

INSTONE REAL ESTATE GROUP SE

HALF-YEAR  
FINANCIAL REPORT  
**H1 2023**

30 JUNE 2023

► Key indicators

Interim group management report

Condensed consolidated interim financial statements

Other information

<b>Key indicators</b>		TABLE 001	
In millions of euros			
		6M 2023	6M 2022
<b>Key performance indicators</b>			
Volume of sales contracts		71.1	145.6
Volume of new approvals <sup>1</sup>		0.0	285.3
Revenues adjusted		279.5	268.0
<b>Key earnings figures</b>			
Gross profit adjusted		72.2	68.8
Gross profit margin adjusted	In %	25.8	25.7
EBIT adjusted		43.3	35.9
EBIT margin adjusted	In %	15.5	13.4
EBT adjusted		33.3	28.5
EBT margin adjusted	In %	11.9	10.6
EAT adjusted		23.9	19.6
EAT margin adjusted	In %	8.6	7.3
<b>Key liquidity figures</b>			
Cash flow from operations		-40.4	19.5
Cash flow from operations without new investments		-30.7	90.2
Free cash flow		-35.8	-56.6

<sup>1</sup> Excluding volume of approvals from joint ventures consolidated at equity.

**Key indicators**

In millions of euros

		30 Jun. 2023	31 Dec. 2022
<b>Key performance indicators</b>			
Project portfolio		7,182.6	7,668.8
<b>Key balance sheet figures</b>			
Total assets		1,814.8	1,780.3
Equity		572.3	573.0
Carrying amount per share <sup>1</sup>		13.21	13.07
Cash and cash equivalents <sup>2</sup>		213.6	255.6
Net financial debt <sup>3</sup>		322.0	265.1
Leverage ratio <sup>4</sup>		3.2	2.8
Loan-to-cost <sup>5</sup>	In %	24.2	20.8
ROCE <sup>6</sup> adjusted	In %	10.8	10.2
<b>Employees<sup>7</sup></b>			
Number		480.0	488.0
FTE <sup>8</sup>		402.0	409.4

<sup>1</sup> Based on 43,322,575 shares as at 30 June 2023 and 43,834,318 as at December 2022 respectively.

<sup>2</sup> Excluding €82.8 million in restricted cash and cash equivalents from the "Westville" subsidised loan.

<sup>3</sup> Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Exclusive of the €54.3 million subsidised loan.

<sup>4</sup> Leverage = net financial debt/12-month EBITDA adjusted.

<sup>5</sup> Loan-to-cost = net financial debt/(inventories + contract assets).

<sup>6</sup> Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

<sup>7</sup> Average number of employees including trainees, interns and student trainees.

<sup>8</sup> Full-time equivalents.



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## Results of operations, net assets and financial position

### Results of operations

The following presentation of the adjusted results of operations reflects the business of the Instone Group, which was largely influenced by project developments. The amendments to the adjusted results of operations in relation to the income statement are described in the segment reporting on [page 31](#).

### Adjusted results of operations

TABLE 002

In millions of euros

	6M 2023	6M 2022	Change
Revenues adjusted	279.5	268.0	4.3%
Project costs adjusted	-207.3	-199.2	4.1%
<b>Gross profit adjusted</b>	<b>72.2</b>	<b>68.8</b>	<b>4.9%</b>
<b>Gross profit margin adjusted</b>	<b>25.8%</b>	<b>25.7%</b>	
Platform costs adjusted	-33.0	-34.4	-4.1%
Share of results of joint ventures adjusted	4.1	1.5	173.3%
<b>Earnings before interest and tax (EBIT) adjusted</b>	<b>43.3</b>	<b>35.9</b>	<b>20.6%</b>
<b>EBIT margin adjusted</b>	<b>15.5%</b>	<b>13.4%</b>	
Financial result adjusted	-10.0	-7.5	33.3%
<b>Earnings before tax (EBT) adjusted</b>	<b>33.3</b>	<b>28.5</b>	<b>16.8%</b>
<b>EBT margin adjusted</b>	<b>11.9%</b>	<b>10.6%</b>	
Income taxes adjusted	-9.4	-8.9	5.6%
<b>Earnings after tax (EAT) adjusted</b>	<b>23.9</b>	<b>19.6</b>	<b>21.9%</b>
<b>EAT margin adjusted</b>	<b>8.6%</b>	<b>7.3%</b>	



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## Revenue

Adjusted revenues improved by around 4% to €279.5 million in the first six months of the 2023 financial year (previous-year period: €268.0 million). Compared to the previous-year period, the increase in revenue is mainly due to the increased construction activity in the case of ongoing project developments already sold.

The adjustment of effects from purchase price allocations slightly increased the adjusted revenue by €1.5 million (previous-year period: €0.9 million). The separate measurement of share deals (“Westville” project) increased the adjusted revenue by €37.9 million (previous-year period: €17.5 million).

Revenue TABLE 003

In millions of euros

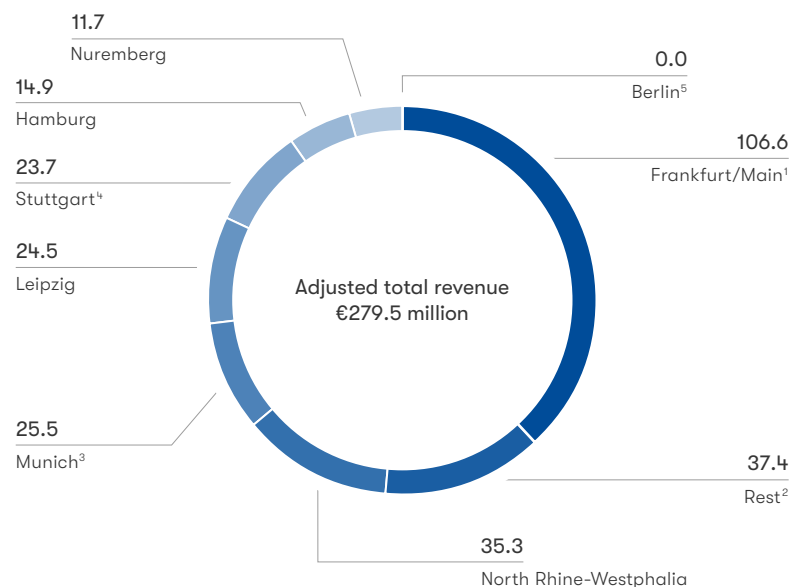
	6M 2023	6M 2022	Change
<b>Revenue</b>	<b>240.0</b>	<b>249.6</b>	<b>-3.8%</b>
+ effects from purchase price allocations	1.5	0.9	66.7%
+ effects from share deal agreements	37.9	17.5	116.6%
<b>Revenues adjusted</b>	<b>279.5</b>	<b>268.0</b>	<b>4.3%</b>

Compared to the previous-year period, the increase in the revenue contribution of the “Westville” project was due in particular to the progress in construction on schedule in the period under review.

The adjusted revenue of the Instone Group was almost exclusively generated in Germany and broken down across the following regions as follows:

## Sales (adjusted) by region

In millions of euros

<sup>1</sup> Includes Maintal.<sup>2</sup> Includes Wiesbaden (€24.0 million), Bamberg (€8.0 million) and Potsdam (€5.4 million).<sup>3</sup> Includes Munich, Augsburg and Rosenheim.<sup>4</sup> Includes Rottenburg and Schorndorf.<sup>5</sup> Includes Nauen.

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## Project costs

The adjusted project costs, mainly consisting of the cost of materials and changes in inventories, rose to €-207.3 million in the first half of 2023 (previous-year period: €-199.2 million). Purchases of secured and paid-up land and the continuation of construction activities in previous years led to a slight increase in the cost of materials to €-270.1 million (previous-year period: €-268.2 million). The reported changes in inventories changed by €95.7 million (previous-year period: €82.0 million).

Indirect sales expenses of €-1.1 million during the period under review were about the same as in the previous year (previous-year period: €-1.1 million). Other operating income after subtracting the cost of materials of €6.2 million (previous-year period: €3.9 million) were allocated to the adjusted project costs. The adjustment of the capitalised interest in the changes in inventories of €-5.4 million (previous-year period: €-1.0 million) added to the adjusted project costs. Effects from the amortisation of purchase price allocations reduced adjusted project costs by €0.6 million (previous-year period: €6.8 million). Due to the separate valuation of share deals, adjusted project costs again increased by €-33.1 million (previous-year period: €-21.7 million).

Project costs TABLE 004

In millions of euros

	6M 2023	6M 2022	Change
<b>Project costs</b>	<b>-174.4</b>	<b>-186.2</b>	<b>-6.3%</b>
+ effects from purchase price allocations	0.6	6.8	-91.2%
+ effects from reclassifications	-0.4	1.8	n/a
+ effects from share deal agreements	-33.1	-21.7	52.5%
<b>Project costs adjusted</b>	<b>-207.3</b>	<b>-199.2</b>	<b>4.1%</b>

## Gross profit

Gross profit TABLE 005

In millions of euros

	6M 2023	6M 2022	Change
<b>Gross profit</b>	<b>65.6</b>	<b>63.4</b>	<b>3.5%</b>
+ effects from purchase price allocations	2.2	7.8	-71.8%
+ effects from reclassifications	-0.4	1.8	n/a
+ effects from share deal agreements	4.8	-4.2	n/a
<b>Gross profit adjusted</b>	<b>72.2</b>	<b>68.8</b>	<b>4.9%</b>
<b>Gross profit margin adjusted</b>	<b>25.8%</b>	<b>25.7%</b>	

Due to revenue far exceeding project costs, adjusted gross profit rose in the first half of 2023 to €72.2 million (previous-year period: €68.8 million) compared with the previous year.

The adjusted gross profit margin - calculated from the adjusted gross profit relating to the adjusted revenue - amounted to 25.8% (previous-year period: 25.7%).

## Platform costs

Platform costs TABLE 006

In millions of euros

	6M 2023	6M 2022	Change
<b>Platform costs</b>	<b>-29.7</b>	<b>-31.6</b>	<b>-6.0%</b>
+ effects from reclassifications	-5.1	-2.8	82.1%
+ non-recurring effects	1.8	0.0	n/a
<b>Platform costs adjusted</b>	<b>-33.0</b>	<b>-34.4</b>	<b>-4.1%</b>

The adjusted platform costs, consisting of staff costs, other operating income and expenses and depreciation and amortisation fell to €-33.0 million (previous-year period: €-34.4 million). In the reporting period, €6.2 million in other operating income after subtracting the cost of materials (previous-year period: €3.9 million) and indirect sales costs of €-1.1 million (previous-year period: €-1.1 million) were reclassified in project costs. In addition, first-time non-recurring effects were adjusted by €1.8 million compared to the previous-year period.



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At €-25.9 million, reported staff costs fell in the first half of 2023 compared with the previous year's level (previous-year period: €-26.2 million) at -1.1% decreased slightly over the previous-year period. This is mainly attributable to the reduction in the average number of employees to 480 (previous-year period: 488).

