalised direct distribution costs increased to €4.9 million (31 December 2020: €4.6 million). The balance of these items resulted in a decrease in the contract assets to €187.3 million (31 December 2020: €194.2 million). This is due to the fact that payments received rose more sharply in relation to construction progress.

Contract assets TABLE 014

In millions of euros

	31/03/2021	31/12/2020	Change
Contract assets (gross)	613.1	573.1	7.0%
Payments received	– 430.7	– 383.5	12.3%
	182.4	**189.6**	**– 3.8%**
Capitalised costs to obtain a contract	4.9	4.6	6.5%
Contract assets (net)	**187.3**	**194.2**	**– 3.6%**

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015 as well as the business activities of S&P Stadtbau GmbH in the 2019 financial year, as at 31 March 2021 inventories and contract assets still included write-ups of €41.4 million (31 December 2020: €43.0 million) from purchase price allocations. Based on current estimates, the Instone Group expects these effects to expire in 2024.

The shares accounted for using the equity method, which also include investments in project companies, rose in the first quarter of 2021 to €13.4 million (31 December 2020: €10.9 million) due to project developments in joint ventures starting to be realised.

Non-current financial receivables of €22.7 million (31 December 2020: €21.5 million) included loans to joint ventures and increased in the first quarter of 2021 due to further payments to joint ventures.

Cash and cash equivalents and term deposits of €304.4 million (31 December 2020: €232.0 million) increased mainly as a result of the positive inflow of cash from operations. In the period under review, project financing was also reduced. As at the reporting date, the term deposits amounted to a total of €135.0 million (31 December 2020: €145.0 million) and had a maturity of more than three months. For more information, please refer to the Group's consolidated statement of cash flows. Page 26 et seq.

Non-current financial liabilities increased to €316.4 million as at 31 March 2021 (31 December 2020: €313.7 million). In the same period, current financial liabilities decreased to €91.5 million (31 December 2020: €168.0 million). As at 31 March 2021, no reclassifications had been made for project financing that was reported as at 31 December 2020 as non-current and that should now be reported as current financial liabilities.

Liabilities from net assets attributable to non-controlling interests amounting to €3.0 million (31 December 2020: €10.3 million) relate to shares of the non-controlling interests of "Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG". This reduction resulted from the scheduled withdrawal of the shareholders from the company's assets.

Trade payables increased during the first quarter of 2021 to €75.8 million (31 December 2020: €68.9 million) and essentially comprise the services provided by contractors.

Other liabilities of €211.8 million (31 December 2020: €88.7 million) mainly included advance payments received for work-in-progress.

The equity ratio as at 31 December 2020 was 40.6% (31 December 2019: 27.6%). The capital increase improved the equity ratio by 13.8 percentage points.

Net financial debt and debt-to-equity ratio TABLE 015

In millions of euros

	31/03/2021	31/12/2020	Change
Non-current financial liabilities	316.4	313.7	0.9%
Current financial liabilities	91.5	168.0	–45.5%
Financial liabilities	**407.9**	**481.7**	**–15.3%**
– Cash and cash equivalents and term deposits	–304.4	–232.0	31.2%
Net financial debt (NFD)	**103.5**	**249.7**	**–58.6%**
Inventories and contract assets	957.8	971.9	–1.5%
Loan-to-cost[1]	**10.8 %**	**25.7 %**	
EBIT adjusted (LTM[2])	92.5	83.8	10.4%
Depreciation and amortisation (LTM[2])	4.2	4.1	2.4%
EBITDA adjusted (LTM[2])	**96.7**	**87.9**	**10.0%**
Leverage (NFS/EBITDA adjusted [LTM[2]])	1.1	2.8	

[1] Loan-to-cost = net financial debt/(inventories + contract assets).
[2] LTM = last twelve months.

Leverage has decreased compared to the previous year's value. The disproportionately reduced net debt of €103.5 million (31 December 2020: €249.7 million) resulting from the positive operating cash inflow reduced leverage to 1.1-times (31 December 2020: 2.8-times) adjusted EBITDA. At the same time, the ratio of net debt to balance sheet inventories and contract assets improved to 10.8% (31 December 2020: 25.7%).

Financial position

Utilisation of lines of corporate finance amounted to €206.0 million (31 December 2020: €206.0 million). Utilisation of lines of project financing decreased to €200.6 million (31 December 2020: €275.9 million). The total funding available, now amounting to €659.1 million (31 December 2020: €798.7 million), decreased during the period under review as more project financing came to an end than was newly agreed. As at 31 March 2021, there were unused credit lines available to Instone Real Estate amounting to €133.5 million (31 December 2020: €197.8 million) from project financing and €119.0 million (31 December 2020: €119.0 million) from corporate finance.

In the first quarter of 2021, recognised liabilities from corporate finance increased to €208.4 million (31 December 2020: €206.9 million). Recognised liabilities from project-related financing decreased to €199.5 million (31 December 2020: €274.5 million). Recognised total liabilities from financing operations thus fell to €407.8 million on the reporting date (31 December 2020: €481.5 million). The current project financing included in this is comprised of option agreements for extension.

