HALF-YEAR FINANCIAL REPORT

INSTONE REAL ESTATE GROUP N.V.

30 JUNE 2018

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Note:

This consolidated half-year financial report covers the first six months of the 2018 financial year of Instone Real Estate Group N.V. (in the following either “Instone Group” or “Instone Real Estate”).

The key figures listed in the notes are shown in thousands of euros. Since calculations are performed with greater numerical accuracy, minor rounding differences may occur.

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, dear Madam, dear Sir,

during the first six months of the current financial year we managed to increase the Group's operating performance by more than 60% to €148.4 million compared to the same period of the previous year. Following a moderate start in Q1, subsequent key figures for the first half of 2018 demonstrated a significant increase. Compared to the prior-year period, the number of residential units that were handed over rose by around 40%. Therefore, for the period under review, 167 handovers already took place, representing a total value of €66.8 million. Both Earnings Before Taxes at €–3.6 million and Earnings Before Taxes adjusted by PPA effects of €7.6 million indicated a distinctive increase compared to the same period of last year.

Since 1 January 2018, we have been applying the following new standards: IFRS 9 – Financial Instruments, and IFRS 15 – Revenue from Contracts with Customers. The first-time adoption of IFRS 15 had a major impact on Instone Group's net assets and results of operations during the first half of 2018. The new measuring method for revenue from ongoing project developments resulted in changes recognized directly in equity (€73.8 million) and leads to a smaller improvement before taxes (€1.6 million). More details can be found in the chapter titled Net assets, financial condition and results of operations. The new classification of financial assets and their initial and subsequent measurement (IFRS 9) has not had any impact on Instone Group.

As regards the entire project portfolio of Instone Group, we were able to increase it by approximately €179 million to around €3,589 million in anticipated overall volume of revenue. The larger portfolio is primarily the result of successful land purchases and new permits. For instance, in Rottenburg am Neckar (Baden-Wuerttemberg), we were able to acquire a centrally-located plot of land. The development of this attractive city district with approximately 360 residential units aims at realising around €105 million in sales. Also, our acquisition of a site measuring close to 9,400 square metres in a central location in Leipzig has potential to develop around 210 residential units, generating around €66 million in sales.

Operating business during the first six months in 2018 included the completion of shell construction in Berlin, Hamburg, Munich, and Ulm. Moreover, marketing for the Marie project in Frankfurt launched at the end of June, ahead of sales to take place in Q3 and Q4 of 2018. Before the year end, marketing of a further five projects to be sold individually is to start.

Due to the adoption of measurement principles according to IFRS 15 at the start of the financial year 2018, we anticipate a positive effect on consolidated sales and consolidated earnings for the entire financial year, detached from the development of the business. Instone Real Estate therefore anticipates Group sales of between €50 million and €70 million above the previous forecast of €320 million to €330 million given for the financial year 2018. Adjusted EBT will presumably exceed previous expectations (€25 million to €30 million) by around €7 million.

We therefore look forward to an eventful remaining financial year and wish to thank you for the trust you have placed in us, which you also displayed during our first ordinary General Meeting held on 29 June 2018.

Your Management Board of Instone Real Estate Group N.V.

KEY FIGURES

in € million	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Volume of sales contracts	90.8	211.2	299.7	358.1	30.0	150.0
Volume of new permits	0.0	174.2	378.0	506.1	0.0	173.2
Handovers	17.9	43.7	126.1	201.8	30.3	66.8
Project portfolio (existing projects)	n/a	3,039.8	3,374.8	3,410.0	3,408.5	3,589.1

in units	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Volume of sales contracts	193	527	716	826	56	329
Volume of new permits	0	555	1,013	1,371	0	575
Handovers	18*	62	270	460	75	167
Project portfolio (existing projects)	n/a	7,675	8,042	8,390	8,355	8,863

in € million	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Operating performance	39.6	91.5	154.2	319.9	69.3	148.4
Consolidated earnings before interest and tax (EBIT)	-3.3	-9.6	3.9	-10.8	9.1	1.5
Consolidated earnings before tax (EBT)	-8.5	-20.1	-11.0	-31.2	6.0	-3.6
Consolidated earnings after tax (EAT)	-8.2	-18.6	-13.0	-31.0	-7.0	-1.6
Earnings per share (in €)	-0.23	-0.51	-0.36	-0.84	-0.17	-0.05

Unless otherwise stated, the key figures shown are accumulated values as at the key date during the year under review.

* corrected number compared to 10 units indicated in Quarterly Group Statement Q1 2018

STRATEGY AND KEY PERFORMANCE INDICATORS

It is the strategy of Instone Real Estate to develop long-term attractive living space in Germany's strongest-growing regions. In achieving this, we are the sole residential developer to draw on a presence in eight of the most relevant cities and metropolitan regions in the country. Our solid network and the profound market knowledge of our employees at our regional branches as well as our good competitive position enable us to identify attractive projects at an early point in time and allow us to acquire them. This forms the foundation for the sustained high quality of our project portfolio. Combining our upscale project portfolio with our professional platform and our highly extensive experience in the development of residential real estate consolidates our lasting economic success.

We control the financial success of our enterprise on the one hand using result-based key performance indicators (KPIs), gross income, EBIT (Earnings Before Interest and Taxes) and EBT (Earnings Before Taxes).

Moreover, the Management of Instone Real Estate uses the following KPIs to manage Group activities:

OPERATING PERFORMANCE

The Company's operating performance includes revenue and changes in inventories.