The reported other operating income, at €13.5 million (previous-year period: €9.4 million) was higher than last year. This included material cost related other operating income after subtracting the cost of materials of €6.2 million (previous-year period: €3.9 million), which were reclassified as project costs. Included in this are especially income from the release of government grants of €5.6 million (previous-year period: €2.2 million). Income from the reversal of provisions for and liabilities relating to employees during the period under review increased to €3.3 million (previous-year period: €2.4 million). In addition, income of €2.8 million was reported from the deconsolidation of a subsidiary.

The reported other operating expenses increased to €-14.8 million in the period under review (previous-year period: €-12.5 million), mainly due to increased consulting expenses. Other operating expenses mainly include consulting expenses, other taxes, sales costs, IT costs and court costs, attorneys' and notaries' fees.

The reported depreciation and amortisation was €-2.5 million (previous-year period: €-2.4 million), a slight increase compared with the previous year.

### Share of results of joint ventures

The reported adjusted share of results of joint ventures of €4.1 million (previous-year period: 1.5 million) during the period under review was attributable almost completely to construction activities and the sale of the Berlin joint venture Friedenauer Höhe, and reflects the expected development of this project.

## Earnings before interest and tax (EBIT)

EBIT increased mainly due to the greatly improved share of results of joint ventures, and the increased project gross profit, to €43.3 million (previous-year period: €35.9 million).

		TABLE 007		
EBIT		In millions of euros		
	6M 2023	6M 2022	Change	
<b>EBIT</b>	<b>40.0</b>	<b>33.2</b>	<b>20.5%</b>	
+ effects from purchase price allocations	2.2	7.8	-71.8%	
+ effects from reclassifications	-5.5	-0.9	>100%	
+ non-recurring effects	1.8	0.0	n/a	
+ effects from share deal agreements	4.8	-4.2	n/a	
<b>EBIT adjusted</b>	<b>43.3</b>	<b>35.9</b>	<b>20.6%</b>	
<b>EBIT margin adjusted</b>	<b>15.5%</b>	<b>13.4%</b>		

## Investment and financial result

As in the same period of the previous year, there was no materially adjusted income from investments in the first half of 2023.

The reported financial result fell in the period under review to €-15.5 million (previous-year period: €-8.4 million). The increase in interest expenses was significantly attributable to the higher project-related new debt in the previous year and considerably increased interest rates.

For the above reasons, the adjusted financial result fell to €-10.0 million (previous-year period: €-7.5 million). In the period under review, capitalised interest from project financing before the start of sales in the amount of €5.5 million (previous-year period: €0.9 million) was reclassified as adjusted project costs.





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## Earnings before tax (EBT)

Adjusted EBIT rose mainly due to the greatly improved share of results of joint ventures, and the increased project gross profit, to €33.3 million (previous-year period: €28.5 million).

		TABLE 008		
EBT		In millions of euros		
	6M 2023	6M 2022	Change	
<b>EBT</b>	<b>24.5</b>	<b>24.9</b>	<b>-1.6%</b>	
+ effects from purchase price allocations	2.2	7.8	-71.8%	
+ non-recurring effects	1.8	0.0	n/a	
+ effects from share deal agreements	4.8	-4.2	n/a	
<b>EBT adjusted</b>	<b>33.3</b>	<b>28.5</b>	<b>16.8%</b>	
<b>EBT margin adjusted</b>	<b>11.9%</b>	<b>10.6%</b>		

## Income taxes

The tax rate in the adjusted results of operations in the first half of 2023 was 28.3% (previous-year period: 31.2%). Tax effects from other periods essentially led to a decrease in the tax rate.

Income taxes in the reported income statement earnings amounted to an expense of €-8.6 million (previous-year period: €-7.9 million).

## Earnings after tax (EAT)

As a result of the effects mentioned above, the adjusted earnings after tax of the Instone Group totalled €23.9 million (previous-year period: €19.6 million).

## Earnings after tax and after minority interests

Non-controlling interests in the adjusted earnings and reported earnings after tax amounted to €-0.3 million (previous-year period: €-0.9 million).

## Earnings per share

Adjusted earnings per share in the first half of 2023 were €0.56 (previous-year period: €0.44), an increase from the same period of the previous year.

		TABLE 009		
Earnings per share		In millions of euros		
	6M 2023	6M 2022	Change	
Shares (in thousands of units) <sup>1</sup>	43,377.1	46,774.0	-7.3%	
Shareholder of the Company	16.3	17.9	-8.9%	
Earnings per share (in euros)	0.38	0.38	0.0%	
Owners of the Company adjusted	24.2	20.5	18.0%	
Earnings per share adjusted (in euros)	0.56	0.44	27.3%	

<sup>1</sup> Average weighted number of shares as at 30 June 2023 and 30 June 2022.

## Net assets

		TABLE 010		
Condensed statement of financial position <sup>1</sup>		In millions of euros		
	30 Jun. 2023	31 Dec. 2022	Change	
Non-current assets	79.0	82.8	-4.6%	
Inventories	1,031.6	967.3	6.6%	
Contract assets	310.0	333.6	-7.1%	
Other current assets	97.8	141.1	-30.7%	
Cash and cash equivalents and term deposits	296.4	255.6	16.0%	
<b>Assets</b>	<b>1,814.8</b>	<b>1,780.3</b>	<b>1.9%</b>	
Equity	572.3	573.0	-0.1%	
Liabilities from corporate finance	200.9	179.7	11.8%	
Liabilities from project-related financing	389.0	341.0	14.1%	
Provisions and other liabilities	652.6	686.7	-5.0%	
<b>Equity and liabilities</b>	<b>1,814.8</b>	<b>1,780.3</b>	<b>1.9%</b>	

<sup>1</sup> Items have been adjusted: Term deposits have been allocated to cash and cash equivalents due to short- to medium-term availability, and financial liabilities allocated on the basis of their use in corporate finance or project financing.



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The total assets of the Instone Group increased to €1,814.8 million as at 30 June 2023 (31 December 2022: €1,780.3 million). This was mainly attributable to the increase in inventories.

As at 30 June 2023, inventories had risen to €1,031.6 million (31 December 2022: €967.3 million). This increase in inventories is mainly the result of progress in the ongoing construction of unsold projects and of the purchase of land for future housing projects. As at 30 June 2023, acquisition costs and incidental acquisition costs for land amounting to €704.2 million (31 December 2022: €690.4 million) were included in inventories.

Receivables from customers for work-in-progress (gross contract assets) already sold and valued at the current completion level of development rose to €849.9 million as at 30 June 2023 (31 December 2022: €847.9 million) due to the continuation of construction activities of residential real estate sold. Payments received from customers amounted to €543.6 million as at 30 June 2023 (31 December 2022: €519.6 million). The increase reflects the progress made in construction in the first half of 2023 linked to advance payments from customers.

#### Contract assets

TABLE 011

In millions of euros

	30 Jun. 2023	31 Dec. 2022	Change
Contract assets (gross)	849.9	847.9	0.2%
Payments received	-543.6	-519.6	4.6%
	<b>306.3</b>	<b>328.3</b>	<b>-6.7%</b>
Capitalised costs to obtain a contract	3.7	5.3	-30.2%
<b>Contract assets (net)</b>	<b>310.0</b>	<b>333.6</b>	<b>-7.1%</b>

The increase in trade receivables by €2.6 million to €5.4 million (31 December 2022: €2.8 million) resulted mainly from withholding upon transfer of a project.

The shares accounted for using the equity method, which also include investments in project companies, rose in the first half of 2023 from €43.8 million to €47.6 million due to the construction progress of project developments in joint ventures.

The non-current financial receivables amounting to €15.2 million (31 December 2022: €19.0 million) includes borrowings from joint ventures and have decreased due to repayments.

The increase in current financial receivables of €19.9 million (31 December 2022: €0.7 million) relates to a loan to a joint venture which was fully consolidated until and including May 2023.

Other current receivables and other assets decreased from €133.9 million to €68.6 million in the first half of 2023. A considerable share of these items consists largely of approved government grants of €50.4 million (31 December 2022: €86.7 million) for the construction of buildings, including the subsidies of the KfW efficiency programme. The majority of this change as at the reporting date is due to approved grants being reported in a different period for the purposes of accounting that is expected to occur between the start of sales and the start of construction. In addition, conversions of projects due to these changes were corrected according to the corresponding liabilities. To a lesser extent, the decrease of this item is also due to pledged government grants already being accepted.

Cash and cash equivalents and term deposits of €296.4 million (31 December 2022: €255.6 million) rose mainly due to the payment of subsidised loans for one project reported as inventory. Financial liabilities have increased accordingly.

Non-current financial liabilities increased to €338.5 million as at 30 June 2023 (31 December 2022: €292.0 million). Current financial liabilities increased to €251.4 million in the same period (31 December 2022: €228.6 million). The increase in financial liabilities resulted in particular from the partial taking up of subsidised loans of €54.3 million for one project reported in the inventory.



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Furthermore, €25.0 million was drawn from the syndicated loan facility during the reporting period for the first time.

The increase in other non-current liabilities to €28.5 million (31 December 2022: €0.0 million) was completely related to interest and repayment subsidy in connection with subsidised loans.

Trade payables fell during the first half of 2023 to €122.9 million (31 December 2022: €150.4 million) and mainly included the services provided by contractors. The reduction corresponded to the advance payments made to contractors during construction work.

The decrease in other current liabilities to €372.2 million (31 December 2022: €393.6 million) resulted mainly from the reduction in liabilities from government grants to €38.3 million (31 December 2022: €79.8 million). The development in public grants led mainly to a corresponding reduction in other receivables and assets. At the reporting date, the payments received for the “Westville” project amounted to €318.7 million (31 December 2022: €302.5 million).

The equity ratio as at 30 June 2023 was 31.5% (31 December 2022: 32.2%).

The share buyback programme announced on 10 February 2022 was terminated on 24 October 2022 with a total volume of €25.4 million. On 25 October 2022, Instone Real Estate announced its intention to build on this with a new five-month share buyback programme of up to €25.0 million. As at 30 June 2023, we have acquired shares worth €11.4 million with this new share buyback programme. As at 30 June 2023, the holding of the company's treasury shares was 3,665,761 shares. This corresponds to a share of 7.8% of the shares. As at 30 June 2023, the number of shares adjusted for the Company's treasury shares was therefore 43,322,575 shares.

Leverage (exclusive of the subsidised loan “Westville”) increased compared with 31 December 2022, but remained at a moderate level in the opinion of the Management. The increased net debt due to new financing and the improved result increased the leverage slightly to 3.2 times (31 December 2022: 2.8 times) the adjusted EBITDA. At the same time, the ratio of net debt to balance sheet inventories, contract assets and contract liabilities deteriorated to 24.2% (31 December 2022: 20.8%).