The maturities of the non-discounted repayment amounts are as follows:

Financial liabilities TABLE 016

In millions of euros

	Due by	Credit line	Utilisation as at 31/03/2021	Interest rate conditions
Corporate finance				
Promissory note loan	31/08/2022	78.0	78.0	2.50% to 3.10%
Promissory note loan	31/08/2024	28.0	28.0	3.00%
Promissory note loan	31/08/2025	100.0	100.0	4.00%
Syndicated loan	31/12/2023	94.0	0.0	2.85%
Current account loans <1 year	31/03/2022	5.0	0.0	2.00%
Current account loans >1 and <2 years	31/03/2023	20.0	0.0	2.85%
		325.0	**206.0**	
Project financing				
Term <1 year	31/03/2022	182.3	88.9	1.45% to 2.25%
Term >1 and <2 years	31/03/2023	129.1	91.9	1.60% to 2.25%
Term >2 and <3 years	31/03/2024	22.7	19.7	1.50% to 2.38%
		334.1	**200.6**	

Condensed statement of cash flows TABLE 017

In millions of euros

	3M 2021	3M 2020	Change
Cash flow from operations	151.3	– 14.9	n/a
Cash flow from investing activities	15.9	– 1.6	n/a
Free cash flow	**167.2**	**– 16.5**	**n/a**
Cash flow from financing activities	– 84.7	17.5	n/a
Cash change in cash and cash equivalents	**82.4**	**1.0**	**n/a**
Cash and cash equivalents at the beginning of the period	87.0	117.1	– 25.7%
Other changes in cash and cash equivalents	0.0	0.0	0.0%
Cash and cash equivalents at the end of the period	**169.4**	**118.1**	**43.4%**

The cash flow from operations of the Instone Group of €119.9 million in the first quarter of 2021 (previous-year period: €– 14.9 million) was mainly due to the increase in cash inflows from customer payments for current projects with simultaneous purchase price payments and land acquisition tax payments for land totalling €8.7 million (previous-year period: €48.5 million).

In the first three months of the 2021 financial year, the Instone Group was able to achieve a positive overall cash flow from operations and thus strengthen its position in terms of cash and cash equivalents. The operating cash flow, adjusted for payments for land, in the period under review was distinctly positive at €160.0 million (previous-year period: €33.6 million). This underpins the sustained positive return flows of liquidity to the Instone Group from the current residential property developments, in spite of the ongoing restrictions due to the coronavirus crisis.

Cash flow from operations TABLE 018

In millions of euros

	3M 2021	3M 2020	Change
EBITDA adjusted	27.9	19.0	46.8%
Other non-cash items	– 2.5	– 3.1	19.4%
Taxes paid	– 8.5	– 4.0	– 112.5%
Change in working capital	134.4	– 26.8	n/a
Cash flow from operations	**151.3**	**– 14.9**	**n/a**
Payments for land	8.7	48.5	– 82.1%
Cash flow from operations without new investments	**160.0**	**33.6**	**376.2%**

Cash flow from investing activities amounted to €15.9 million in the period under review (previous-year period: €– 1.6 million). This was mainly influenced by the change in current financial assets in terms of free liquidity in the amount of €10.0 million, the repayment of a loan to the minority shareholders of a Group company in the amount of €7.4 million and the scheduled purchase of shares in joint ventures in the amount of €2.9 million as well as the granting of loans to joint ventures in the amount of €1.1 million.

The cash flow from financing activities as at 31 December 2020 was at €– 84.7 million (previous-year period: €17.5million). It was mainly characterised by the repayment of loans amounting to €85.1 million, cash inflows from new loans totalling €8.5 million and a payment to a minority shareholder of €7.3 million.

As at 31 March 2021, financial resources increased to €169.4 million (31 December 2020: €87.0 million). This includes free funds amounting to €161.6 million (31 December 2020: €78.7 million) which were not used to secure existing project financing.

In addition to cash loans from banks, as at 31 March 2021, the guarantee facilities of the credit insurers were also maintained at the previous year's level at €274.0 million (31 December 2020: €272.4 million).

Project business at a glance

Real estate business key performance indicators TABLE 019

In millions of euros

		3M 2021	3M 2020	Q1 2021	Q1 2020
Volume of sales contracts		118.6	69.4	118.6	69.4
Volume of sales contracts	In units	372	109	372	109
Project portfolio (existing projects)		6,054.2	5,744.4	6,054.2	5,744.4
of which already sold		2,360.5	2,189.0	2,360.5	2,189.0
Project portfolio (existing projects)	In units	13,678	12,952	13,678	12,952
of which already sold	In units	5,510	4,799	5,510	4,799