SALES VOLUME

The sales volume covers all sales-related transactions such as notarised sale contracts for property and individual orders from clients, plus rental income.

VOLUME OF NEW PERMITS

The volume of new internal permits for the acquisition of property for Instone Real Estate serves as an indicator for the direction the future volume of business is taking, expressed in earnings.

HANDOVERS

Transfers of title, use and encumbrances to the buyers of the properties that are for sale.

PROJECT PORTFOLIO/PROJECT STATUS

Instone Real Estate structures its project portfolio into three different stages, depending on the development status of the respective project. A *presale* status defines projects where land has either been bought or secured but where marketing has not yet been released for launch and therefore has not yet commenced. Once marketing has been released and launched, a *pre-construction* status applies. Once a project's construction is underway, and until its complete handover, its status is *under construction*.

HIGHLIGHTS

CUTTING THE TURF FOR 121 RESIDENTIAL UNITS AND A DAY-CARE CENTRE IN FRANKFURT

11 APRIL 2018, FRANKFURT

The *Da Vinci Garden* construction project includes 85 privately-financed and 36 subsidised residential units as well as a day-care centre for up to 60 children. The property is being developed by Instone and was already fully sold prior to the start of construction as a turnkey project to the Nassauische Heimstätte/ Wohnstadt consortium.

INSTONE REAL ESTATE CREATES RIGHT TO BUILD FOR 210 RESIDENTIAL UNITS IN BONN-ENDENICH

17 MAY 2018, BONN

Schumanns Höhe is the name of the new residential quarter that combines multiple different residential forms, and which is to be built on a 21,000 sqm-large site. Next to condominium units, Instone will be specifically offering various types of housing for senior citizens. Construction is scheduled to begin at the end of 2018.

INSTONE REAL ESTATE PRESENTS PLANS FOR NEW RESIDENTIAL AREA IN HERRENBERG

18 MAY 2018, HERRENBERG

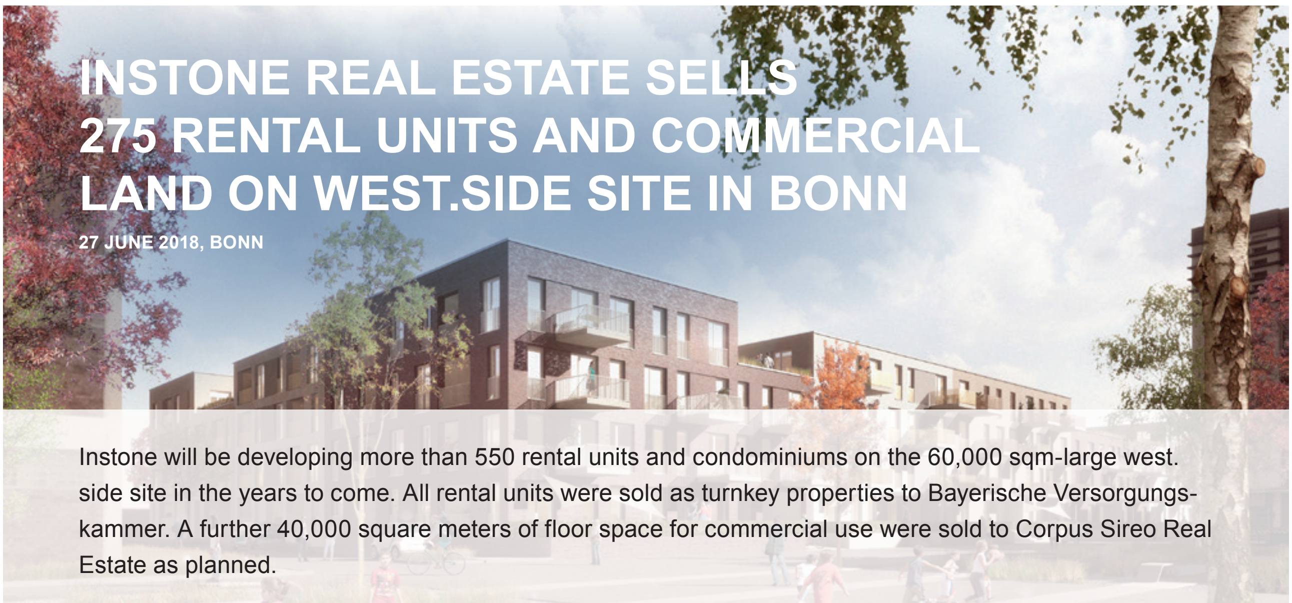
Instone is planning a residential neighbourhood with roughly 120 residential units and seven townhouses near Stuttgart. Construction is scheduled to begin in early summer of 2019 and is expected to take around two years.

INSTONE SUPPORTS MOST IMPORTANT ADVOCACY GROUP FOR GERMANY’S REAL ESTATE INDUSTRY

The *2018 Property Industry Day* organised by the German Property Foundation (ZIA) was held on 13 June 2018 with a turnout of around 1,900 people. As the first German residential property developer publicly listed, Instone was a premium partner to this industry event.

INSTONE REAL ESTATE SELLS 275 RENTAL UNITS AND COMMERCIAL LAND ON WEST.SIDE SITE IN BONN

27 JUNE 2018, BONN



Instone will be developing more than 550 rental units and condominiums on the 60,000 sqm-large west. side site in the years to come. All rental units were sold as turnkey properties to Bayerische Versorgungskammer. A further 40,000 square meters of floor space for commercial use were sold to Corpus Sireo Real Estate as planned.