## Net financial debt and debt-to-equity ratio

TABLE 012

In millions of euros

	30 Jun. 2023	31 Dec. 2022	Change
Non-current financial liabilities <sup>1</sup>	284.2	292.0	-2.7%
Current financial liabilities	251.4	228.6	10.0%
<b>Financial liabilities</b>	<b>535.6</b>	<b>520.6</b>	<b>2.9%</b>
- Cash and cash equivalents and term deposits <sup>2</sup>	-213.6	-255.6	-16.4%
<b>Net financial debt (NFD)</b>	<b>322.0</b>	<b>265.1</b>	<b>21.5%</b>
Inventories and contract assets/liabilities	1,330.0	1,275.0	4.3%
<b>Loan-to-cost<sup>3</sup></b>	<b>24.2%</b>	<b>20.8%</b>	
EBIT adjusted (LTM <sup>4</sup> )	96.0	88.6	8.4%
Depreciation and amortisation (LTM <sup>4</sup> )	4.9	4.8	2.1%
<b>EBITDA adjusted (LTM<sup>4</sup>)</b>	<b>100.9</b>	<b>93.4</b>	<b>8.0%</b>
Leverage (NFD/EBITDA adjusted [LTM <sup>4</sup> ])	3.2	2.8	

<sup>1</sup> Excluding financial liabilities of €54.3 million from the “Westville” subsidised loan.

<sup>2</sup> Excluding €82.8 million in restricted cash and cash equivalents from the “Westville” subsidised loan.

<sup>3</sup> Loan-to-cost = net financial debt/(inventories + contract assets/liabilities).

<sup>4</sup> LTM = last twelve months.



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## Financial position

In the first half of 2023, financial liabilities the nominal value of corporate finance rose to €195.5 million (31 December 2022: €178.0 million). This resulted from the utilisation of €25.0 million from the syndicated loan facility. At the same time, the promissory note loan was reduced to €170.5 million by repayment of €7.5 million. Utilisation of lines of project financing (excluding the “Westville” subsidised loan) decreased to €332.8 million (31 December 2022: €340.2 million), due to an increase in the utilisation of existing project financing with a concurrent repayment of terminated project financing. The total funding available (excluding the “Westville” subsidised loan), then amounting to €825.3 million (31 December 2022: €806.6 million) increased in the first half of 2023 due to the conclusion of new classic project financing. As at 30 June 2023, cash and cash equivalents totalling €484.8 million (31 December 2022: €458.6 million) were available from project financing (excluding the “Westville” subsidised loan) and €340.5 million (31 December 2022: €348.0 million) from corporate finance. These corporate finance agreements contain financial key performance indicators that are described in the “Other disclosures” section of the notes to the consolidated financial statements in the 2022 annual report

☰ page 228.

In the balance sheet as at 30 June 2023, the liabilities from corporate finance amounted to €200.9 million (31 December 2022: €179.7 million) and liabilities from project-related financing (including the “Westville” subsidised loan) of €389.0 million (31 December 2022: €341.0 million). The recognised total liabilities from financing operations (including the “Westville” subsidised loan) thus increased to €589.9 million at the reporting date (31 December 2022: €520.6 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 013

In millions of euros

## Corporate finance (promissory notes)

	Due in	Credit amount
Term < 1 year	2023	5.0
Term > 1 and < 2 years	2024	15.5
Term > 2 and < 3 years	2025	100.0
Term > 3 years	2027	50.0
		<b>170.5</b>

## Corporate finance (syndicated loans)

	Due in	Credit line	Utilisation 30 Jun. 2023
Term < 1 year	2023	18.3	2.1
Term > 1 and < 2 years	2024	151.7	22.9
		<b>170.0</b>	<b>25.0</b>

## Project financing

	Due in	Credit line	Utilisation 30 Jun. 2023
Term < 1 year	2023/2024	232.7	212.9
Term > 1 and < 2 years	2024/2025	71.6	29.8
Term > 2 and < 3 years	2025/2026	122.9	32.5
Term > 3 years	> 2026	57.6	57.6
		<b>484.8</b>	<b>332.8</b>

## Project financing (promotional loans for customers)

	Due in	Credit line	Utilisation <sup>1</sup> 30 Jun. 2023
Term > 3 years	> 2026	199.0	82.8
		<b>199.0</b>	<b>82.8</b>

<sup>1</sup> This includes interest and repayment subsidy of €28.5 million that is recognised under other non-current liabilities.



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## Condensed statement of cash flows

TABLE 014

In millions of euros

	6M 2023	6M 2022	Change
Cash flow from operations	-40.4	19.5	n/a
Cash flow from investing activities	4.6	-76.1	n/a
<b>Free cash flow</b>	<b>-35.8</b>	<b>-56.6</b>	<b>-36.7%</b>
Cash flow from financing activities	77.6	59.0	31.5%
<b>Cash change in cash and cash equivalents</b>	<b>41.8</b>	<b>2.4</b>	<b>n/a</b>
Cash and cash equivalents at the beginning of the period	255.6	131.0	95.1%
Other changes in cash and cash equivalents	-1.0	0.0	n/a
<b>Cash and cash equivalents at the end of the period</b>	<b>296.4</b>	<b>133.4</b>	<b>122.2%</b>

The cash flow from operations of the Instone Group of €-40.4 million in the first half of 2023 (previous-year period: €19.5 million) was essentially due to the payment flows from the reduction of liabilities to contractors for ongoing projects with simultaneous purchase price payments and transfer taxes for land totalling €9.7 million (previous-year period: €70.7 million).

The operating cash flow, adjusted for payments for land, in the period under review was, as expected, still significantly negative at €-30.7 million (previous-year period: €90.2 million).

## Cash flow from operations

TABLE 015

In millions of euros

	6M 2023	6M 2022	Change
EBITDA adjusted	45.8	38.3	19.5%
Other non-cash items	-6.8	-9.0	-24.7%
Taxes paid	-3.3	-0.9	266.7%
Change in net working capital <sup>1</sup>	-76.1	-8.9	755.1%
<b>Cash flow from operations</b>	<b>-40.4</b>	<b>19.5</b>	<b>n/a</b>
Payments for land	9.7	70.7	-86.3%
<b>Cash flow from operations without new investments</b>	<b>-30.7</b>	<b>90.2</b>	<b>n/a</b>

<sup>1</sup> Net working capital is made up of inventories, contract assets and trade receivables, other receivables less contract liabilities and trade payables and other liabilities.

Cash flow from investing activities in the first half of 2023 amounted to €4.6 million (previous-year period: €-76.1 million). This mainly resulted from scheduled repayments of loans recognised in financial assets.

The cash flow from financing activities as at 30 June 2023 stood at €77.6 million (previous-year period: €59.0 million). This was mainly due to the net take-up of finance facilities in the amount of €106.5 million (previous-year period: 105.3 million), consisting of payments received from new finance facilities taken up in the amount of €156.8 million and repayments for terminated finance facilities in the amount of €-50.3 million. In the financial year, payments for interest amounting to €-7.2 million (previous-year period: €-4.4 million) and payments for the purchase of treasury shares of €-4.6 million (previous-year period: €-11.3 million) were included in the cash flow from financing activities. Furthermore, during the reporting period, dividends of €-15.2 million (previous-year period: €-28.8 million) were paid out in the reporting period.

As at 30 June 2023, cash and cash equivalents excluding term deposits increased to €296.4 million (30 June 2022: €133.4 million).



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## Project business at a glance

Real estate business key performance indicators TABLE 016

In millions of euros

		6M 2023	6M 2022
Volume of sales contracts <sup>1</sup>		71.1	145.6
Volume of sales contracts	In units	138	287
		30 Jun. 2023	31 Dec. 2022
Project portfolio (existing projects) <sup>2</sup>		7,182.6	7,668.8
Of which already sold		2,868.8	2,987.3
Project portfolio (existing projects)	In units	15,148	16,209
Of which already sold	In units	7,017	7,309

<sup>1</sup> Volume of sales contracts reflects the revenue-relevant (adjusted) volume of contracts of our projects. It mainly comprises all sales-related transactions, such as notarised real estate purchase agreements, individual orders from customers and rental income.

Volume of sales contracts is also referred to as sales volume.

<sup>2</sup> The portfolio value as at the reporting date is the anticipated overall volume of revenue from all projects listed in the project portfolio. Instone Real Estate divides its project portfolio into three different groups depending on the stage of development: For projects with the status "Pre-sale", the land has been already purchased, secured or claimed by us in a binding offer, but marketing has not yet begun. Following sales release and the initiation of marketing, projects are transferred to a "pre-construction" status. Projects with a completed start of construction have an "under construction" status until complete handover. Projects are removed from the portfolio the reporting month after all construction obligations have been fulfilled, the project has been sold (except when selling units individually, then once the percentage of units left to be sold is less than 2%) and handover is complete.

The reluctance on the demand side, which was influenced by interest rate increases and a drop in purchasing power, continues to have an impact on our sales activities. This continues to be expressed in the speed of sales of our individual sales projects. With an offer for sale of 325 units at the beginning of the year and an increase in supply of 16 units, 39 units were sold in the first six months of the 2023 financial year.

With a volume of sales contracts of €50.4 million and 99 sales units, the greater share of sales successes in the reporting period was attributable to our institutional projects.

The sales volume of €71.1 million achieved in the first half of 2023 of 138 sales units was below the volume of sales contracts of €145.6 million during the same period in the previous year (a reduction of about -50%), due to the macroeconomic conditions described in the introduction. This development was in line with expectations which were reflected in the communicated 2023 forecast.

The realised volume of sales contracts as at 30 June 2023 focuses for the most part on prosperous medium-sized cities. These account for around 61% of sales, while around 39% is attributable to Germany's major metropolitan regions.



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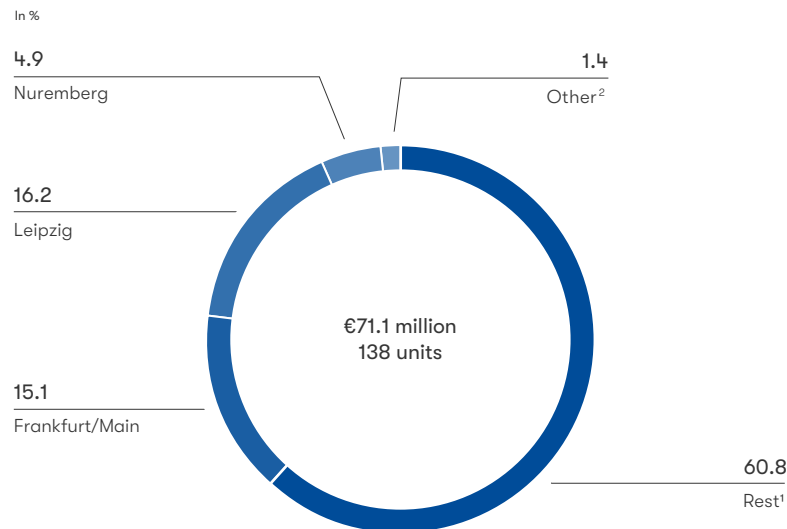
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Marketing by region 6M 2023



<sup>1</sup> Mainly includes Bamberg, Potsdam and Wiesbaden.  
<sup>2</sup> Includes Berlin, Hamburg, Munich, North-Rhine Westphalia and Stuttgart.