Volume of sales contracts

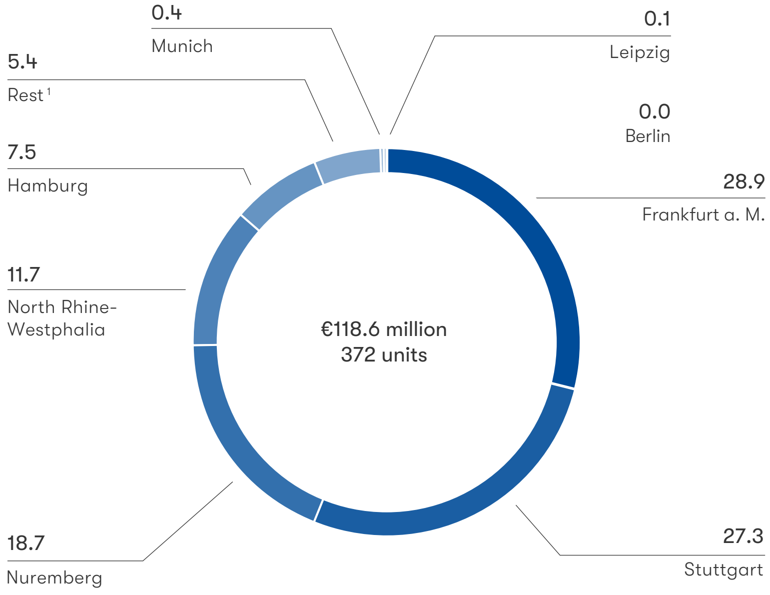
Thanks to the very good sales of the twelve projects being sold as individual sales, at €118.6 million and 372 units, the basis for marketing success was laid in the first quarter of 2021. The positive development of recent quarters thus continued at the expected level. The individual sales were supplemented by the scheduled sale of a property in Erlangen and of a partial project of the "Neckar. Au Viertel" district development in Rottenburg to a global investor. In the "Neckar.Au Viertel" quarter in Rottenburg, a total of around 400 residential units with a particularly sustainable design are being built on five construction sites using photovoltaic systems, a resource-saving local district heating system and a car-sharing service. The forward deal with the Aberdeen Standard Investments Deutschland AG real estate fund included one of the construction sites with 69 housing units and eight subsidized social housing apartments.

When comparing to the previous year, it should be noted that at the end of the first quarter of 2020, coronavirus-related influences on the interest situation and new reservations were already apparent, but the sales volume had not been significantly influenced. The increase in sales volume from individual sales projects in the first quarter of 2021, amounting to €77.4 million (108 units) compared to the previous year's level of €69.4 million (109 residential units), confirms the continued high demand on the market for residential properties despite the coronavirus pandemic.

The volume of sales contracts realised as at 31 March 2021 is concentrated almost exclusively in the most important metropolitan regions in Germany, accounting for approximately 95% of the total. Around 5% is located in other prosperous medium-sized cities. Diagram

Marketing in 3M 2021 by region

In %



[1] Mainly includes Potsdam.

The following projects mainly contributed to successful marketing in the 2021 period under review:

Real estate business key performance indicators – volume of sales contracts TABLE 020

In millions of euros

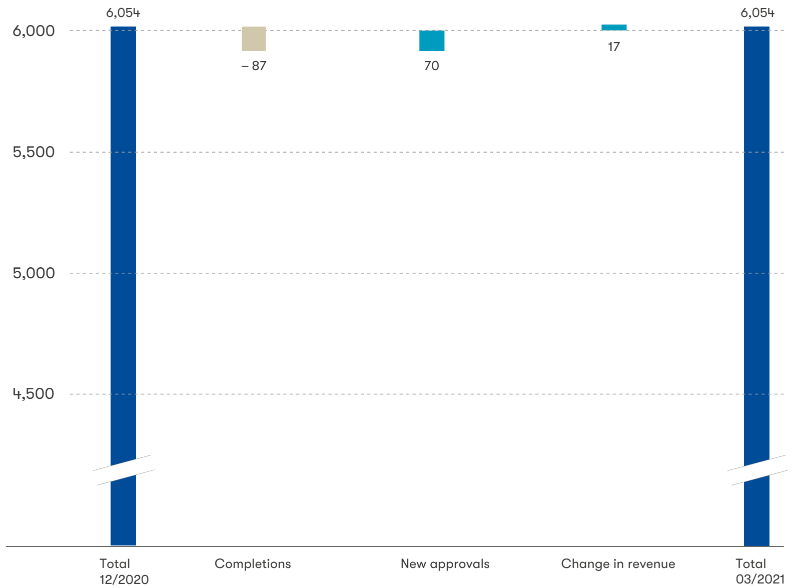
		Volumen	Einheiten
"Neckar.Au Viertel"	Rottenburg	29.0	84
St. Marienkrankenhaus	Frankfurt a. M.	26.5	19
"Wohnen im Hochfeld" Unterbach	Düsseldorf	13.4	23
Schulterblatt "Amanda"	Hamburg	8.8	11
Seetor "City Campus"	Nuremberg	8.4	18
"Schönhof-Viertel" [1]	Frankfurt a. M.	6.3	186
Rote Kaserne West WA 3 - "Fontane Gärten"	Potsdam	6.3	10
"Carlina Park", Schopenhauerstraße	Nuremberg	5.6	11
Kitzmann, Südliche Stadtmauerstr.	Erlangen	5.3	1
Schwarzwaldstraße	Herrenberg	3.2	6

[1] Contractually agreed extra revenues from the additional spaces during the course of consolidating planning.

The offer for sale from individual sales projects on the market has changed from €228 million and 345 units as at 31 December 2020 to a current offer for sale on the market of 305 units with an expected revenue volume of around €194 million as at 31 March 2021. This is due to the very good sales of the projects sold as units. In addition, the start of sales for the "Scholle 2" sub-project of the "Wohnen im Hochfeld" development in Düsseldorf-Unterbach supplemented the offer with 68 residential units and a volume of around €38 million. Compared to the end of the first quarter of 2020 with an offer for sale of 224 units, a significantly wider supply base was recorded on the market as at 31 March 2021. This means that the increased offer for sale as well as the additional sales expected to launch in the coming months, combined with the reservations and notary appointments existing at the end of the first quarter of 2021 provide a good basis for further successful marketing in the 2021 financial year, although the course of events cannot be fully estimated due to developments in the coronavirus pandemic.