FIRST INSTONE REAL ESTATE GROUP N.V. GENERAL MEETING

29 JUNE 2018, AMSTERDAM

The General Meeting decided by unanimous vote to convert the Company into a German stock corporation. Moreover, the Company's shareholders granted discharge to the Management Board for the 2017 financial year by a large majority, thus expressing their confidence and trust in the Board.

INSTONE REAL ESTATE INVESTS IN DEVELOPMENT OF NEW URBAN QUARTER IN ROTTENBURG AM NECKAR IN THE METROPOLITAN REGION OF STUTTGART

The acquisition of a roughly 26,000 sqm-large site in Rottenburg am Neckar in Baden-Wuerttemberg adds further to Instone's attractive portfolio. The site has the potential to accommodate around 360 residential units and generate more than €100 million in sales. Construction is expected to begin in the second half of 2019.

MARKETING LAUNCH FOR 236 RESIDENTIAL UNITS OF FRANKFURT'S MARIE PROJECT

9 JULY 2018, FRANKFURT

Instone's marketing for the residential units of the Marie project launched as scheduled. Currently, 236 residential units are being built on this site in Frankfurt's Nordend district where formerly the St. Marien Hospital was located. It is anticipated that sales will exceed €200 million.

BUSINESS DEVELOPMENT

For the period under review, the recorded sales volume totalled €150.0 million, which corresponded 329 residential units. Sales clearly increased in Q2 2018. This was a decline compared to the last-year period (€211.2 million), because the most relevant marketing launches took place by the end of the first half of 2018 and therefore, their impact will essentially be felt during the second half of the year. No sales contracts from clients were voided during the period under review.

Three new projects for a total revenue of €173.2 million and 575 units were approved during the first six months of 2018. This also included the successful acquisition of a site in Rottenburg am Neckar. The Baden-Wuerttemberg branch will develop a residential neighbourhood here with some 360 residential units whose anticipated overall volume of revenue is expected to reach around €105 million. The Leipzig region will also see the construction of around 210 units with a planned sales volume of approximately €66 million following the acquisition of a centrally-located piece of land. With the acquisition of a first plot of land in Hanover and the conclusion of an option agreement on additional land, we were able to lay an important foundation stone for another successful project.

The 167 residential units that were handed over in H1 2018 equated a total value of €66.8 million. As these handovers are largely from projects in the process of being transferred or already partially transferred, they continue to be included in the project portfolio. The projects Sporthalle TKK, Leipzig and Güterbahnhof, Freiburg were both fully handed over and thus removed from the project portfolio.

The project portfolio on the balance sheet date comprised 44 projects and currently shows an anticipated overall volume of revenue totalling €3,589.1 million, exceeding the value as at 31 December 2017. The portfolio's development resulted from approved new permits (+ €173.2 million) and completed projects (–€30.7 million) as well as revenue increases from existing projects of the portfolio (+ €36.6 million).

Instone Real Estate continued on its growth path and also demonstrated a successful advancement of the projects currently in the portfolio. During the period under review, multiple projects went into construction. Mannheim's Franklin quarter witnessed the start of construction for the 105 rental units sold at the start of this year to Industria Wohnen. Moreover, the construction of all 96 condominium units on the neighbouring site went ahead as scheduled in June. Their marketing status reached over 50% until the end of H1. The Heeresbäckerei quarter in Leipzig successfully entered the final segment of construction, which is fully sold already.

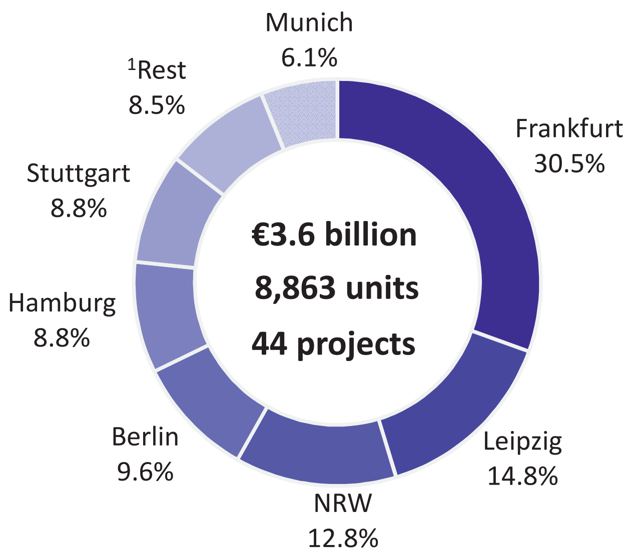
Four projects already undergoing construction celebrated their topping out in the first half of the year. This included the topping out for the Safranberg Ensemble project in Ulm, and the Therese project in Munich Maxvorstadt in Q2. Moreover, together with HOWOGE, topping out for the 139 subsidised rental units in Berlin Mitte was celebrated.

With a view to the time of construction completion, almost all Instone Real Estate's projects were fully sold to market so that our portfolio evinced less than 1% of unsold units in case of fully-completed projects.

The headcount of Instone Group as at 31 December 2017 of 301 grew to 307, taking into account the number of all new employees and parting employees as at 30 June 2018.

The main share in the expected overall sales volume of the project portfolio as at 31 March 2018, approximately 91%, is situated in the key metropolitan regions (Berlin, Bonn, Cologne, Dusseldorf, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart) and 9% in other prospering medium-sized cities (cf. Project portfolio by region).