The following projects mainly contributed to successful marketing in the 6M 2023 period under review:

Volume of sales contracts 6M 2023

TABLE 017

In millions of euros

		Volume	Units
Lagarde	Bamberg	n/a	99
Parkresidenz	Leipzig	11.5	25
“Schönhof-Viertel” <sup>1</sup>	Frankfurt/Main	4.1	2
Rote Kaserne West – “Fontane Gärten”	Potsdam	3.6	6
Steinbacher Hohl <sup>1</sup>	Frankfurt/Main	3.4	0
Wiesbaden-Delkenheim, Lange Seegewann <sup>1</sup>	Wiesbaden	3.4	0
Seetor “City Campus”	Nuremberg	2.1	4
Westville <sup>1</sup>	Frankfurt/Main	1.4	0
Stuttgart, City Prag <sup>1</sup>	Stuttgart	1.3	0
“Fuchsgärten” – Boxdorf, Nuremberg	Nuremberg	1.3	2

<sup>1</sup> Volume of sales contracts is (partially) the product of contractual revenue growth from existing purchase agreements.

The offer for sale of our individual sales projects on the market as at 30 June 2023 includes 305 units with an expected revenue volume of €202 million. Given the current supply base, we are at a lower level than at the end of 2022 (325 units and €221 million).

The successful start of sales for a sub-project of the park residence with a total of 16 units contributed to the increase in the offer for sale of the individual sales properties in the first half of 2023, while the realised sales in individual sales of a total of 39 units resulted in a corresponding reduction in the offer for sale.



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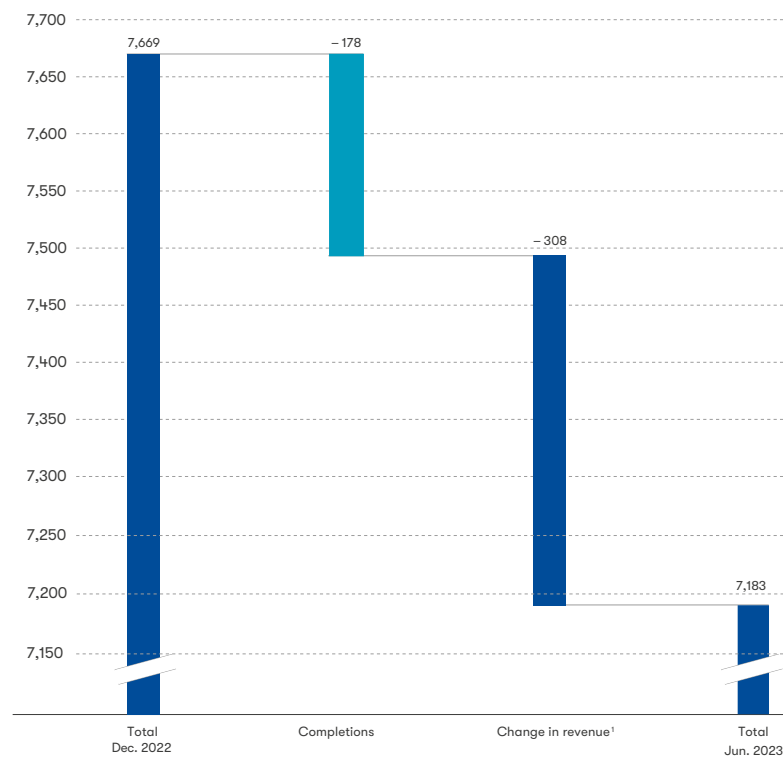
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## Development of the project portfolio, 30 June 2023

In millions of euros



<sup>1</sup> Aukamm converted to a joint venture company (accounted for under the equity method), so it is no longer in the portfolio

As at 30 June 2023, Instone Real Estate's project portfolio comprised 49 projects, from which we currently anticipate a total volume of sales contracts of €7,182.6 million, representing a decrease from that of 31 December 2022 (€7,668.8 million). Completions include the "Niederkasseler Lohweg" project in Dusseldorf and "Amanda" in Hamburg.

Following change in control in the "Aukamm" joint venture, the company was deconsolidated and continues as a company using the equity method. According to our definition, this means the project is no longer in the project portfolio

and is now included in the changes in revenue. We have also decided on a different strategy for two projects that gives preference to the resale of the properties without any construction. This results in an expected overall change in revenue of €-308 million.

There were no new approvals in the period under review.

With regard to the volume of new approvals, this confirms the strategic approach of extremely selective investment activity, which was deliberately chosen in 2022. This has manifested itself in the period under review as an absence of new investments and reflects the wait-and-see attitude already communicated. We also expect attractive acquisition opportunities for projects of competitors with weaker financial resources in the changed interest rate and financing environment.

We have already realised adjusted revenues of €2,002.2 million from the current project portfolio, of which €644.5 million<sup>1</sup> has already been handed over.

<sup>1</sup> Taking into account additional revenue of 5.0 million € recognised in accordance with HGB (German commercial code).





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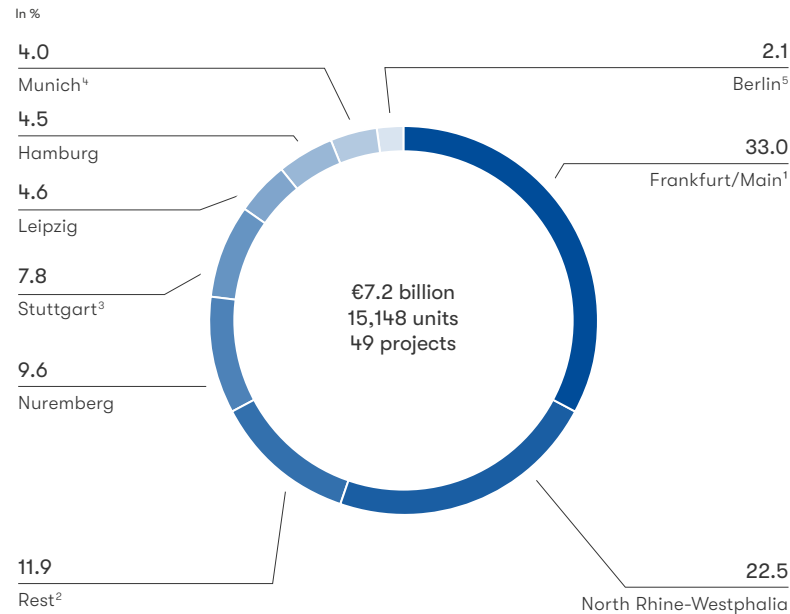
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As of 30 June 2023, the expected project gross profit margin for the project portfolio without taking into account the “Westville” project in Frankfurt/Main is about 22.6%.<sup>1</sup>

<sup>1</sup> If the large “Westville” project is taken into consideration, the expected project gross profit margin for the project portfolio is about 21.9%.

Project portfolio by region, 30 June 2023



<sup>1</sup> Includes Maintal, Hofheim and Heusenstamm.

<sup>2</sup> Includes Wiesbaden, Bamberg and Potsdam.

<sup>3</sup> Includes Rottenburg, Herrenberg and Schorndorf.

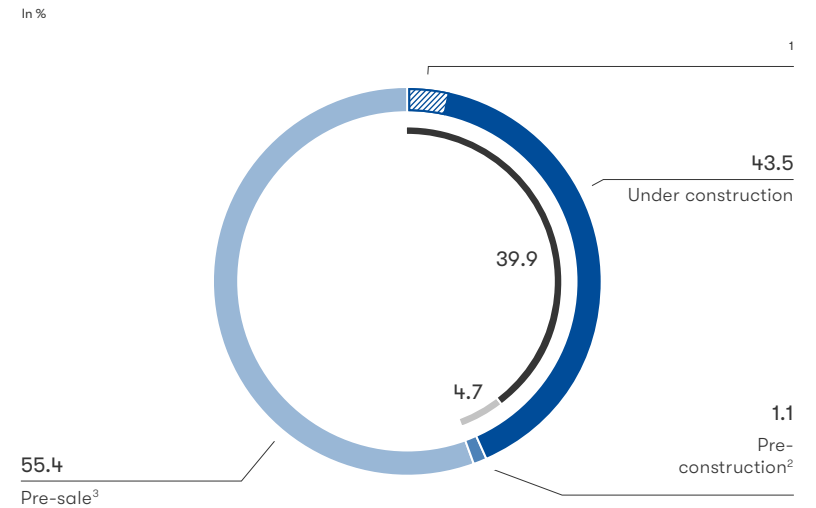
<sup>4</sup> Includes Munich, Augsburg and Rosenheim.

<sup>5</sup> Includes Nauen.

The majority – approximately 88.0% – of the anticipated overall volume of revenue from the project portfolio as at 30 June 2023 is located in the most important metropolitan regions of Germany: Berlin, Bonn, Dusseldorf, Frankfurt/Main, Hamburg, Cologne, Leipzig, Munich, Nuremberg and Stuttgart. Around 12.0% is attributable to other prosperous medium-sized cities.

Project portfolio by group, 30 June 2023

Basis: Sale proceeds



Internal sector:

- Sold
- Unsold

<sup>1</sup> 8.4% of the volume have already been handed over. These projects are included in “Under construction”.

<sup>2</sup> 0.6% of the volume have already been transferred. These projects are included in “Pre-construction”.

<sup>3</sup> 7.6% of the volume are in the status of land acquisition. These projects are included in “Pre-sale”.

Given our project portfolio’s continued growth in recent years and the conscious decision to take an extremely selective approach to starting sales in the current macroeconomic environment, most of our ongoing projects are in the “Pre-sale” development stage.



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As at 31 December 2022, 41.3% of the project portfolio were in “Under construction”, 2.2% in “Pre-construction” and 56.4% in “Pre-sale”. Based on the shifts in the project portfolio described above as at 30 June 2023, 43.5% were in the category “Under construction”, 1.1% were in “Pre-construction” and 55.4% were in “Pre-sale”.

In addition, the preceding diagram shows that, as at 30 June 2023 we had already sold approximately 40% of the anticipated overall revenue volume of the project portfolio. In terms of the anticipated revenue volume from “under construction” and “pre-construction” projects, approximately 90% of projects had been sold as at 30 June 2023.

In addition to the 49 projects, Instone Real Estate’s project portfolio will be supplemented by four further projects that will be realised in joint ventures. The “Aukamm” project in Wiesbaden was added in the first half of 2023. Following change in control in the “Aukamm” joint venture, the company was deconsolidated and continues as a company using the equity method. Overall, a total volume of sales of around €1.3 billion (Instone share approx. €650 million) and the development of approximately 2,100 residential units was expected for these projects consolidated using the equity method.

With an offer for sale of 95 units at the beginning of the year, it was possible to implement the sale of 11 units in unit sales in the “Friedenauer Höhe” project during the reporting period.

## Adjusted revenue

In the first half of 2023, we achieved adjusted revenue of €279.5 million (previous-year period: €268.0 million). The following projects contributed significantly to the adjusted revenue in the period under review:

### Key projects revenue realisation (adjusted) 6M 2023

TABLE 018

In millions of euros

		Revenue volume (adjusted)
“Schönhof-Viertel”	Frankfurt/Main	60.1
Westville	Frankfurt/Main	38.0
Parkresidenz	Leipzig	24.4
Wiesbaden-Delkenheim	Wiesbaden	24.1
Beethovenpark (“Augusta and Luca”)	Augsburg	21.4
“Wohnen im Hochfeld” Unterbach	Dusseldorf	15.6
Rothenburgsort	Hamburg	14.7
“Neckar.Au Viertel”	Rottenburg	11.2
Literaturquartier	Essen	8.2
Lagarde	Bamberg	8.0

The building blocks of success for realising the adjusted revenues were steady marketing progress and a further development process in the structural implementation of our projects. For this reason, in addition to the marketing progress achieved, progress in the projects under construction, in particular, have contributed to the generation of revenue.