Development of the project portfolio in 3M 2021

In millions of euros



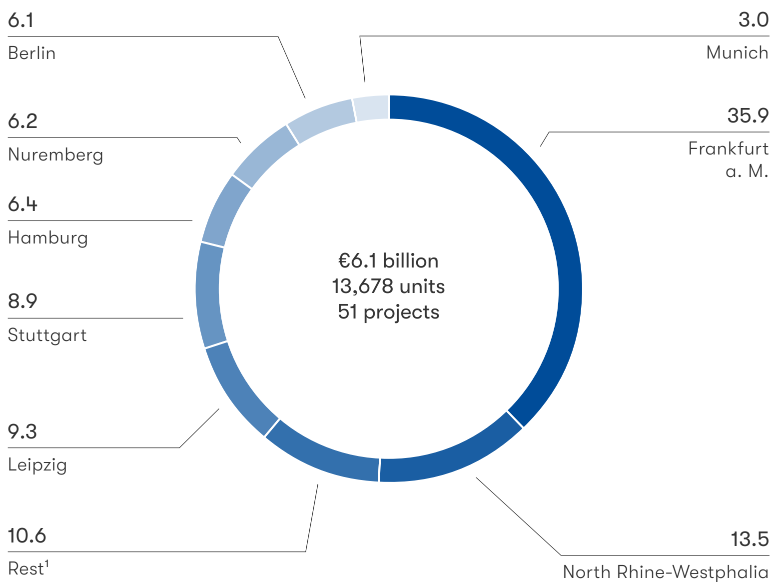
As at 31 March 2021, Instone Real Estate's project portfolio comprised 51 projects, from which we currently anticipate total revenue volume of €6,054.2 million, representing a comparable level to that of 31 December 2020 (€6,053.6 million). In the first quarter, an increase in the portfolio was achieved through a successful acquisition with an expected revenue volume of around €70 million. However, this was counteracted by the removal (€87 million) of the successfully completed and handed-over project "Franklin, Mannheim" and the sale of the real estate "Essener Straße, Hamburg" due to it being handed over to the purchaser. In addition, planning developments and changes in sales concepts brought about realised and expected revenue increases of approximately €17 million for existing projects.

Taking into account an assumed price development for projects not yet in distribution – of 1.5% per annum on the revenue side and 3.5% per annum on the construction cost side – this results in an anticipated project gross profit margin on the project portfolio of about 25% as at the reporting date, exclusive of the large "Westville" project in Frankfurt am Main. [1]

[1] If the large "Westville" project is taken into consideration, the expected project gross profit margin for the project portfolio is about 24%

Project portfolio by region

In %

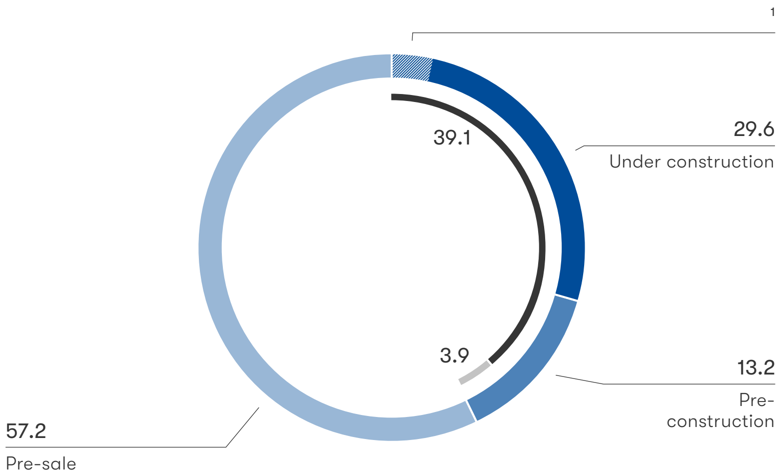


[1] Includes Wiesbaden, Hanover, Potsdam, Bamberg.

The majority – approximately 89% – of anticipated overall volume of revenue from the project portfolio as at 31 March 2021 is located in the most important metropolitan regions of Germany: Berlin, Bonn, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich, Nuremberg and Stuttgart. Around 11% is attributable to other prosperous medium-sized cities.

Project portfolio by groups; basis: expected revenues

In %



Internal sector:
■ Sold
■ Unsold

[1] 5.3% of the project portfolio has already been handed over.

Based on the continuous growth of our project portfolio in recent years, the majority of our ongoing projects are in the "pre-sale" stage of development. Compared with 31 December 2020, the categories "pre-construction" at 13.2% (31 December 2020: 15.0%) and "under construction" at 29.6% (31 December 2020: 27.9%) reflect the successful beginning of construction at two additional projects. The "pre-sale" category is at a comparable level to the previous year at 57.2% (31 December 2020: 57.1%).

In addition, the preceding diagram shows that, as at 31 March 2021, we have already sold approximately 39% of the anticipated overall revenue volume of the project portfolio. In terms of the anticipated revenue volume, approximately 91% of the "under construction" and "pre-construction" projects were sold as at 31 March 2021.

