



Instone Group continues solid performance as planned; continued moderate recovery in demand

- *Adjusted revenues of EUR 255.4 million in H1-2024 below the previous year's level (H1-2023: EUR 279.5 million) and in line with expectations*
- *A continued high adjusted gross profit margin of 25.7 percent (H1-2023: 25.8 percent) underscores the quality of Instone Group projects and cost leadership*
- *Sales amounting to EUR 121.9 million (H1-2023: EUR 71.1 million) confirm another moderate recovery in demand; further pickup expected in the second half of the year*
- *With solid adjusted earnings after tax of EUR 20.5 million (H1-2023: EUR 23.9 million), Instone Group is well on track to achieve its earnings targets*
- *A strong balance sheet remains a key pillar and success factor of the business model (loan-to-cost: 15.8 percent)*
- *Basis for future growth has been strengthened with the first acquisitions since 2022 at very attractive conditions*
- *Outlook for 2024 confirmed: adjusted revenues of EUR 500 to 600 million, adjusted earnings after tax of EUR 30 to 40 million, sales of more than EUR 300 million*

Essen, Germany, 8 August 2024: Instone Real Estate Group SE ("Instone Group") continued its very solid performance in the second quarter of 2024 in a still challenging industry environment. Due to a decline in construction output, adjusted revenue and adjusted earnings after tax were, as planned, below the level of the previous year. However, the results show the company well on track to achieve its targets for the full year. The high adjusted gross margin remains a key indicator of Instone Group's operational strength and a sign of its industry-leading profitability.

Following the sharp rise in construction costs and interest rates, demand still poses the biggest challenge. Since the second half of 2023, there has been a moderate recovery in demand in retail sales, which also continued in the second quarter of 2024. The institutional transaction market is still characterised by strong restraint, despite rising investor interest. A first sale to



an institutional investor was, nevertheless, already closed in the first quarter of 2024. Sales in the first half of 2024, at EUR 121.9 million, were significantly higher than the previous year's low level (H1-2023: EUR 71.1 million). A further moderate recovery in demand is expected in the second half of 2024.

Instone Group maintains leading profitability in a difficult market environment

At EUR 255.4 million, adjusted revenues in H1-2024 were, as planned, below the previous year's level (H1-2023: EUR 279.5 million) as a result of the lower construction output. Instone Group continues to benefit from the high share of projects that have already been sold. Of the projects under construction, with a volume of around EUR 2.9 billion, around 90 percent had already been sold by the end of the quarter. This offers a strong basis for broadly secured attractive cash flows in the coming years.

The adjusted gross profit margin in the first half of 2024 was 25.7 percent (H1-2023: 25.8 percent) - still on a high and industry-leading level. Here, the company benefits from economies of scale in purchasing and the structural advantages of a high level of vertical integration with its own construction management. Based on the expected project mix, however, a slightly lower gross margin is expected for the full year, as planned.

Adjusted operating profit (adjusted EBIT) fell to EUR 33.4 million (H1-2023: EUR 43.3 million) primarily due to a lower sales volume. At EUR 20.5 million (H1-2023: EUR 23.9 million), adjusted earnings after taxes (EAT) were also down on the previous year as planned, with an improved financial result and a lower tax rate. However, the results also show that the company is well on track to achieve its profit targets for financial year 2024.

Moderate pickup in demand

In the first half of the year, Instone Group sold properties worth EUR 121.9 million, which is significantly higher than the previous year's low level (H1-2023: EUR 71.1 million). An institutional sale with a volume of around EUR 62 million in the first quarter contributed significantly to this. Overall, the institutional market is still characterised by a pronounced reluctance to buy, despite the increase in investor interest. In retail sales, the trend of a moderate recovery in demand continued, with a further pickup in demand anticipated in the



second half of 2024. New sales starts are expected to be an important growth driver. Furthermore, the introduction of increased tax depreciation for new builds as a result of the Growth Opportunities Act and the stabilisation of residential property prices are expected to have a positive impact on demand. The continued dynamic rental growth and the passing of the peak in interest rates are important price-stabilising factors.

Strong balance sheet and a large number of pre-sold projects provide the basis for future cash flows

Instone Group has a very strong balance sheet, which is a noticeable competitive advantage, particularly in the current market environment. The ratio of net debt to contract assets plus balance sheet inventories valued at cost (loan-to-cost, LTC) at 30 June 2024 remains at a very low level of only 15.8 percent (31 December 2023: 15.1 percent). The ratio of net debt to adjusted EBITDA is only 2.5x (31 December 2023: 2.1x).

Freely available cash amounted to over EUR 250 million as at 30 June 2024. In addition, the company has substantial unused credit lines (RCFs) as well as project financing lines.

Instone can take advantage of special growth opportunities in the current environment

The expected sales value of the Instone Group project portfolio (gross development value, GDV) as at the end of the quarter was approximately EUR 7.1 billion (31 December 2023: EUR 7.0 billion). The current size of the pipeline is already securing the business potential for the next few years. The growth achieved since the reporting date is due to the acquisition of two projects in the attractive, key property market cities (A cities) of Frankfurt and Dusseldorf with a future sales value of a good EUR 260 million. Thanks to a beneficial market environment, Instone Group made its first acquisitions since 2022, promising above-average margins and rates of return in the future.

The part of the portfolio that is under construction totals around EUR 2.9 billion, of which EUR 2.7 billion, or around 90 percent, has already been sold. Once again, this provides high visibility with regard to the expected future revenues and cash flows. This significantly mitigates the risk profile of the company.



“Our figures once again show that we are able to generate very solid results in the ongoing crisis. While securing our strong balance sheet, we are increasingly focussing on taking advantage of attractive acquisition opportunities and thus on future growth,” says Kruno Crepulja, CEO of Instone Real Estate Group SE.

Outlook for 2024 confirmed

Based on the results of the first half of 2024, the Management Board confirms the financial outlook for 2024 and continues to expect adjusted revenues of EUR 500 to 600 million, an adjusted gross profit margin of around 22.0 percent, adjusted earnings after tax of EUR 30 to 40 million and sales of more than EUR 300 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 420 employees at nine locations across Germany. As at 30 June 2024, the project portfolio included 46 development projects with an anticipated overall sales volume of approximately EUR 7.1 billion and around 14,800 residential units. www.instone-group.de/en



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