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During the reporting period, construction has begun on a total of three projects: the “Fuchsgärten” units in Nuremberg-Boxdorf and two sub-projects in the “Lagarde” project in Bamberg.

The “Fuchsgärten” units on Erich-Ollenhauer-Strasse/corner of Rotfuchsstrasse offer suitable residential concepts for different target groups. The eight multi-occupancy buildings with 102 freehold apartments comprise living areas of 37m<sup>2</sup> to 140m<sup>2</sup> divided into one to four rooms. Each apartment comes with its own balcony, a terrace or a roof terrace. There are also 13 town houses under construction, each with four rooms and 105m<sup>2</sup> or 120m<sup>2</sup> of living space on multiple storeys and each with its own garden plot. Additionally, 122 underground car park spaces and the preliminary setup for EV charging stations are planned. All apartments are constructed to the BEG efficiency standard 55 EE and are equipped with modern wood pellet heating systems. Only renewable energies are used for heating, meaning the units are heated independently of fossil fuels.

Around 6,000 units are currently in the construction phase at the same time. We have been able to manage well the material and supply bottlenecks caused by Russia’s war of aggression in Ukraine as well as national aid programmes with regard to our projects and we currently do not see any significant disruptions in construction.

A total of 399 units could be successfully handed over in the reporting period, including the residential section of the “City Prag” project in Stuttgart, comprising 251 residential units and a living space of around 18,000 m<sup>2</sup>. The sub-project “DUS 19” of the “Wohen im Hochfeld” project in Dusseldorf, comprising 66 largely subsidised residential units, was also successfully handed over. “DUS 19” offers an attractive, modern living space with a total living area of around 5,050m<sup>2</sup>. Also completed were three identical three-storey buildings containing two- and three-room apartments plus a penthouse. This project is in an attractive location in close proximity Lake Unterbach and with good access to the Dusseldorf city centre.

All developments in what is a challenging market environment and in our projects were monitored closely and compensated for as far as possible by making the appropriate adjustments to the relevant processes.

At completion, the projects of the Instone Real Estate project portfolio continue to have high sales ratio of about 95.0%.



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## 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 “Risk and opportunities report” shown in the combined management report on pages [150–167](#) of the 2022 Annual Report.

There was no material change in the risk and opportunities situation in comparison to our presentation in the 2022 Annual Report.

The risk and opportunities situation is continuously monitored, assessed and, if necessary, incorporated into the ongoing forecast. From the current perspective, there were no identifiable risks that risked jeopardising the continued existence of the Instone Group.



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## Outlook

Our forecast for business development for 2023, which we announced with the publication of the 2022 annual report in March 2023, continues to be confirmed.

The Management Board now expects the financial and operating performance indicators to develop as follows:

<b>Forecast</b>	<b>TABLE 019</b>
<i>In millions of euros</i>	
	<b>2023</b>
Adjusted revenue	600–700
Adjusted gross profit margin	~ 25%
Adjusted earnings after tax	40–50
Volume of sales contracts	> 150

The forecast is based, among other things, on a historically lower speed of sales of our unit sales projects and a sustained reluctance on the part of institutional investors as a result of the significant rise in interest rates.



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## Condensed consolidated income statement

TABLE 020

In thousands of euros

	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
Revenue	240,031	249,615
Changes in inventories	95,671	82,020
	<b>335,702</b>	<b>331,635</b>
Other operating income	13,500	9,433
Cost of materials	– 270,081	– 268,240
Staff costs	– 25,939	– 26,177
Other operating expenses	– 14,751	– 12,471
Depreciation and amortisation	– 2,494	– 2,393
<b>Consolidated earnings from operating activities</b>	<b>35,937</b>	<b>31,788</b>
Share of results of joint ventures	4,093	1,460
Other results from investments	0	29
Finance income	1,397	750
Finance costs	– 16,832	– 9,112
Other financial result	– 50	– 38
<b>Consolidated earnings before tax (EBT)</b>	<b>24,545</b>	<b>24,876</b>
Income taxes	– 8,553	– 7,860
<b>Consolidated earnings after tax (EAT)</b>	<b>15,992</b>	<b>17,017</b>
<b>Attributable to:</b>		
Shareholder of Instone Group	16,319	17,946
Non-controlling interests	– 327	– 929
Weighted average number of shares (in units)	43,377,061	46,774,026
<b>Basic and diluted earnings per share (in €)</b>	<b>0.38</b>	<b>0.38</b>



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## Condensed consolidated statement of comprehensive income

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TABLE 021

In thousands of euros

	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
<b>Consolidated earnings after tax</b>	<b>15,992</b>	<b>17,017</b>
<b>Items which will not be reclassified into the consolidated income statement in future periods</b>		
Actuarial gains and losses	499	– 135
Income tax effects	– 158	43
<b>Income and expenses after tax recognised directly in equity</b>	<b>341</b>	<b>– 92</b>
<b>Total comprehensive income for the financial year after tax</b>	<b>16,334</b>	<b>16,924</b>
<b>Attributable to:</b>		
Shareholders of the Instone Group	16,660	17,854
Non-controlling interests	– 327	– 929
	<b>16,334</b>	<b>16,924</b>





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## Condensed consolidated statement of financial position

## Consolidated statement of financial position

TABLE 022

In thousands of euros

	30 Jun. 2023	31 Dec. 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	6,056	6,056
Intangible assets	579	940
Right-of-use assets	7,258	7,580
Property, plant and equipment	1,367	1,721
Interests in joint ventures	47,594	43,754
Other investments	340	340
Financial receivables	15,245	18,993
Other receivables	158	311
Deferred tax	381	3,078
	<b>78,977</b>	<b>82,774</b>
<b>Current assets</b>		
Inventories	1,031,593	967,253
Right-of-use assets	3,031	3,031
Financial receivables	19,873	663
Contract assets	309,997	333,585
Trade receivables	5,407	2,778
Other receivables and other assets	68,592	133,949
Income tax assets	845	710
Cash and cash equivalents	296,447	255,592
	<b>1,735,786</b>	<b>1,697,561</b>
<b>TOTAL ASSETS</b>	<b>1,814,763</b>	<b>1,780,335</b>



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## Condensed consolidated statement of financial position (continued)

## Consolidated statement of financial position

TABLE 022

In thousands of euros

	30 Jun. 2023	31 Dec. 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	46,988	46,988
Capital reserves	358,983	358,983
Group retained earnings/loss carryforwards	199,279	198,123
Accumulated reserves recognised in other comprehensive income	2,096	1,755
Treasury shares at acquisition cost	-36,697	-32,139
Equity attributable to shareholders	570,649	573,710
Non-controlling interests	1,624	-753
	<b>572,274</b>	<b>572,957</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	0	128
Other provisions	2,984	3,342
Financial liabilities	338,514	292,025
Liabilities from net assets attributable to non-controlling interests	18	18
Leasing liabilities	7,307	7,359
Other liabilities	28,497	0
Deferred tax	48,661	50,314
	<b>425,982</b>	<b>353,185</b>
<b>Current liabilities</b>		
Other provisions	17,925	21,929
Financial liabilities	251,378	228,622
Leasing liabilities	3,279	3,581
Contract liabilities	11,555	25,878
Trade payables	122,875	150,450
Other liabilities	372,154	393,559
Income tax liabilities	37,342	30,175
	<b>816,508</b>	<b>854,193</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,814,763</b>	<b>1,780,335</b>



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## Condensed consolidated statement of cash flows

## Consolidated statement of cash flows

TABLE 023

In thousands of euros

	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
<b>Consolidated earnings after tax</b>	<b>15,992</b>	<b>17,017</b>
(+) Depreciation and amortisation/(-) Write-ups of non-current assets	2,494	2,393
(+) Profit/(-) loss on disposals of property, plant and equipment	1	4
(+) Increase/(-) decrease in provisions	-789	-4,945
(+) Current income tax income/(-) current income tax expense	10,363	7,242
(+) Deferred income tax income/(-) deferred income tax expense	-1,811	618
(+) Expense/(-) income from investments/joint ventures accounted for under the equity method	-4,093	-1,460
(+) Expense/(-) income from the results of investments in minority interests	0	-29
(+) Interest expense/(-) interest income	15,485	8,400
(+) Proceeds from government grants	1,398	0
(+/-) Change in net working capital <sup>1</sup>	-76,127	-8,892
(+) Income tax reimbursements/(-) income tax payments	-3,331	-883
<b>= Cash flow from operations</b>	<b>-40,417</b>	<b>19,464</b>
(-) Outflows for investments in intangible assets	0	-12
(+) Proceeds from disposals of property, plant and equipment	0	18
(-) Outflows for investments in property, plant and equipment	-23	-396
(+) Proceeds from disposals of investments	8,729	0
(-) Outflows for investments in financial assets	-5,273	-6,726
(-) Outflows for investments in unconsolidated companies and other companies	0	-8,955
(-) Outflows for investments within the scope of short-term financial planning	0	-60,000
(+) Interest received	1,264	0
<b>= Cash flow from investing activities</b>	<b>4,696</b>	<b>-76,071</b>



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## Condensed consolidated statement of cash flows (continued)

## Consolidated statement of cash flows

TABLE 023

In thousands of euros

	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
(–) Acquisition of treasury shares	–4,548	–11,303
(–) Payments for transaction costs of the equity injection	–10	0
(+) Proceeds from loans and borrowings <sup>2</sup>	156,798	138,211
(–) Repayments of loans and borrowings	–50,342	–32,893
(–) Payments from lessees to repay liabilities from lease agreements	–1,928	–1,873
(–) Interest paid	–7,244	–4,393
(–) Dividends paid	–15,163	–28,750
<b>= Cash flow from financing activities</b>	<b>77,562</b>	<b>59,000</b>
Cash and cash equivalents at the beginning of the period	255,592	130,969
(+/-) Change in cash and cash equivalents	41,841	2,393
(+/-) Exchange rate, scope of consolidation and valuation-related changes in cash and cash equivalents	–987	0
<b>= Cash and cash equivalents at the end of the period</b>	<b>296,447</b>	<b>133,362</b>

<sup>1</sup> Net working capital is made up of inventories, contract assets and trade receivables, other receivables less contract liabilities and trade payables and other liabilities.<sup>2</sup> Including proceeds from subsidised loans amounting to €82,840 thousand. Of this, €54,343 thousand are reported as financial liabilities and € 28,497 thousand as other non-current liabilities.