Adjusted revenue

Adjusted revenue amounted to €128.1 million as at 31 March 2021 (previous-year period: €99.7 million). The following projects carried out contributed in particular to the adjusted revenue in the period under review:

Material project revenue realisation (adjusted) 3M 2021 TABLE 022

In millions of euros

		Revenue volume (adjusted)
St. Marienkrankenhaus	Frankfurt a. M.	31.9
west.side	Bonn	10.3
"Wohnen im Hochfeld" Unterbach	Düsseldorf	9.1
Westville	Frankfurt a. M.	8.6
Schulterblatt "Amanda"	Hamburg	7.3
Schwarzwaldstraße	Herrenberg	6.8
Kitzmann, Südliche Stadtmauerstr.	Erlangen	5.3
Rote Kaserne West – "Fontane Gärten"	Potsdam	5.1
"Neckar.Au Viertel"	Rottenburg	5.0
"Carlina Park", Schopenhauerstraße	Nuremberg	4.9

Two projects entered the construction phase during the period under review: In Frankfurt am Main, the first construction phase of the "Westville" major project with around 330 residential units began to be realised. In addition, the first construction phase of around 55 residential units was started in Potsdam for the "Fontane Gärten" project.

The projects that are already under construction are progressing according to plan. The continuous production process continued to be ensured due to sufficient staffing on the construction sites. The handover processes for the projects already completed also went forward according to plan.

At completion, Instone Real Estate projects have reported a 100% sales ratio in almost all cases. In the case of fully completed projects, our portfolio does not contain any more than 1% of unsold units.

Risk and opportunities report

At Instone Real Estate, risk and opportunities management is an integral part of the Group-wide system of corporate governance. For a detailed overview of our risk and opportunities management processes as well as the risk and opportunities situation, please refer to the 2020 Annual Report, ↗ pages 123–138, "Risk and opportunities report".

There was no material change in the risk and opportunities situation in comparison to our presentation in the 2020 Annual Report. From today's perspective, there are no identifiable risks that jeopardise the continued existence of the Instone Group.

Outlook

Our forecast for business development for the 2021 financial year, which we published in the 2020 Annual Report, is fully confirmed.

The Management Board now expects the financial and operational key indicators to develop as follows:

Forecast TABLE 025

In millions of euros

	2020
Revenues (adjusted)	820 to 900
Gross profit margin (adjusted)	26 to 27%
Earnings after tax (adjusted)	90 to 95
Volume of sales contracts	greater than 900

These forecasts are based, among other things, on the assumption that – despite continuing uncertainties – the current effects of the coronavirus pandemic will diminish in the second half of the year and that there will be no increased restrictions that could temporarily have a negative impact on the sales activities or construction services of Instone Real Estate.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT TABLE 026

In thousands of euros

	01/01 – 31/03/2021	01/01 – 31/03/2020
Revenue	119,864	94,518
Changes in inventories	– 7,299	35,022
	112,565	**129,540**
Other operating income	618	5,943
Cost of materials	– 74,228	– 97,881
Staff costs	– 11,919	– 10,433
Other operating expenses	– 4,070	– 7,021
Depreciation and amortisation	– 1,139	– 1,016
Consolidated earnings from operating activities	**21,828**	**19,133**
Share of results of joint ventures	2,534	255
Other results from investments	– 6	– 765
Finance income	11	42
Finance costs	– 4,410	– 6,441
Other financial result	– 3	– 896
Consolidated earnings before tax (EBT)	**19,955**	**11,329**
Income taxes	– 6,032	– 3,502
Consolidated earnings after tax (EAT)	**13,922**	**7,828**
Attributable to:		
Owners of the Company	13,919	7,824
Non-controlling interests	3	3
Basic and diluted earnings per share (in euros)[1]	**0.30**	**0.20**

[1] The weighted average number of shares was adjusted retroactively due to the issuing of new shares with subscription rights in the 2020 financial year.

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TABLE 027

In thousands of euros

	31/03/2021	31/12/2020
ASSETS		
Non-current assets		
Goodwill	6,056	6,056
Intangible assets	1,081	932
Right of use assets	10,898	10,535
Property, plant and equipment	2,167	2,273
Interests in joint ventures	13,405	10,871
Other investments	455	445
Financial receivables	22,748	21,467
Deferred tax	0	297
	56,810	**52,876**
Current assets		
Inventories	770,463	777,761
Financial receivables	138,314	155,750
Contract assets	187,337	194,158
Trade receivables	929	1,080
Other receivables and other assets	12,925	12,065
Income tax assets	2,359	2,359
Cash and cash equivalents	169,417	87,044
	1,281,743	**1,230,218**
TOTAL ASSETS	**1,338,553**	**1,283,093**

Consolidated statement of financial position (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION TABLE 027

In thousands of euros

	31/03/2021	31/12/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	46,988	46,988
Capital reserves	358,983	358,983
Group retained earnings/loss carryforwards	129,463	115,544
Accumulated reserves recognised in other comprehensive income	–1,616	–2,080
Equity attributable to shareholders	533,818	519,435
Non-controlling interests	1,601	1,598
	535,419	**521,033**
Non-current liabilities		
Provisions for pensions and similar obligations	4,374	4,718
Other provisions	6,024	4,971
Financial liabilities	316,353	313,665
Liabilities from net assets attributable to non-controlling interests	3,015	10,337
Leasing liabilities	7,960	7,704
Other liabilities	4,979	4,977
Deferred tax	27,561	22,941
	370,265	**369,313**
Current liabilities		
Other provisions	23,821	24,141
Financial liabilities	91,497	168,037
Leasing liabilities	3,177	3,036
Contract liabilities	18,201	25,554
Trade payables	75,836	68,895
Other liabilities	211,795	88,726
Income tax liabilities	8,541	14,359
	432,869	**392,748**
TOTAL EQUITY AND LIABILITIES	**1,338,553**	**1,283,093**

