



Instone Group makes a very solid start to the new year with dynamic development in retail sales; full-year targets for 2025 confirmed

- *Adjusted revenues of EUR 105.0 million in the first quarter of 2025 (Q1-2024: EUR 119.5 million) are in line with expectations*
- *Continued very high adjusted gross profit margin of 26.8 per cent (Q1-2024: 27.4 per cent) remains testimony to the quality of Instone Group's projects and cost leadership*
- *Sales of EUR 41.6 million (Q1-2024: EUR 88.0 million) were as planned below the previous year quarter, which had benefited from a large institutional sale; strong momentum in single-unit sales despite volatility on the financial markets*
- *Adjusted earnings after tax of EUR 7.5 million (Q1-2024: EUR 9.6 million) also confirm a very solid start to the year*
- *With a very strong balance sheet (loan-to-cost: 11.8 per cent), the company is well positioned for further growth. Several land plot acquisitions are in advanced stages of negotiation*
- *Outlook for 2025 confirmed: revenues (adjusted) of EUR 500 to 600 million, adjusted earnings after tax of EUR 25 to 35 million, sales of more than EUR 500 million*

Essen, Germany, 8 May 2025: Instone Real Estate Group ("Instone Group") has started the 2025 financial year with a very solid result in an environment characterised by significant macroeconomic uncertainties. The sales launches of new projects in particular showed very robust demand, especially in the private investor customer group. These trends continue to be seen in the weeks following the end of the quarter. Single-unit sales saw dynamic growth overall compared to the previous year. Sales to institutional investors remain focused on the second half of the year as planned. The company is already in talks with institutional investors regarding several projects. Based on current demand indicators, we still clearly expect the market recovery in the highly stable asset class of German new-builds to continue.



Instone Group maintains industry-leading profitability

Adjusted revenues amounted to EUR 105.0 million in the first quarter of 2025 and were therefore below the previous year's level as expected (Q1-2024: EUR 119.5 million) due to lower construction output and the revenue contribution from an institutional sale in the same quarter of the previous year. Instone Group continued to benefit from the high proportion of projects already sold. Of the projects under construction, totalling around EUR 2.9 billion, around 93 percent had already been sold by the reporting date.

The adjusted gross profit margin remained at a very high and industry-leading level of 26.8 per cent in the first quarter of 2025 (Q1-2024: 27.4 per cent). The company's leading profitability underlines the quality of the project portfolio and also benefits from structural competitive advantages, such as economies of scale in purchasing and the high level of vertical integration with in-house construction management. As planned, however, a somewhat lower adjusted gross margin is still expected for the remainder of the year.

Due to the lower revenues, the adjusted operating profit (adjusted EBIT) decreased to EUR 12.9 million (Q1-2024: EUR 15.8 million). As expected adjusted earnings after taxes (EAT) of EUR 7.5 million were also below the previous year (Q1-2024: EUR 9.6 million) with a slightly higher tax rate, but this result also confirms the overall very solid start to the year.

Significant increase in retail sales; new sales launches are benefiting from strong demand, particularly from buy-to-let investors

Instone Group sold properties worth around EUR 41.6 million in the first quarter of 2025, which was still below the previous year's level (Q1-2024: EUR 88.0 million), that had benefitted from a large institutional sale. Single-unit sales to private investors and owner-occupiers, however, showed very significant growth despite the usual weaker seasonality at the beginning of the year and the high level of macroeconomic uncertainty. Accordingly, retail sales rose by around 52 per cent to EUR 38.7 million in the first quarter (Q1-2024: EUR 25.5 million). A main driver for this positive development was the sales start of two new projects that are tailor-made to the attractive promotional conditions of the Growth Opportunities Act for buy-to-let investors.



These products also benefit from the increased degressive depreciation of 5.0 per cent and an additional linear special depreciation of a further 5.0 per cent over four years for energy-efficient properties which provide a basis for very attractive post-tax returns for buy-to-let investors.

The past month following the quarterly reporting date has shown continued dynamic development in single-unit sales at an even accelerated pace.

The institutional market is still characterised by an overall greater reluctance to buy and sales are geared towards the second half of 2025 in line with planning. However, the company is already seeing greater interest in these projects for sale and is already in talks with potential institutional investors.

Against the backdrop of the favourable fundamental market conditions, Instone Group assumes that the market environment will improve in the further course of 2025 with a further easing of the general uncertainty factors. The company therefore continues to anticipate a significant recovery in sales with a planned total volume of over EUR 500 million.

Strong balance sheet offers significant potential for acquisitions

The strength of Instone Group's balance sheet constitutes an important competitive advantage, particularly in the current market environment, which should be used to take advantage of attractive growth opportunities.

The ratio of net debt to contract assets plus balance sheet inventories valued at cost (loan-to-cost, LTC) remained at a very low level of 11.8 percent as at 31 March 2025 (31 December 2024: 10.5 percent). The ratio of net debt to adjusted EBITDA was only 2.6x (31 December 2024: 2.1x).

As at 31 March 2025, freely available cash and cash equivalents amounted to more than EUR 250 million. In addition, the company has substantial unused credit lines (RCFs) and project financing lines.



Attractive project portfolio provides considerable revenue potential for the coming years

The expected sales value of the Instone Group's project portfolio (gross development value, GDV) was around EUR 7.0 billion as at the quarterly reporting date (31 December 2024: EUR 6.9 billion). The current size of the pipeline safeguards the business potential for the coming years.

The part of the portfolio that is in the construction phase amounts to around EUR 2.9 billion, of which around EUR 2.7 billion, or around 93 per cent, has already been sold. This continues to ensure a high level of visibility with regard to expected future revenues and cash flows.

The Management Board believes that the environment for acquisitions has improved significantly in recent months and that there has been an increase in attractive opportunities for the purchase of land plots. Instone Group currently has a very substantial acquisition pipeline and has already been able to agree exclusivity agreements. The company is already in advanced negotiations for several potential acquisitions and the Management Board therefore assumes that several acquisitions of attractive projects can also be successfully concluded in the coming months.

"In an environment characterised by great uncertainty, we have made a very solid start to the year and have seen a positive development in our retail sales. This reinforces our belief that market recovery will continue and we are confident about the medium-term growth prospects of our business model", says Kruno Crepulja, CEO of Instone Group.

Outlook for 2025 confirmed

The Management Board confirms the guidance for the current financial year 2025 and thus anticipates adjusted revenues of EUR 500 to 600 million, an adjusted gross profit margin of around 23.0 per cent, adjusted earnings after taxes of EUR 25 to 35 million and sales of at least EUR 500 million.

The definitions of the key performance indicators mentioned in the release can be found in the glossary on the company's website at: [Glossary: Instone Real Estate Group SE](#)



About Instone Real Estate Group SE (Instone Group)

The Instone Group is one of the leading residential developers in Germany and is listed on the Prime Standard of the German stock market. Since 1991, we have been developing future-proof and sustainable urban residential quarters with apartments for sale or rent throughout Germany – to provide a long-lasting good life in the country’s metropolitan areas. Our diverse expertise, combined with efficient processes and a solid financial basis, creates real added value for our stakeholders in environmental, social and economic terms. This means we are taking responsibility for one of the most pressing social issues of our time – creating needs-based and attractive living space. The company employs 409 employees at nine locations across Germany. As at 31 March 2025, the project portfolio included 43 development projects with an anticipated overall sales volume of approximately EUR 7.0 billion and more than 14,200 residential units. www.instone-group.de/en

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