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TABLE 024

In thousands of euros

	Total	Share capital	Capital reserves	Group retained earnings/loss carryforwards	Accumulated reserves recognised in other comprehensive income	Treasury shares at acquisition cost	Equity attributable to shareholders	Non-controlling interests
<b>As at: 1 Jan. 2022</b>	<b>590,945</b>	<b>46,988</b>	<b>358,983</b>	<b>186,378</b>	<b>-1,465</b>	<b>0</b>	<b>590,884</b>	<b>61</b>
Consolidated earnings after tax	17,017	0	0	17,946	0	0	17,946	-929
Changes in actuarial gains and losses	-92	0	0	0	-92	0	-92	0
<b>Total comprehensive income</b>	<b>16,924</b>	<b>0</b>	<b>0</b>	<b>17,946</b>	<b>-92</b>	<b>0</b>	<b>17,854</b>	<b>-929</b>
Acquisition of treasury shares	-11,301	0	0	0	0	-11,301	-11,301	0
Transaction costs net of tax effect	-84	0	0	0	0	-84	-84	0
Dividend payments	-28,750	0	0	-28,750	0	0	-28,750	0
	<b>-40,135</b>	<b>0</b>	<b>0</b>	<b>-28,750</b>	<b>0</b>	<b>-11,385</b>	<b>-40,135</b>	<b>0</b>
<b>As at: 30 Jun. 2022</b>	<b>567,735</b>	<b>46,988</b>	<b>358,983</b>	<b>175,574</b>	<b>-1,557</b>	<b>-11,385</b>	<b>568,603</b>	<b>-869</b>
<b>As at: 31 Dec. 2022</b>	<b>572,957</b>	<b>46,988</b>	<b>358,983</b>	<b>198,123</b>	<b>1,755</b>	<b>-32,139</b>	<b>573,710</b>	<b>-753</b>
<b>As at: 1 Jan. 2023</b>	<b>572,957</b>	<b>46,988</b>	<b>358,983</b>	<b>198,123</b>	<b>1,755</b>	<b>-32,139</b>	<b>573,710</b>	<b>-753</b>
Consolidated earnings after tax	15,992	0	0	16,319	0	0	16,319	-327
Changes in actuarial gains and losses	341	0	0	0	341	0	341	0
<b>Total comprehensive income</b>	<b>16,334</b>	<b>0</b>	<b>0</b>	<b>16,319</b>	<b>341</b>	<b>0</b>	<b>16,660</b>	<b>-327</b>
Acquisition of treasury shares	-4,548	0	0	0	0	-4,548	-4,548	0
Transaction costs net of tax effect	-10	0	0	0	0	-10	-10	0
Changes to the scope of consolidation	2,705	0	0	0	0	0	0	2,705
Dividend payments	-15,163	0	0	-15,163	0	0	-15,163	0
	<b>-17,017</b>	<b>0</b>	<b>0</b>	<b>-15,163</b>	<b>0</b>	<b>-4,558</b>	<b>-19,721</b>	<b>2,705</b>
<b>As at: 30 Jun. 2023</b>	<b>572,274</b>	<b>46,988</b>	<b>358,983</b>	<b>199,279</b>	<b>2,096</b>	<b>-36,697</b>	<b>570,649</b>	<b>1,624</b>



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### Basis of the condensed consolidated interim financial statements

#### Basis for preparing the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Instone Real Estate and its subsidiaries as at 30 June 2023 have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim reporting” and the German Accounting Standard (DRS) 16 “Semi-annual financial reporting”.

They should be read in conjunction with the consolidated financial statements and the notes thereto in the Company’s Annual Report for the year ended 31 December 2022, which have been prepared in accordance with 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 applied on the balance sheet date, 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 and the supplementary disclosures in accordance with Section 315e HGB.

The preparation of the interim report requires management to make a series of assumptions and estimates. This may lead to discrepancies between the values shown in the interim report and the actual values.

Various items from the condensed consolidated statement of financial position and the condensed consolidated income statement are combined into one item for a better overview. The condensed consolidated income statement is prepared according to the nature of expense method.

The condensed consolidated interim 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 stated otherwise. Commercial rounding may lead to immaterial rounding differences in the totals.

#### First-time application of accounting standards in the current financial year

In recent years, the International Accounting Standards Board (IASB) has made various changes to existing IFRS and published new IFRS as well as Interpretations of the IFRS Interpretations Committee (IFRS IC). In addition, the IASB has published amendments to existing standards as part of the Annual Improvement Project (AIP). The primary aim of the collective standards is to clarify inconsistencies and formulations.

The changes to the accounting standards that came into effect on 1 January 2023 have no impact on these condensed consolidated interim financial statements.

#### Scope of consolidation

As at 30 June 2023, in addition to Instone Real Estate Group SE, a total of 15 (31 December 2022: 17) domestic and two (31 December 2022: two) European foreign companies are part of these condensed consolidated interim financial statements and are fully consolidated.

Due to a loss of control, Projekt am Sonnenberg Wiesbaden GmbH was deconsolidated as at 1 June 2023. The resulting gain of €2,815 thousand from deconsolidation is recognised as other operating income. Since 1 June 2023, the shares of this joint venture are included in the consolidated financial statements using the equity method. This resulted in a current loan receivable of €18,938 thousand to the joint venture being reported for the first time as at 1 June 2023. At the same time, the balance sheet recognition of the project (1 June 2023: €31,330 thousand) and the corresponding project finance liability (1 June 2023: €18,194 thousand) were substantially no longer reported due to the loss of control.

As at 30 June 2023, nine joint ventures (31 December 2022: eight) and one associated company (31 December 2022: one) were valued using the equity method.



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In total, six group entities (31 December 2022: six) had a low business volume or no business operation and were not consolidated for reasons of materiality. They are reported under other investments.

## 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.

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 results of joint ventures are included in adjusted earnings before interest and tax, as future earnings of project companies to be recorded under this item are to be allocated to operating earnings.



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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 one 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 revenues of €37,915 thousand (previous-year period: €17,482 thousand) and project costs of €-33,109 thousand (previous-year period: €-21,662 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 30 June 2023 inventories and contract assets still included write-ups of €14,944 thousand (31 December 2022: €17,098 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: €1,510 thousand (previous-year period: €932 thousand) to changes in inventories and €643 thousand (previous-year period: €6,846 thousand) to changes in inventories. Based on current estimates, the Instone Group expects these effects to expire in 2025.

#### Reclassifications and non-recurring effects

As at 30 June 2023, indirect sales expenses amounting to €1,069 thousand (previous-year period: €1,083 thousand) as well as other operating income after subtracting the cost of materials in the amount of €-6,184 thousand (previous-year period: €-3,852 thousand) were allocated to project costs. The adjustment of the capitalised interest in the changes in inventories of €5,490 thousand (previous-year period: €938 thousand) burdened the project costs.

During the period under review, adjustments for non-recurring and extraordinary effects were made mainly for severance payment expenses of €925 thousand and consulting expenses of €859 thousand.

The adjusted tax rate of 28.3% was below the reported tax rate (34.8%). This was due to the adjustment of tax effects from other reporting periods.

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





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## Reconciliation of adjusted results of operations 1 Jan.–30 Jun. 2023

TABLE 025

In thousands of euros

	Adjusted results of operations	Share deal effects	Non-recurring effects	Reclassifications	Effects from PPA	Reported results of operations
<b>Revenue</b>	<b>279,457</b>	<b>- 37,915</b>	<b>0</b>	<b>0</b>	<b>- 1,510</b>	<b>240,031</b>
<b>Project costs</b>	<b>- 207,250</b>	<b>33,109</b>	<b>0</b>	<b>375</b>	<b>- 643</b>	<b>- 174,410</b>
Cost of materials	- 264,966	0	0	- 5,115	0	- 270,081
Changes in inventories	57,716	33,109	0	5,490	- 643	95,671
<b>Gross profit</b>	<b>72,207</b>	<b>- 4,807</b>	<b>0</b>	<b>375</b>	<b>- 2,154</b>	<b>65,621</b>
<b>Platform costs</b>	<b>- 33,015</b>	<b>0</b>	<b>- 1,784</b>	<b>5,115</b>	<b>0</b>	<b>- 29,684</b>
Staff costs	- 25,939	0	0	0	0	- 25,939
Other operating income	7,315	0	0	6,184	0	13,500
Other operating expenses	- 11,898	0	- 1,784	- 1,069	0	- 14,751
Depreciation and amortisation	- 2,494	0	0	0	0	- 2,494
Share of results of joint ventures	4,093	0	0	0	0	4,093
<b>EBIT</b>	<b>43,285</b>	<b>- 4,807</b>	<b>- 1,784</b>	<b>5,490</b>	<b>- 2,154</b>	<b>40,030</b>
Other results from investments	0	0	0	0	0	0
Financial result	- 9,995	0	0	- 5,490	0	- 15,485
<b>EBT</b>	<b>33,289</b>	<b>- 4,807</b>	<b>- 1,784</b>	<b>0</b>	<b>- 2,154</b>	<b>24,545</b>
Income taxes	- 9,419					- 8,553
<b>EAT</b>	<b>23,870</b>					<b>15,992</b>



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## Reconciliation of adjusted results of operations 1 Jan.–30 Jun. 2022

TABLE 026

In thousands of euros

	Adjusted results of operations	Share deal effects	Non-recurring effects	Reclassifications	Effects from PPA	Reported results of operations
<b>Revenue</b>	<b>268,029</b>	<b>-17,482</b>	<b>0</b>	<b>0</b>	<b>-932</b>	<b>249,615</b>
<b>Project costs</b>	<b>-199,206</b>	<b>21,662</b>	<b>0</b>	<b>-1,830</b>	<b>-6,846</b>	<b>-186,220</b>
Cost of materials	-265,471	0	0	-2,769	0	-268,240
Changes in inventories	66,266	21,662	0	938	-6,846	82,020
<b>Gross profit</b>	<b>68,823</b>	<b>4,180</b>	<b>0</b>	<b>-1,830</b>	<b>-7,778</b>	<b>63,395</b>
<b>Platform costs</b>	<b>-34,376</b>	<b>0</b>	<b>0</b>	<b>2,769</b>	<b>0</b>	<b>-31,607</b>
Staff costs	-26,177	0	0	0	0	-26,177
Other operating income	5,581	0	0	3,852	0	9,433
Other operating expenses	-11,387	0	0	-1,083	0	-12,471
Depreciation and amortisation	-2,393	0	0	0	0	-2,393
Share of results of joint ventures	1,460	0	0	0	0	1,460
<b>EBIT</b>	<b>35,907</b>	<b>4,180</b>	<b>0</b>	<b>938</b>	<b>-7,778</b>	<b>33,247</b>
Other results from investments	29	0	0	0	0	29
Financial result	-7,461	0	0	-938	0	-8,400
<b>EBT</b>	<b>28,475</b>	<b>4,180</b>	<b>0</b>	<b>0</b>	<b>-7,778</b>	<b>24,876</b>
Income taxes	-8,870					-7,860
<b>EAT</b>	<b>19,605</b>					<b>17,017</b>



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## Revenue

Revenue is spread across the following regions:

Revenue by region		
In thousands of euros		
	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
Germany	239,973	249,560
Rest of Europe	58	55
	<b>240,031</b>	<b>249,615</b>

The composition of revenue by revenue type is shown in the following table:

Revenue by revenue type		
In thousands of euros		
	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
Revenue from building contracts		
Revenue recognised over time	215,648	245,365
Revenue recognised at a point in time	22,214	755
	<b>237,862</b>	<b>246,120</b>
Income from leases	2,052	3,364
Other services	118	132
	<b>240,031</b>	<b>249,615</b>

The total amount of unfulfilled or partly unfulfilled performance obligations as at the balance sheet date is €866,724 thousand (31 December 2022: €788,589 thousand).