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS TABLE 028

In thousands of euros

	01/01 – 31/03/2021	01/01 – 31/03/2020
Consolidated earnings after tax	**13,922**	**7,828**
(+) Depreciation and amortisation / (–) Write-ups of non-current assets	1,139	233
(+) Profit / (–) Loss on disposals of property, plant and equipment	0	407
(+) Increase / (–) Decrease in provisions	545	– 3,082
(+) Current income tax income / (–) Current income tax expense	1,116	330
(+) Deferred income tax income / (–) Deferred income tax expense	6,723	– 255
(+) Income from equity carrying amounts / (–) Expenses	– 2,534	765
(+) Profit from the investment result of minority interests / (–) Expenses	6	6,302
(+) Interest income / (–) Interest expenses	4,401	3,247
(+) Income / (–) Other non-cash expenses	0	210
(+/–) Change in net working capital [1]	134,423	– 26,828
(+) Income tax reimbursements / (–) Income tax payments	– 8,478	– 3,982
= Cash flow from operations	**151,263**	**– 14,890**
(–) Outflows for investments in intangible assets	– 167	0
(–) Outflows for investments in property, plant and equipment	– 128	– 609
(+) Proceeds from disposals of investments	7,437	0
(–) Outflows for investments in financial assets	– 1,291	– 1,100
(+) Proceeds due to financial investments within the scope of current financial planning	50,000	0
(–) Disbursements due to financial investments within the scope of current financial planning	– 40,000	0
(+) Interest received	2	95
= Cash flow from investing activities	**15,852**	**– 1,613**

Consolidated statement of cash flows (continued)

CONSOLIDATED STATEMENT OF CASH FLOWS TABLE 028

In thousands of euros

	01/01 – 31/03/2021	01/01 – 31/03/2020
(–) Payments to minority shareholders	– 7,327	0
(+) Proceeds from loans and borrowings	8,470	137,943
(–) Repayments of loans and borrowings	– 85,058	– 116,693
(–) Payments from lessees to repay liabilities from lease agreements	729	0
(–) Interest paid	– 1,556	– 3,788
= Cash flow from financing activities	**– 84,743**	**17,462**
Cash and cash equivalents at the beginning of the period	87,044	117,090
(+/–) Change in cash and cash equivalents	82,373	959
= Cash and cash equivalents at the end of the period	**169,417**	**118,048**

[1] Net working capital is composed of inventories, contract assets and trade receivables less contract liabilities and trade payables.

Segment reporting

Operating segment reporting in accordance with IFRS 8 is based on the management approach and thus corresponds to the management and reporting system that Instone Real Estate uses for its segments. Instone Real Estate operates in only one business segment and one geographical segment and generates revenue and holds assets mainly in Germany. In the 2020 financial year, the Instone Group achieved no more than 10% of total revenues reported from the revenues of one customer.

However, the internal reporting for the single business segment differs from the figures in IFRS accounting. In its internal reporting, Instone Real Estate focuses in particular on the development of housing projects. For this reason, Instone Real Estate conducts segment reporting for this one business segment.

Internal corporate governance for this segment is based in particular on the internal reporting system for the presentation of key developments relating to real estate and financial key performance indicators, supplemented by an examination of key project milestones and liquidity development.

Instone Real Estate manages its segment through the adjusted results of operations using key performance indicators adjusted revenue, adjusted gross profit and adjusted earnings after interest and tax.

Adjusted revenue

The performance of the business segment is reported via adjusted revenue on the basis of revenue recognition over time. Adjusted revenue is calculated by adding the revenue recognition from share deals in the same way as from asset deals, without the effects from purchase price allocations.

Adjusted gross profit

The adjusted gross profit is used to analyse the project-based company performance and is determined on the basis of the adjusted revenue less the cost of materials, changes in inventories, other operating income after subtracting the cost of materials, indirect distribution costs and capitalised interest, but excluding effects from purchase price allocations and share deals.

Adjusted earnings after tax

Adjusted earnings after tax is calculated on the basis of adjusted gross profit less platform costs, consisting of staff costs, other operating income and expenses, depreciation and amortisation, income from investments and other earnings, financial result and income taxes, but is also adjusted for the effects from purchase price allocations and share deals, as well as any non-recurring effects, where applicable.

The effects of the adjusted results of operations are derived from the following:

Share deal effects

The project companies Westville 2 GmbH, Westville 3 GmbH, Westville 4 GmbH and Westville 5 GmbH are commercially conceived as asset management companies and constitute a major project in Frankfurt am Main. Instone Real Estate has already sold these project companies in the form of a share deal with the obligation to build a residential complex. In the adjusted results of operations, the overall "Westville" project is managed in the same way as the other projects in the Instone Group, with revenue recognition over time in accordance with IFRS 15. These companies are valued and included in the consolidated financial statements in accordance with IAS 2. The effects from this different valuation are reflected in the revenue of €8,554 thousand (previous-year period: €4,988 thousand), project costs of €– 7,570 thousand (previous-year period: €– 4,364 thousand) and income taxes of €– 16 thousand (previous-year period: €– 99 thousand).