PROJECT PORTFOLIO BY REGION; BASED ON SALES VOLUME



1) includes Wiesbaden, Ulm, Mannheim, Hanover

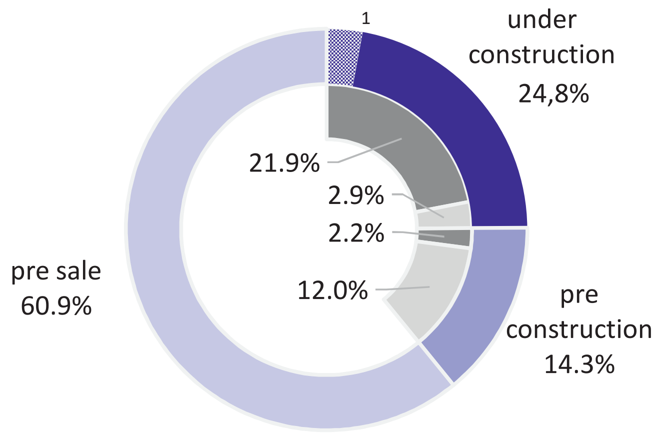
The main share in the anticipated overall volume of revenues of the project portfolio as at 30 June 2018, approximately 92%, was situated in the key metropolitan areas (Berlin, Bonn, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart) while the remaining 8% were based in other prospering mid-sized cities (cf. Project portfolio by region).

PROJECT PORTFOLIO BY STATUS; BASED ON SALES VOLUME

Inner circle:

Units sales agreement

No unit sales agreement



1) thereof 2.9% of delivered volume of the project portfolio

The diagram shows that on the key date, approximately 24% of the project portfolio's anticipated overall volume of revenue were already sold.

NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

During the first half of 2018, one-off effects continued to impact net assets and results of operations of Instone Group after having broadened the scope of consolidation during prior years. The Group company formart GmbH & Co. KG, Essen, which operates today as Instone Real Estate Development GmbH, was consolidated for the first time on 1 October 2014. Consolidation led to the constitution of the Instone Real Estate Group N.V. group; GRK-Holding GmbH, Leipzig, equally a Group company and operating today as Instone Real Estate Leipzig GmbH, was consolidated for the first time on 31 December 2015.

Also, the first-time adoption of International Financial Reporting Standard 15 (IFRS 15) – Revenue from Contracts with Customers – had a major impact on the net assets and results of operations of Instone Group during the first half year of 2018.

NET ASSETS

Instone Group's aggregate assets fell to €665.2 million (31 December 2017: €789.1 million). A decline in total aggregate assets was primarily due to the first-time application of IFRS 15 as at 1 January 2018. According to this standard, upfront payments included in sales contracts are to be netted with the reported contract assets. In the prior year, upfront payments received were shown in the balance sheet as a liability.

Inventories fell to €377.1 million (31 December 2017: €659.4 million) during the first six months. Inventories essentially include unfinished products from ongoing project developments for which no contract of sale has been signed with the client as at June 30. Following the first-time application of IFRS 15 as at 1 January 2018, unfinished products from ongoing project developments already sold to clients are to be recognised as receivables from contract assets.

Existing trade receivables for the half-year under review rose to €137.3 million – from €4.2 million as at 31 December 2017. Again, the increase followed the first-time application of IFRS 15 as at 1 January 2018 after recognising concluded sales contracts with clients for unfinished products from ongoing project developments as receivables from contract assets. Contract assets from concluded contracts of sales as at 30 June 2018 amounted to €403.5 million (31 December 2017: €0.0 million) reduced by €269.1 million upfront payments already received for these contracts of sale (31 December 2017: €0.0 million).

Following the first-time consolidation of Instone Real Estate Development GmbH in 2014 and of Instone Real Estate Leipzig GmbH in 2015, inventories as at 30 June 2018 still included €42.6 million reversals of impairment losses from sales price allocations (31 December 2017: €50.5 million). Based on our current estimates, we assume that these effects will expire in 2022.

Receivables towards the former majority shareholder included in current financial receivables had been €32.4 million as at 31 December 2017 for the reimbursement of miscellaneous operating expenses and personnel expenses in connection with the planned private offering and the Company's listing on the Frankfurt stock exchange have been settled during the first half of 2018 by the former majority shareholder except for a residual amount of €6.0 million. Due to the changed ownership structure following the conversion of the Company into a stock corporation under Dutch law, the residual amount is recognisedr in other receivables and other assets as at 30 June 2018.

Cash and cash equivalents rose from €73.6 million in 2017 to €127.4 million during the first half of 2018. For more information please refer to the Group's consolidated statement of cash flows.

Non-current provisions during the first half of the year do not show any major changes compared to their values as at 31 December 2017.

Other current provisions for the six months under review fell as planned by €32.7 million, from €49.1 million (31 December 2017) to €16.4 million as at 30 June 2018. The reason for this was essentially their use for special payments in connection with a long-term incentive plan.

Current and non-current financial liabilities for the first half year under review in 2018 fell to €289.7 million (31 December 2017: €375.7 million). As planned, €57.8 million in liabilities owed to the former majority shareholder of Instone Real Estate Group N.V. were repaid during the first half of 2018 following the conversion into a public limited company under Dutch law and the subsequent listing on the Frankfurt stock exchange. Current and non-current financial liabilities towards banks for project-related financing declined during the six months' period under review. This decrease followed a decline in investment opportunities in project developments during the first six months as well as the inclusion of sales price payments plus compensation for the loans payable.