## Depreciation and impairment

There was no impairment of right of use assets, property, plant and equipment or intangible assets.

## Depreciation and amortisation

TABLE 029

In thousands of euros		
	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
Right-of-use assets	-1,757	-1,670
Property, plant and equipment	-376	-457
Intangible assets	-361	-266
	<b>-2,494</b>	<b>-2,393</b>

## Income taxes

## Income taxes

TABLE 030

In thousands of euros		
	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022
<b>Current income tax</b>		
German trade tax	-5,275	-3,776
Corporation tax	-5,088	-3,466
	<b>-10,363</b>	<b>-7,242</b>
<b>Deferred tax</b>		
Deferred tax	1,811	-618
	<b>-8,553</b>	<b>-7,860</b>



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## Inventories

Inventories	TABLE 031	
In thousands of euros		
	30 Jun. 2023	31 Dec. 2022
Work-in-progress	1,031,593	967,197
Finished goods	0	56
	<b>1,031,593</b>	<b>967,253</b>

The unfinished products of €413,008 thousand (31 December 2022: €397,298 thousand) are subject to restrictions due to project financing by banks.

Borrowing costs amounting to €19,170 thousand (31 December 2022: €13,685 thousand) were capitalised as part of production costs recognised for inventories attributable to project-related financing based on individual agreements with external lenders.

The inventories were subject to impairment of €13,699 thousand (31 December 2022: €12,216 thousand). Reversals of impairment losses in the period under review were €844 thousand (previous-year period: €530 thousand).

Deconsolidation of the Am Sonnenberg Wiesbaden GmbH project decreased the inventories by €31,330 thousand.

## Contract assets

Contract assets	TABLE 032	
In thousands of euros		
	30 Jun. 2023	31 Dec. 2022
Contract assets	849,907	847,923
Payments received	– 543,624	– 519,638
	<b>306,283</b>	<b>328,284</b>
Receivables from costs to obtain a contract	3,714	5,301
	<b>309,997</b>	<b>333,585</b>

The structure of contract assets is composed as follows:

The change in contract assets is due to the increase in fulfilment of the underlying contracts with customers and the parallel increase in advance payments.

The cycle of contract assets is – equivalent to the project term – an average of three years.

The amortisation of the costs to obtain a contract in the amount of €3,553 thousand (previous-year period: €4,718 thousand) offsets the fulfilment of the underlying contracts with customers.

## Cash and cash equivalents

Cash and cash equivalents of €113,353 thousand (31 December 2022: €12,600 thousand) are subject to disposal restrictions and are the result of on-going project financing by banks as well as project financing from banks for customers.



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## Financial liabilities

## Financial liabilities

TABLE 033

In thousands of euros

	30 Jun. 2023	31 Dec. 2022
<b>Non-current</b>		
To financial institutions from project financing	173,985	109,844
To financial institutions from corporate financing	15,452	15,427
Loans from third parties	149,077	148,910
Liabilities to minority shareholders	0	17,844
	<b>338,514</b>	<b>292,025</b>
<b>Current</b>		
To financial institutions from project financing	214,914	213,224
To financial institutions from corporate financing	31,119	13,158
Loans from third parties	5,295	2,196
Liabilities to minority shareholders	50	45
	<b>251,378</b>	<b>228,622</b>
	<b>589,893</b>	<b>520,647</b>



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## Financial liabilities 2023

TABLE 034

In thousands of euros

	30 Jun. 2023	1 Jan. 2023	Cash flow from financing activities	Non-cash changes		
				Neutral offsetting	Deferred interest	Amortisation from the valuation using the effective interest method
Loans from banks	435,470	351,653	105,590	-28,497	6,554	170
Loans from third parties	154,373	151,105	168	0	2,944	155
Liabilities to minority shareholders	50	17,889	0	-17,839	0	0
	<b>589,893</b>	<b>520,647</b>	<b>105,758</b>	<b>-46,335</b>	<b>9,498</b>	<b>326</b>

## Financial liabilities 2022

TABLE 035

In thousands of euros

	31 Dec. 2022	1 Jan. 2022	Cash flow from financing activities	Non-cash changes		
				Neutral offsetting	Deferred interest	Amortisation from the valuation using the effective interest method
Loans from banks	351,653	272,433	78,542	0	332	346
Loans from third parties	151,105	101,113	49,043	0	727	222
Liabilities to minority shareholders	17,889	17,004	425	0	460	0
	<b>520,647</b>	<b>390,550</b>	<b>128,010</b>	<b>0</b>	<b>1,520</b>	<b>568</b>

Current and non-current loans from banks consisted of fixed and variable interest rate loans issued by various banks.

In accordance with the Group's policy, Instone Group's loans from banks are not the subject of contractual assurances and are instead secured by land charges. The subsidised loans taken up were secured by corresponding bank deposits.

The complete reduction of the non-current liabilities to minority shareholders resulted from the deconsolidation of the Am Sonnenberg Wiesbaden GmbH project.



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## Other disclosures

## Disclosures about related persons and companies

Key related persons and companies include any material entities valued at equity and members of the Management Board and Supervisory Board.

## Relationships with joint ventures

Relationships with joint ventures and other investments TABLE 036

In thousands of euros

	30 Jun. 2023	31 Dec. 2022
<b>Receivables</b>		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	4,318	2,694
FHP Friedenauer Höhe Erste GmbH & Co. KG	3,237	11,526
FHP Friedenauer Höhe Sechste GmbH & Co. KG	7,126	4,266
FHP Friedenauer Höhe Vierte GmbH & Co. KG	529	524
Projekt Am Sonnenberg Wiesbaden GmbH	19,017	0
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	4	42
Twelve GmbH & Co. KG	0	28
Wohnpark Heusenstamm GmbH & Co. KG	161	63
	<b>34,392</b>	<b>19,143</b>

The financial receivables from the four project companies FHP Friedenauer Höhe Dritte GmbH & Co. KG, FHP Friedenauer Höhe Erste GmbH & Co. KG, FHP Friedenauer Höhe Sechste GmbH & Co. KG and FHP Friedenauer Höhe Vierte GmbH & Co. KG consist of interest-free loans with residual maturities of between about one to three years. The financial receivable from Projekt Am Sonnenberg Wiesbaden GmbH consists of a loan with interest with a residual maturity of one year.

## Relationships with related persons

There were no material transactions between Instone Real Estate Group SE, Essen, Germany or a Group company and persons from the Management or related persons or companies during the reporting period. There are no conflicts of interest in terms of the participating members of the Management Board and the Supervisory Board.

## Further disclosures on financial instruments

The carrying amounts for individual classes of financial instruments and the carrying amounts for individual categories are shown below in accordance with IFRS 7.



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## Carrying amounts of financial instruments in 2023

TABLE 037

In thousands of euros

	Carrying amount 30 Jun. 2023	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
<b>ASSETS</b>				
<b>Financial assets</b>				
<b>Financial receivables</b>				
Non-current	15,245	0	15,245	0
Current	19,873	0	19,873	0
	<b>35,118</b>	<b>0</b>	<b>35,118</b>	<b>0</b>
Other investments	340	340	0	0
Contract assets	309,997	0	0	309,997
Trade receivables	5,407	0	5,407	0
Other receivables and other assets	68,751	0	68,751	0
Cash and cash equivalents	296,447	0	296,447	0
	<b>716,060</b>	<b>340</b>	<b>405,723</b>	<b>309,997</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Financial liabilities</b>				
<b>Financial liabilities</b>				
Non-current	338,514	0	338,514	0
Current	251,378	0	251,378	0
	<b>589,893</b>	<b>0</b>	<b>589,893</b>	<b>0</b>
Contract liabilities	11,555	0	0	11,555
Liabilities from net assets attributable to non-controlling interests	18	18	0	0
Trade payables	122,875	0	122,875	0
Other liabilities				
Non-current	28,497	0	28,497	0
Current	372,154	0	372,154	0
	<b>400,650</b>	<b>0</b>	<b>400,650</b>	<b>0</b>
	<b>1,124,991</b>	<b>18</b>	<b>1,113,418</b>	<b>11,555</b>





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## Carrying amounts of financial instruments in 2022

TABLE 038

In thousands of euros

	Carrying amount 31 Dec. 2022	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
<b>ASSETS</b>				
<b>Financial assets</b>				
<b>Financial receivables</b>				
Non-current	18,993	0	18,993	0
Current	663	0	663	0
	<b>19,656</b>	<b>0</b>	<b>19,656</b>	<b>0</b>
Other investments	340	340	0	0
Contract assets	333,585	0	0	333,585
Trade receivables	2,778	0	2,778	0
Other receivables and other assets	134,259	0	134,259	0
Cash and cash equivalents	255,592	0	255,592	0
	<b>746,211</b>	<b>340</b>	<b>412,286</b>	<b>333,585</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Financial liabilities</b>				
<b>Financial liabilities</b>				
Non-current	292,025	0	292,025	0
Current	228,622	0	228,622	0
	<b>520,647</b>	<b>0</b>	<b>520,647</b>	<b>0</b>
Contract liabilities	25,878	0	0	25,878
Liabilities from net assets attributable to non-controlling interests	18	18	0	0
Trade payables	150,450	0	150,450	0
Other liabilities	393,559	0	393,559	0
	<b>1,090,553</b>	<b>18</b>	<b>1,064,656</b>	<b>25,878</b>



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With the short-term financial instruments accounted for at amortised costs, the carrying amount corresponds to the fair value, due to the short remaining term to maturity. In the case of non-current financial liabilities, the carrying amount of a part corresponds to the fair value due to the variable interest rate. The fair value for fixed-interest non-current liabilities, which differs from the carrying amount by €- 8,705 thousand less than the fair value as at 30 June 2023. As at 31 December 2022, fair value differs from the carrying amount by €- 17,493 thousand. Non-current liabilities fall under fair value hierarchy level 2. The fair value was determined using a cash value method using company-specific current interest rates derived from the market. Non-current financial receivables are recognised at amortised costs. Its fair value differs from the carrying amount by €- 375 thousand (31 December 2022: €- 506 thousand). These loans fall under fair value hierarchy level 2 and were determined using a cash value method taking into account current market interest rates.

During the reporting period, €82,840 thousand in subsidised loans were taken up. Initial valuation was made at fair value. It was derived from observable market input parameters (fair value hierarchy level 2). The difference to the amount paid out of €28.497 thousand was treated as a government grant in accordance with IAS 20 and recognized as other non-current liability.

## Events after the balance sheet date

There were no events of particular significance to report after the balance sheet date of 30 June 2023.

### Disclosures on preparation and approval

The Management Board of Instone Real Estate Group SE prepared the interim consolidated financial statements on 9 August 2023 and approved them for forwarding to the Supervisory Board.

Essen, 9 August 2023

The Management Board



Kruno Crepulja



Andreas Gräf



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## Insurance of legal representatives

To the best of our knowledge, we hereby declare that the semi-annual report for the interim consolidated financial statements accurately reflects the results of operations, net assets and the financial position of the Instone Group in accordance with applicable accounting principles and that the Company's management report together with the combined management report accurately reflect business performance, including the operating result and financial position, of the Instone Group, and that it also describes the significant opportunities and risks associated with the anticipated development of the Instone Group during the remainder of the financial year.