Effects from purchase price allocations

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015 as well as the business activities of S&P Stadtbau GmbH in the 2020 financial year, as at 31 March 2021, inventories and contract assets still included write-ups of €41,357 thousand (as at 31 December 2020: €43,013 thousand) from purchase price allocations. The ongoing amortisation of these purchase price allocations on the basis of the progressive implementation of the projects included in these initial consolidations is adjusted for internal reporting. The adjustment for the amortisation of purchase price allocations was attributable as follows: €304 thousand (previous-year period: €196 thousand) to revenue, €0 thousand (previous-year period: €– 150 thousand) to cost of materials, €1,960 thousand (previous-year period: €524 thousand) to changes in inventories and €– 486 thousand (previous-year period: €– 179 thousand) to income taxes. Based on current estimates, the Instone Group expects these effects to expire in 2024.

Reclassifications and non-recurring effects

Indirect sales expenses of €175 thousand as at 31 March 2021(previous-year period: €598 thousand) were allocated to project costs. The adjustment of the capitalised interest in the changes in inventories of €272 thousand (previous-year period: €2,560 thousand) burdened the project costs.

In the following table, the differences arising from the valuation of the individual data are carried over from the adjusted results of operations to the consolidated reporting:

RECONCILIATION OF ADJUSTED RESULTS OF OPERATIONS 01/01–31/03/2021

TABLE 029

In thousands of euros

	Adjusted results of operations	Share deal effects	Non-recurring effects	Reclassifications	PPA	Reported results of operations
Revenue	**128,114**	**–8,554**	**0**	**0**	**304**	**119,864**
Project costs	**–87,583**	**7,570**	**0**	**447**	**–1,960**	**–81,526**
Cost of materials	–74,402	0	0	175	0	–74,228
Changes in inventories	–13,181	7,570	0	272	–1,960	–7,299
Gross profit	**40,531**	**–984**	**0**	**447**	**–1,656**	**38,338**
Platform costs	**–16,335**	**0**	**0**	**–175**	**0**	**–16,510**
Staff costs	–11,919	0	0	0	0	–11,919
Other operating income	618	0	0	0	0	618
Other operating expenses	–3,895	0	0	–175	0	–4,070
Depreciation and amortisation	–1,139	0	0	0	0	–1,139
Share of results of joint ventures	2,534	0	0	0	0	2,534
EBIT	**26,730**	**–984**	**0**	**272**	**–1,656**	**24,362**
Other results from investments	–6	0	0	0	0	–6
Financial result	–4,129	0	0	–272	0	–4,401
EBT	**22,595**	**–984**	**0**	**0**	**–1,656**	**19,955**
Tax	–6,534	16	0	0	486	–6,032
EAT	**16,061**	**–969**	**0**	**0**	**–1,170**	**13,922**

RECONCILIATION OF ADJUSTED RESULTS OF OPERATIONS 01/01–31/03/2020

TABLE 030

In thousands of euros

	Adjusted results of operations	Share deal effects	Non-recurring effects	Reclassifications	PPA	Reported results of operations
Revenue	**99,701**	**–4,988**	**0**	**0**	**–196**	**94,518**
Project costs	**–70,007**	**4,364**	**0**	**3,158**	**–375**	**–62,859**
Cost of materials	–98,629	0	0	598	150	–97,881
Changes in inventories	28,623	4,364	0	2,560	–524	35,022
Gross profit	**29,695**	**–624**	**0**	**3,158**	**–570**	**31,659**
Platform costs	**–11,672**	**0**	**0**	**–598**	**0**	**–12,526**
Staff costs	–10,433	0	0	0	0	–10,433
Other operating income	5,943	0	0	0	0	5,943
Other operating expenses	–6,422	0	0	–598	0	–7,021
Depreciation and amortisation	–1,016	0	0	0	0	–1,016
Share of results of joint ventures	255	0	0	0	0	255
EBIT	**18,023**	**–624**	**0**	**2,560**	**–570**	**19,388**
Other results from investments	–765	0	0	0	0	–765
Financial result	–4,734	0	0	–2,560	0	–7,294
EBT	**12,523**	**–624**	**0**	**0**	**–570**	**11,329**
Tax	–3,779	99	0	0	179	–3,502
EAT	**8,744**	**–525**	**0**	**0**	**–392**	**7,828**

Appendix

Basis of the interim consolidated financial statements

For the interim consolidated financial statements as at 31 March 2021, the accounting policies applied when preparing the consolidated financial statements as at 31 December 2020 were generally adopted without change.

The consolidated financial statements for Instone Real Estate as at 31 December 2020 were prepared on the reporting date on the basis of Section 315e(1) HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the related Interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) as they apply in accordance with Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union.

The interim consolidated financial statements are prepared in euros, which is the functional currency and the reporting currency of the Group. All amounts are expressed in thousands of euros (€thousand) unless otherwise stated. Commercial rounding may lead to immaterial rounding differences in the totals.

Events after the balance sheet date

There were no events of particular significance to report after the balance sheet date on 31 March 2021.