Trade payables fell during the first half year in 2018 to €65.8 million (31 December 2017: €275.7 million). The first-time adoption of IFRS 15 as at 1 January 2018 offset the received upfront payments for signed contracts of sales with clients against the recognised assets for these sales contracts. As at 31 December 2017, €230.4 million upfront payments already received at this point were recognised.

The equity ratio as at 30 June 2018 was 36.4% (31 December 2017: 6.6%). The distinct rise during the first half of 2018 was primarily due to the Company's conversion into a public limited company under Dutch law and the subsequent listing on the Frankfurt stock exchange: The issue of 7,000,000 new shares resulted in a €150.5 million nominal revenue. The second reason was the first-time application of IFRS 15 as at 1 January 2018 and the €50.2 million associated equity injections with a neutral effect on revenue.

FINANCIAL CONDITION

The cash flow of Instone Group during the first half of 2018 was essentially defined by an influx of cash from the issue of new shares.

Cash flow from financing activities rose from €18.2 million to €60.7 million during the half year under review. The issue of shares generated a €150.5 million inflow of cash. Repayments for the shareholder loan and for the financing of project developments resulted in a €148.8 million cash outflow. At the same time, a €58.8 million cash inflow was generated from initial inclusions of project-related financing.

During the half year under review no material cash flow from investments was created.

Cash flow from operating activities lead to a €1.9 million outflow of cash.

RESULTS OF OPERATIONS

The €143.9 million consolidated operating performance of Instone Group during the first half of 2018 far exceeded last year's performance (first half of 2017: €91.5 million). This operating performance – following the first-time adoption of IFRS 15 – included €75.5 million sales revenue for signed sales contracts with clients for not yet settled project developments. Without establishing the new standards, this sales revenue would have been recognised as changes in inventories in the amount of €66.4 million only.

For three projects with price-controlled residential construction prescribed by the development plan, which is part of an urban district development, each a sales contract was signed with clients in the form of an overall sale and became effective during the first half of 2018. Following the first-time application of IFRS 15, these sales contracts had to be measured separately from potential sales agreements for privately-financed housing developments in these districts. Planned losses in the form of provisions amounting to €7.5 million were recognised for these sales contracts for the half year under review. As an overall project, these urban district developments will, as planned, achieve the positive earnings contribution in subsequent years.

Growing building activities for portfolio project developments during the first half of 2018 made cost of materials increase to €118.8 million during the half year under review, compared to €69.8 million in the same period last year.

Personnel expenditure rose by €1.7 million to €14.4 million during the half year under review (first half of 2017: €12.7 million). This increase was due to the larger build-up of headcount during the last half of 2017 and the current six months under review.

Compared to the same period last year, other operating expenses fell by €6.9 million to €14.0 million (first half of 2017: €21.4 million). This resulted primarily from low marketing activities and ensuing lower marketing expenses.

The detailed effects from the devaluation of the three project developments resulted in the consolidated income of operating activities (EBITDA) being only slightly positive at €1.7 million during the half year under review; however, this constituted an improvement by €11.1 million compared to the same period last year.

The financial result during the first half of 2018 improved to €–5.0 million (first half of 2017: €–10.6 million). A crucial factor for this was the conversion of €48.0 million shareholder loans into equity on 28 December 2017 and the repayment of the €57.8 million residual amount in shareholder loans on 19 February 2018.

OPPORTUNITIES AND RISKS

In addition to the risks described in the 2017 annual financial report which Instone Group is exposed to from its operating activities, no further risks materialised or became identifiable until the date of the interim statement as at 30 June 2018 which would entail a different assessment. There are currently no identifiable risks jeopardising the existence of the Company, nor are any such risks identifiable for the future.

Aside from risks, current prevailing market conditions and forecasts regarding the development of the market also hold major opportunities for Instone Real Estate. The continued high demand for new living space which is further heightened by the growing number of citizens in conurbations is unbridled and cannot be covered by the projects currently being implemented. Likewise, the low cost of financing in combination with the few safe alternative investment options in a low-interest context lead to a continued demand for property as a capital investment. The residential building program adopted by the German government may lead to a further increase in demand which will produce additional opportunities for selling real estate.

OUTLOOK

During the first half of 2018, our business developed as expected. For the remaining six months, we expect a development of our operations in line with our plans. Therefore, we see ourselves in a good position to achieve the objectives set for the overall 2018 financial year.

Due to IFRS 15 accounting policies which are to be applied since 1 January 2018, we raised our forecast for the current financial year. The raise of the forecast is due to the fact that we expect a positive effect on Group sales and the consolidated income for the overall financial year compared to the forecast originally given for the 2018 financial year following the application of IFRS 15 principles since the start of the 2018 financial year and regardless of the business development. The reason for this is that IFRS 15 impacts the net assets and results of operations of the Company. For example, this accounting policy also takes into account sales revenue from signed sales contracts for not-yet handed over residential units in line with the respective progress.

This effect has the result that we will close the 2018 financial year with consolidated sales presumably reaching between €370.0 million and €400.0 million as well as consolidated earnings adjusted by PPA effects (adjusted EBT) which will be in the range of €32.0 million to €37.0 million. PPA effects result from company acquisitions in 2014 and 2015 and reflect the amortisation of the former step-up on inventories related to the purchase price allocation. We therefore anticipate consolidated sales of between €50.0 million and €70.0 million (previous forecast: €320.0 million to €330.0 million) above current forecasts stated in the 2017 annual financial statements. The adjusted EBT will presumably be around €7.0 million (previous forecast: €25.0 million to €30.0 million) higher than expected to date.