Essen, 9 August 2023

The Management Board



Kruno Crepulja



Andreas Gräf



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# Review report

To Instone Real Estate Group SE, Essen/Germany

We have reviewed the condensed interim consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity as well as selected explanatory notes to the consolidated financial statements, and the interim group management report of Instone Real Estate Group SE, Essen/Germany, for the period from 1 January to 30 June 2023, that are part of the half-year financial information under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim

consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Instone Real Estate Group SE, Essen/Germany, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf/Germany, 9 August 2023

### **Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Signed:

(Rolf Künemann)

Wirtschaftsprüfer

(German Public Auditor)

Signed:

(Nicole Meyer)

Wirtschaftsprüferin

(German Public Auditor)



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## Disclaimer

### Forward-looking statements

This consolidated interim report contains forward-looking statements that are based on current management plans, goals and forecasts. However, these statements relate only to findings that are available as at the date this condensed consolidated interim report was prepared. Management does not guarantee that these forward-looking statements will necessarily materialise. Actual future development and the results actually achieved are subject to various risks and can therefore deviate significantly from the forward-looking statements. Several risk factors cannot be influenced by Instone Real Estate and therefore cannot be conclusively assessed in advance. These include changes in the economic and competitive environment, legislation, fluctuations in interest or exchange rates, legal disputes and investigative proceedings and the availability of financial resources. These and other risks are listed in the 2021 consolidated report, which includes a summary of the management report, as well as in this condensed consolidated interim report. Furthermore, business development and economic results may also be encumbered by other factors. Following publication of this interim consolidated report, there is no intention to in any way update the forward-looking statements made herein or to adjust them to events and developments.

### Rounding of figures

Some figures disclosed in this condensed consolidated interim report have been commercially rounded. As a result, there may be minor deviations between figures in tables and the respective analyses of them in the text of the condensed consolidated interim report, as well as between individual amount totals in tables and the total values indicated in the text. All key performance indicators and percentage changes are calculated on the basis of the underlying data and shown in the unit "thousands of euros".



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## Quarterly comparison

TABLE 039

In millions of euros

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Real estate business key performance indicators</b>						
Volume of sales contracts	18.4	52.7	41.9	104.6	58.0	87.6
Volume of sales contracts	In units	28	110	44	199	96
Project portfolio (existing projects)	7,182.6	7,600.4	7,668.8	7,827.4	7,727.4	7,567.7
Of which already sold	2,868.8	2,958.7	2,980.5	2,945.4	2,891.4	3,070.1
Project portfolio (existing projects)	In units	15,148	16,107	16,209	16,580	16,607
Of which already sold	In units	7,017	7,198	7,309	7,265	7,179
Volume of new approvals <sup>1</sup>	0.0	0.0	0.0	51.4	185.5	99.8
Volume of new approvals	In units	0	0	0	114	461
Cash flow from operations	34.3	-74.7	96.9	-46.2	32.1	-12.7
<b>Adjusted results of operations</b>						
Revenues adjusted	156.0	123.5	179.1	173.9	149.5	118.5
Project costs adjusted	-117.6	-89.7	-135.6	-129.0	-115.9	-83.3
<b>Gross profit adjusted</b>	<b>38.4</b>	<b>33.8</b>	<b>43.4</b>	<b>45.0</b>	<b>33.6</b>	<b>35.2</b>
<b>Gross profit margin adjusted</b>	<b>24.6%</b>	<b>27.4%</b>	<b>24.2%</b>	<b>25.9%</b>	<b>22.5%</b>	<b>29.7%</b>
Platform costs adjusted	-13.7	-19.3	-17.4	-20.7	-15.7	-18.7
Share of results of joint ventures adjusted	2.8	1.3	1.7	0.7	0.9	0.6
<b>Earnings before interest and tax (EBIT) adjusted</b>	<b>27.5</b>	<b>15.8</b>	<b>27.7</b>	<b>25.0</b>	<b>18.9</b>	<b>17.0</b>
<b>EBIT margin adjusted</b>	<b>17.6%</b>	<b>12.8%</b>	<b>15.5%</b>	<b>14.4%</b>	<b>12.6%</b>	<b>14.3%</b>
Income from investments adjusted	0.0	0.0	0.0	0.0	0.0	0.0
Financial result adjusted	-6.6	-3.4	-4.3	-4.1	-3.8	-3.7
<b>Earnings before tax (EBT) adjusted</b>	<b>20.9</b>	<b>12.4</b>	<b>23.4</b>	<b>20.8</b>	<b>15.1</b>	<b>13.4</b>
<b>EBT margin adjusted</b>	<b>13.4%</b>	<b>10.0%</b>	<b>13.1%</b>	<b>12.0%</b>	<b>10.1%</b>	<b>11.3%</b>
Income taxes adjusted	-5.5	-3.9	-7.3	-6.4	-4.8	-4.1
<b>Earnings after tax (EAT) adjusted</b>	<b>15.4</b>	<b>8.5</b>	<b>16.0</b>	<b>14.4</b>	<b>10.3</b>	<b>9.3</b>
<b>EAT margin adjusted</b>	<b>9.9%</b>	<b>6.9%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>6.9%</b>	<b>7.8%</b>
Earnings per share (adjusted)	0.36	0.20	0.35	0.32	0.24	0.20



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## Multi-year overview

In millions of euros

	6M 2023	2022	2021	2020	2019
<b>Key liquidity figures</b>					
Cash flow from operations	-40.4	70.2	43.9	119.9	-205.1
Cash flow from operations without new investments	-30.7	187.2	256.3	225.0	115.0
Free cash flow	-35.8	79.6	167.4	-64.2	-237.5
Cash and cash equivalents and term deposits <sup>1</sup>	213.6	255.6	151.0	232.0	117.1
<b>Key balance sheet figures</b>					
Total assets	1,814.8	1,780.3	1,520.8	1,283.1	1,123.4
Inventories	1,031.6	967.3	843.7	777.8	732.1
Contract assets	310.0	333.6	358.0	194.2	219
Equity	572.3	573.0	590.9	521.0	310.2
Financial liabilities	589.9	520.6	390.5	481.7	595.5
From corporate finance	200.9	179.7	199.1	207.2	180.8
Of which, from project financing	389.0	341.0	191.4	274.5	414.7
Net financial debt <sup>2</sup>	322.0	265.1	239.5	249.7	478.4
Leverage	3.2	2.8	1.5	2.8	3.6
Loan-to-cost <sup>3</sup>	In % 24.2	20.8	20.1	25.7	50.3
ROCE <sup>4</sup> adjusted	In % 10.8	10.2	22.0	10.3	22.8
<b>Employees</b>					
Number	480	488	457	413	375
FTE <sup>5</sup>	402.0	409.4	387.6	342.5	307.7

<sup>1</sup>Term deposits are comprised of cash investments of more than three months. Excluding restricted cash equivalents of €82.8 million from the subsidised loan "Westville".

<sup>2</sup>Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Exclusive of the €54.3 million subsidised loan.

<sup>3</sup>Loan-to-cost = net financial debt/(inventories + contract assets).

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

<sup>5</sup>Full-time equivalents.

<sup>6</sup>Excluding volume of approvals from joint ventures consolidated at equity.

TABLE 040

In millions of euros

	6M 2023	2022	2021	2020	2019
<b>Real estate business key performance indicators</b>					
Volume of sales contracts	71.1	292.1	1,140.1	464.4	1,403.1
Volume of sales contracts	In units 138	530	2,915	1,292	2,733
Project portfolio (existing projects)	7,182.6	7,668.8	7,500.0	6,053.6	5,845.7
Of which already sold	2,868.8	2,980.5	3,038.9	2,328.8	2,174.0
Project portfolio (existing projects)	In units 15,148	16,209	16,418	13,561	13,715
Of which already sold	In units 7,017	7,309	7,215	5,381	4,814
Volume of new approvals <sup>6</sup>	0.0	336.7	1,587.4	489.9	1,284.2
Volume of new approvals	In units 0	749	3,245	1,171	3,857
<b>Adjusted results of operations</b>					
Revenues adjusted	279.5	621.0	783.6	480.1	736.7
Project costs adjusted	-207.3	-463.8	-562.1	-333.5	-548.8
<b>Gross profit adjusted</b>	<b>72.2</b>	<b>157.2</b>	<b>221.5</b>	<b>146.6</b>	<b>187.8</b>
<b>Gross profit margin adjusted</b>	<b>25.8%</b>	<b>25.3%</b>	<b>28.3%</b>	<b>30.5%</b>	<b>25.5%</b>
Platform costs adjusted	-33.0	-72.5	-80.5	-65.5	-59.0
Share of results of joint ventures adjusted	4.1	3.9	14.6	2.7	0.7
<b>Earnings before interest and tax (EBIT) adjusted</b>	<b>43.3</b>	<b>88.6</b>	<b>155.7</b>	<b>83.8</b>	<b>129.6</b>
<b>EBIT margin adjusted</b>	<b>15.5%</b>	<b>14.3%</b>	<b>19.9%</b>	<b>17.5%</b>	<b>17.6%</b>
Income from investments adjusted	0.0	0.0	0.1	-1.2	-5.7
Financial result adjusted	-10.0	-15.9	-19.3	-23.2	-16.1
<b>Earnings before tax (EBT) adjusted</b>	<b>33.3</b>	<b>72.7</b>	<b>136.5</b>	<b>59.4</b>	<b>107.8</b>
<b>EBT margin adjusted</b>	<b>11.9%</b>	<b>11.7%</b>	<b>17.4%</b>	<b>12.4%</b>	<b>14.6%</b>
Income taxes adjusted	-9.4	-22.6	-39.6	-18.3	-2.2
<b>Earnings after tax (EAT) adjusted</b>	<b>23.9</b>	<b>50.0</b>	<b>96.9</b>	<b>41.1</b>	<b>105.6</b>
<b>EAT margin adjusted</b>	<b>8.6%</b>	<b>8.1%</b>	<b>12.4%</b>	<b>8.6%</b>	<b>14.3%</b>
Earnings per share (adjusted)	In euros 0.56	1.11	2.10	0.99	2.69
Dividend per share	In euros	0.35	0.62	0.26	
Distribution amount		15.2	28.7	12.2	





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## Contact

### Business Development & Communication

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## Legal notice

### Instone Real Estate Group SE

Grugaplatz 2-4  
45131 Essen, Germany  
Germany

Telephone: +49 201 45355-0  
Fax: +49 201 45355-934  
Email: info@instone.de

### Management Board

Kruno Crepulja (Chair of the Management Board/CEO),  
Andreas Gräf

### Chairman of the Supervisory Board

Stefan Brendgen

### Commercial Register

Registered in the Commercial Register of the Essen District Court under HRB 32658

Sales tax ID number  
DE 300512686

### Concept, design and implementation

RYZE Digital  
www.ryze-digital.de

## Financial calendar

10 Aug. 2023	Publication of the semi-annual report as at 30 June 2023
9 Nov. 2023	Publication of the quarterly statement as at 30 September 2023



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