Contact

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About us

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Management Board

Kruno Crepulja (Chairman/CEO),
Dr Foruhar Madjlessi,
Andreas Gräf

Chairman of the Supervisory Board

Stefan Brendgen

Commercial Register

Registered in the Commercial Register
of the Essen Local Court under HRB 29362

Sales tax ID number
DE 300512686

Concept, design and implementation

MPM Corporate Communication Solutions,
Mainz, Germany
www.mpm.de

Financial calendar

20/05/2021	Publication of the quarterly statement as at 31 March 2021
09/06/2021	Annual General Meeting
26/08/2021	Publication of the semi-annual report as at 30 June 2021
18/11/2021	Publication of the quarterly statement as at 30 September 2021

In millions of euros

		MULTI-YEAR OVERVIEW			
		3M 2021	**2020**	**2019**	**2018**
Key liquidity figures					
Cash flow from operations		151.3	119.9	– 205.1	-40.4
Cash flow from operations without new investments		160.0	225.0	115.0	32.1
Free cash flow		167.1	– 64.2	– 237.5	-39.9
Cash and cash equivalents and term deposits[1]		304.4	232.0	117.1	88
Key balance sheet figures					
Total assets		1,338.6	1,283.1	1,123.4	686.6
Inventories		770.5	777.8	732.1	404.4
Contract assets		187.3	194.2	219.0	158.5
Equity		535.4	521.0	310.2	246.9
Financial liabilities		407.9	481.7	595.5	265.6
of which from corporate finance		208.4	207.2	180.8	66.1
of which from project financing		199.5	274.5	414.7	199.5
Net financial debt[2]		103.5	249.7	478.4	177.5
Leverage		1.1	2.8	3.6	3.5
Loan-to-cost[3]	In %	10.8	25.7	50.3	k.A.
ROCE[4] adjusted	In %	12.0	10.3	22.8	11.9
Employees					
Quantity		417	413	375	311
FTE[5]		347.0	342.5	307.7	258.7

In millions of euros

		MULTI-YEAR OVERVIEW				QUARTERLY COMPARISON	
		3M 2021	**2020**	**2019**	**2018**	**Q1 2021**	**Q1 2020**
Real estate business key performance indicators							
Volume of sales contracts		118.6	464.4	1,403.1	460.8	118.6	69.4
Volume of sales contracts	In units	372	1,292	2,733	1,033	372	109
Project portfolio (existing projects)		6,054.2	6,053.6	5,845.7	4,763.2	6,054.2	5,744.4
of which already sold		2,360.5	2,328.8	2,174.0	998.2	2,360.5	2,189.0
Project portfolio (existing projects)	In units	13,678	13,561	13,715	11,041	13,678	12,952
of which already sold	In units	5,510	5,381	4,814	2,395	5,540	4,799
Volume of new approvals[6]		69.8	489.9	1,284.2	1,298.0	69.8	0.0
Volume of new approvals	In units	161	1,171	3,857	3,314	161	0
Adjusted results of operations							
Revenues adjusted		128.1	480.1	736.7	372.8	128.1	99.7
Project costs adjusted		– 87.6	– 333.5	– 548.8	– 266.3	– 87.6	– 70.0
Gross profit adjusted		**40.5**	**146.6**	**187.8**	**106.4**	**40.5**	**29.7**
Gross profit margin adjusted		**31.6 %**	**30.5 %**	**25.5 %**	**28.5 %**	**31.6 %**	**29.8 %**
Platform costs adjusted		– 16.3	– 65.5	– 59.0	– 56.9	– 16.3	– 11.9
Share of results of joint ventures adjusted		2.5	2.7	0.7	0.0	2.5	0.3
Earnings before interest and tax (EBIT) adjusted		**26.7**	**83.8**	**129.6**	**49.6**	**26.7**	**18.0**
EBIT margin adjusted		**20.8 %**	**17.5 %**	**17.6 %**	**13.7 %**	**20.8 %**	**18.1 %**
Income from investments adjusted		0.0	– 1.2	– 5.7	– 0.4	0.0	– 0.8
Financial result adjusted		– 4.1	– 23.2	– 16.1	– 7.7	– 4.1	– 4.7
Earnings before tax (EBT) adjusted		**22.6**	**59.4**	**107.8**	**41.5**	**22.6**	**12.5**
EBT margin adjusted		**17.6 %**	**12.4 %**	**14.6 %**	**11.5 %**	**17.6 %**	**12.5 %**
Income taxes adjusted		– 6.5	– 18.3	– 2.2	– 22.4	– 6.5	– 3.8
Earnings after tax (EAT) adjusted		**16.1**	**41.1**	**105.6**	**19.1**	**16.1**	**8.7**
EAT margin adjusted		**12.6 %**	**8.6 %**	**14.3 %**	**5.1 %**	**12.6 %**	**8.7 %**
Earnings per share (adjusted)	In euros	0.34	0.99	2.69	0.44	0.34	0.22
Dividend per share[7]	In euros		0.26				
Dividends paid[7]			12.2				

[1] Term deposits are comprised of cash investments of more than three months.

[2] Net financial debt = financial liabilities less cash and cash equivalents and term deposits.

[3] Loan-to-cost = net financial debt/(inventories + contract assets).

[4] Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

[5] Full-time employees.

[6] Excluding volume of approvals from joint ventures consolidated at equity.

[7] Current financial year: proposed dividend/proposed distribution.

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