We also communicated this raise of forecast on 13 August 2018 by way of the release of an ad-hoc notification to the capital market.

Regarding the operating performance of Instone Real Estate comprising the sum total from revenue and changes in inventories, we confirm (even on the basis of IFRS 15) the projected target stated in the 2017 annual financial report for 2018 of more than €500,0 million. Moreover, the Company expects – likewise unchanged – in relation to the full 2018 financial year, that sales contracts will be signed for projects which are currently in their marketing stage or which are just about to enter marketing, with a value of more than €500.0 million.

Also, based on the current course of the financial year and the anticipated business development according to plan, we expect that for the remaining six months the forecast values given in the 2017 annual financial report for the current financial year and confirmed in the Q1 2018 quarterly statement would presumably have remained unchanged under the valuation method used until the end of the last financial year.

STATEMENT BY THE MANAGEMENT BOARD

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations.

Moreover, we certify that the business performance including the business result as well as the Group's situation is reflected in a manner that conveys a true and fair view of the current status and that the principal opportunities and threats of the Group's presumed development have been detailed.

Essen, 24 August 2018

Signed by the Management Board
Kruno Crepulja, Oliver Schmitt,
Andreas Gräf, Manfred Torsten Kracht

NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of euros	30 June 2018	31 December 2017
Assets		
Non-current assets		
Intangible assets	8	0
Property, plant and equipment	1.481	1.597
Equity-method investments	278	396
Other financial assets	308	333
Financial receivables	683	683
Other receivables	0	1.022
	2.759	**4.032**
Current assets		
Inventories	377.135	659.444
Financial receivables	39	32.360
Trade receivables	137.312	4.217
Other receivables and other assets	19.996	15.452
Current income tax assets	485	0
Cash and cash equivalents	127.444	73.624
	662.410	**785.097**
Total assets	**665.168**	**789.130**
Equity and liabilities		
Equity		
Share capital	36.988	8
Capital reserve	189.794	85.379
Retained earnings/loss carryforwards	14.444	-34.329
Accumulated other comprehensive income	-348	-348
Equity attributable to shareholders	**240.878**	**50.710**
Non-controlling interests	**2.110**	**1.510**
Total equity	**242.988**	**52.220**
Non-current liabilities		
Provisions for pensions and similar obligations	4.549	4.181
Other provisions	1.246	1.330
Financial liabilities	184.913	241.007
Deferred tax liabilities	23.782	7.669
	214.490	**254.188**
Current liabilities		
Other provisions	16.406	49.159
Financial liabilities	104.888	134.672
Trade payables	65.836	275.692
Other liabilities	6.920	9.406
Income tax liabilities	13.641	13.793
	207.691	**482.721**
Total equity and liabilities	**665.168**	**789.130**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in thousands of euros	1. Jan.-30. Jun. 2018	1. Jan.-30. Jun. 2017
Revenue	143.917	47.461
Changes in inventories	4.490	44.022
	148.407	**91.483**
Other operating income	661	2.605
Cost of materials	-118.762	-69.806
Staff costs	-14.433	-12.653
Other operating expenses	-14.024	-21.383
Income from associated affiliates	-118	451
Other income from investments	-14	-52
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1.717**	**-9.355**
Depreciation and amortization	-231	-198
Earnings before interest and tax (EBIT)	**1.487**	**-9.554**
Finance income	826	347
Finance costs	-5.786	-10.952
Write-down of long-term securities	-96	0
Finance result	**-5.055**	**-10.555**
Earnings before tax (EBT)	**-3.569**	**-20.109**
Income taxes	2.631	1.508
Earnings after tax (EAT)	**-937**	**-18.601**
Attributable to:		
Shareholders of the Group	-1.537	-18.757
Non-controlling interests	599	156
	-937	**-18.601**

CONSOLIDATED STATEMENT OF CASHFLOW

	in thousands of euros	1. Jan.-30. Jun. 2018	1. Jan.-30. Jun. 2017
	Consolidated earnings	-937	-18.601
±	Depreciation an amortization	231	198
±	Increase/decrease of provisions	-32.470	-315
±	Increase/decrease of deferred taxes	16.113	-3.547
±	Decrease/increase of equity carrying amounts	118	-932
±	Decrease/increase other financial assets		
±	Other non-cash income and expenses	13.704	5.493
±	Profit/loss on disposals of property, plant and equipment		
±	Decrease/increase of inventories, trade receivables and other assets	177.568	-30.525
±	Increase/decrease of trade payables and other liabilities	-162.783	67.657
=	**Cash flow from operating activities**	**11.543**	**19.427**
-	Income taxes paid	-4.499	-4.852
	Net cash flow from operating activities	**7.044**	**14.575**
-	Purchase of property, plant and equipment	-114	-140
-	Purchase of intangible assets	-8	0
+	Proceeds from disposals of non-current financial assets	331	0
-	Payments for acquisitions of shares in consolidated companies	0	-22.509
+	Receipts from the disposal of subsidiaries	25	0
+	Interest received	589	0
=	**Cash flow from investing activities**	**823**	**-22.648**
	Increase of issued capital	141.396	0
+	Cash proceeds from borrowings	58.847	-4.476
-	Cash repayments of borrowings	-148.812	0
-	Interest paid	-5.477	-427
=	**Cash flow from financing activities**	**45.953**	**-4.903**
	Increase (decrease) in cash and cash equivalents	53.820	-12.977
+	Cash and cash equivalents at the beginning of the period	73.624	112.548
=	**Cash and cash equivalents at the end of period**	**127.444**	**99.571**

CONSOLIDATED EQUITY

in thousands of euros	Share capital	Capital reserve	Retained earnings/ loss carry-forwards	Accumula-ted other compre-hensive income	Equity attribu-table to share-holders	Non-controlling interests	Total
1 January 2017	**8**	**37.395**	**-35.499**	**-1.252**	**652**	**2.032**	**2.684**
Earnings after taxes	0	0	-18.757	0	-18.757	156	-18.601
Changes in actuarial profits and losses	0	0	0	0	0	0	0
Total comprehensive income	**0**	**0**	**-18.757**	**0**	**-18.757**	**156**	**-18.601**
Payout to non-controlling shareholders	0	0	0	0	0	-650	-650
	0	0	0	0	0	-650	-650
30 June 2017	**8**	**37.395**	**-54.256**	**-1.252**	**-18.105**	**1.537**	**-16.567**
1 January 2018	**8**	**85.379**	**-34.329**	**-348**	**50.710**	**1.510**	**52.220**
Earnings after taxes	0	0	-937	0	-937	599	-338
Total comprehensive income	**0**	**0**	**-937**	**0**	**-937**	**599**	**-338**
IPO: issue of shares	36.980	104.416	0	0	141.396	0	141.396
Other neutral changes	0	0	49.710	0	49.710	0	49.710
	36.980	**104.416**	**49.710**	**0**	**191.106**	**0**	**191.106**
30 June 2018	**36.988**	**189.794**	**14.444**	**-348**	**240.878**	**2.110**	**242.988**

SELECTED EXPLANATORY NOTES ON IFRS INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

General Principles

These interim consolidated financial statements of Instone Real Estate Group N.V., Amsterdam (in the following “Instone Group”) as at 30 June 2018 have been prepared applying the principles of IAS 34 and in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as were applicable on the closing date and recognised by the European Union, as well as the interpretations by the International Financial Reporting Interpretations Committee (IFRIC). Only IASB standards and interpretations assumed by the Commission as at the closing date and published accordingly in the EU’s official gazette have been applied.

The interim consolidated financial statements have not been reviewed by independent auditors.

In compliance with IAS 34, the interim consolidated financial statements contain not all details that are mandatory for the Group’s annual consolidated financial statements which is why these interim consolidated financial statements should be read in conjunction with the consolidated financial statements as at 31 December 2017. The statements are available at www.instone.de.

Accounting policies

Since 1 January 2018, Instone Group has been applying the following new standards: IFRS 9 – Financial Instruments, and IFRS 15 – Revenue from Contracts with Customers.

The new IFRS 9 – Financial Instruments standard contains fundamental changes in relation to the classification and measurement of financial assets and extended requirements regarding hedge accounting.

This classification of financial assets and their initial and subsequent measurement have not had any impact on Instone Group.

IFRS 15 was implemented by applying a modified retrospective method as at 1 January 2018. Presentation of the comparative periods remains unchanged and the conversion effects have been recorded in the Group's equity. Therefore, certain balance sheet items only allow for a restricted comparability in relation to last year. Please refer to the table titled Effects on the Consolidated Statement of Financial Position. The measurement of the effects of IFRS 15 is tied to exercising considerable judgment and estimations.

This is the case, for example, regarding the measurement of probability in terms of the extent to which a client is willing to accept addenda and contractual amendments, or regarding the estimation of progress during a construction phase.

The application of the standard has resulted in the following fundamental effects:

The legal formulation of construction contracts with our clients is primarily based on projects with a single performance obligation only. The contractually agreed revenue continues to be recorded over a specific period of time. However, IFRS 15 specifies new requirements for variable considerations and for recognising addenda and contractual amendments as contractual modifications. Hereby, while recording revenue, a higher probability threshold is applied. According to IAS 11 – Construction Contracts, revenue was only recognised if it was certain that the work performed would result in revenue. According to IFRS 15, however, revenue is to be recorded if it is highly likely that these contractual modifications do not result in a cancellation of the underlying construction contract.

When realising revenue of fully-consolidated companies, the increased requirements under IFRS 15 as at 1 January 2018 resulted in an increase of equity by €50,189 thousand.

Overall effect from first-time application of IFRS 15:

Tax impacts
The adjustment of the book value in line with the new standard requires deferred taxes to be taken into account. Accordingly, the above adjustment equally impacts on the net items for deferred taxes. In line with the above status, the net increase of deferred tax liabilities as at 1 January 2018 totalled €23,772 thousand.

Impact on cash flow and net financial assets
The first-time application of IFRS 15 does not impact the cash flow and the net financial assets of Instone Group.

Impact on consolidated balance sheet

Impact of the first-time adoption of IFRS 15 on assets and liabilities of the Instone Group balance sheet as at 1 January 2018:

in thousands of euros	31 December 2017	Adaption IFRS 15	1 January 2018
Assets			
Non-current assets			
Property, plant and equipment	1.597	-	1.597
Equity-method investments	396	-	396
Other financial assets	333	-	333
Financial receivables	683	-	683
Other receivables	1.022	-	1.022
	4.032	**-**	**4.032**
Current assets			
Inventories	659.444	-287.635	371.809
Financial receivables	32.360	-	32.360
Trade receivables	4.217	151.952	156.169
(thereof percentage of completion receivables)	(0,00)	-	(0,00)
Other receivables and other assets	15.452	-	15.452
Current income tax assets		-	
Cash and cash equivalents	73.624	-	73.624
	785.097	**-135.683**	**649.414**
Total assets	**789.130**	**-135.683**	**653.446**
Equity and Liabilities			
Equity			
Share capital	8	-	8
Capital reserve	85.379	-	85.379
Retained earnings / loss carryforwards	-34.329	50.189	15.859
Accumulated other comprehensive income	-348	-	-348
Equity attributable to shareholders	**50.710**	**50.189**	**100.899**
Non-controlling interests	**1.510**	**-**	**1.510**
Total equity	**52.220**	**50.189**	**102.409**
Non-current liabilities			
Provisions for pensions and similar obligations	4.181	-	4.181
Other provisions	1.330	-	1.330
Financial liabilities	241.007	-	241.007
Deferred tax liabilities	7.669	23.772	31.442
	254.188	**23.772**	**277.960**
Current liabilities			
Other provisions	49.159	-	49.159
Financial liabilities	134.672	-	134.672
Trade payables	275.692	-209.645	66.047
Other liabilities	9.406	-	9.406
Income tax liabilities	13.793	-	13.793
	482.721	**-209.645**	**273.077**
Total equity and liabilities	**789.130**	**-135.683**	**653.446**

The trend of financial receivables is reflected in the table below (see also explanations on net assets):

in thousands of euros	30 June 2018	31 December 2017
Financial receivables		
Other loans		
non-current		
DHB Dresdner Handel und Beratungsgesellschaft mbH	683	683
	683	**683**
Other financial receivables		
current		
Coöperative Activum SG Fund III Investments U.A.	0	19.233
Coöperative Activum SG Fund V Investments U.A.	0	2.273
Coöperative Formart Investments U.A.	0	10.751
Projektverwaltungsgesellschaft	-	32.360
Mönchengladbach - Area of Sports mbH	0	38
Uferpalais Verwaltungsgesellschaft mbH	0	65
Debitorische Kreditoren	39	0
	39	**32.360**
	722	**33.043**

in thousands of euros	30 June 2018	31 December 2017
Financial liabilities		
non-current		
Liabilities to banks	184.913	183.203
Liabilities to shareholders	0	57.804
Liabilities to third parties	**0**	**0**
	184.913	**241.007**
current		
Liabilities to banks	104.441	134.205
Liabilities to third parties	447	447
Liabilities to shareholders	0	20
	104.888	**134.672**
	289.801	**375.679**

Sales revenues are held as follows:

in thousands of euros	1. Jan.-30. Jun. 2018	1. Jan.-30. Jun. 2017
Germany	143.814	89.145
Rest of Europe	103	2.339
	143.917	**91.483**

The composition of sales revenues by types of revenue is shown in the following table:

in thousands of euros	1. Jan.-30. Jun. 2018	1. Jan.-30. Jun. 2017
Revenues from completed construction contracts	66.328	88.489
Revenues from Contracts with Customers	75.471	0
Other services	2.118	2.994
	143.917	**91.483**

Other operating expenses are spread across the following types of expenses:

in thousands of euros	1. Jan.-30. Jun. 2018	1. Jan.-30. Jun. 2017
Commission fees and other distribution costs	3.858	10.779
Rentals and lease rentals	1.785	2.358
Technical and business consulting	1.738	305
Court costs, attorneys' and notaries' fees	1.608	1.395
Management compensation	1.203	448
Other overheads	815	525
Insurances	590	568
Travel expenses, transportation costs	533	445
Real estate tax, wealth tax and other taxes	401	386
Advertising measures	315	271
Further education measures	179	153
Mail and funds transfer expenses	164	223
Litigation costs	156	1.980
Entertainment expenses	150	89
Contributions to professional associations	90	67
Stationery	90	97
Property levies	32	97
External administrative services	7	119
Restructuring and adjustment costs	0	145
Compensation during the construction period	0	2
Sundry other operating expenses	312	931
	14.024	**21.383**

Relationships with related parties

Relationships with partners

in thousands of euros	30 June 2018	31 December 2017
Financial and other receivables		
Coöperatieve Activum SG Fund III Investments U.A.	3.570	19.233
Coöperatieve Formart Investments U.A.	1.996	10.751
Coöperatieve Activum SG Fund V Investments U.A.	422	2.273
	5,988	**32,257**
Financial liabilities		
Coöperatieve Activum SG Fund III Investments U.A.	0	38.631
Coöperatieve Formart Investments U.A.	0	19.193
	0	**57.824**

in thousands of euros	1. Jan.-30. Jun 2018	1. Jan.-30. Jun 2017
Other operating expenses		
Steffen Göpel	115	697
	115	**697**
Interest		
Steffen Göpel	617	111
Coöperatieve Activum SG Fund III Investments U.A.	247	1.887
Coöperatieve Formart Investments U.A.	122	939
	987	**2.937**

Relationships with associated companies

in thousands of euros	30 June 2018	31 December 2017
Financial receivables		
Uferpalais Verwaltungsgesellschaft mbH	65	65
Projektverwaltungsgesellschaft Mönchengladbach - Area of Sports mbH	0	38
	65	**103**

in thousands of euros	30 June 2018	31 December 2017
Financial liabilities		
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	447	450
	447	**450**

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