

INSTONE REAL ESTATE GROUP SE

# ANNUAL FINANCIAL STATEMENTS 2021

**1 Annual financial statements**

2 Statement of financial position

4 Income statement

**5 Notes to the annual financial statements**

5 Basis of the annual financial statements

8 Notes to the statement of financial position

12 Notes to the income statement

14 Other disclosures

**21 Independent auditor's report**

**28 Insurance of executive directors**

**29 About us**



► Annual financial statements

► Statement of financial position

Income statement

Notes to the annual financial statements

Independent auditor's report

Insurance of legal representatives

About us

## Statement of financial position

### Statement of financial position Assets

TABLE 01

In thousands of euros

	Note	31/12/2021	31/12/2020
<b>A. Non-current assets</b>			
<b>Financial assets</b>	1		
1. Shares in affiliated companies		222,626	223,615
2. Loans to affiliated companies		312,460	268,116
3. Investments		258	0
		<b>535,344</b>	<b>491,731</b>
		<b>535,344</b>	<b>491,731</b>
<b>B. Current assets</b>			
<b>I. Receivables and other assets</b>	2		
1. Trade receivables		1	0
2. Receivables from affiliated companies			
of which with a remaining term of more than one year:			
€21,529 thousand (previous year: €11,562 thousand euros)			
of which trade receivables:			
€669 thousand (previous year: €195 euros)			
of which from other assets:			
€132,788 thousand (previous year: €31,726 thousand euros)		133,457	31,921
3. Other assets		1,532	3,194
		<b>134,990</b>	<b>35,114</b>
		<b>134,990</b>	<b>35,114</b>
<b>II. Bank balances</b>	3	<b>73,204</b>	<b>141,809</b>
		<b>208,194</b>	<b>176,923</b>
		<b>208,194</b>	<b>176,923</b>
<b>C. Prepaid expenses and deferred income</b>		<b>75</b>	<b>140</b>
		<b>75</b>	<b>140</b>
<b>D. Deferred tax assets</b>	4	<b>5,944</b>	<b>23,029</b>
		<b>5,944</b>	<b>23,029</b>
		<b>749,557</b>	<b>691,823</b>
		<b>749,557</b>	<b>691,823</b>



► Annual financial statements

► Statement of financial position

Income statement

Notes to the annual financial statements

Independent auditor's report

Insurance of legal representatives

About us

## Statement of financial position (continued)

### Statement of financial position Equity and liabilities

TABLE 01

In thousands of euros

	Note	31/12/2021	31/12/2020
<b>A. Equity</b>	5		
I. Share capital		46,988	46,988
Conditional capital: €4,699 thousand (previous year: €3,698 thousand euros)			
II. Capital reserves		358,958	358,958
III. Other retained earnings		34,372	0
IV. Net profit		36,824	14,669
		<b>477,142</b>	<b>420,615</b>
<b>B. Provisions</b>			
1. Provisions for pensions and similar obligations	6	1,081	737
2. Tax provisions		13,778	3,701
3. Other provisions	7	7,688	7,130
		<b>22,547</b>	<b>11,568</b>
<b>C. Liabilities</b>			
1. Loans from banks and other lenders	8		
of which with a remaining term of up to one year: €71,808 thousand (previous year: €2,851 thousand euros)			
of which with a remaining term of more than one year: €128,477 thousand (previous year: €206,000 thousand euros)		200,285	208,851
2. Trade payables	9		
of which with a remaining term of up to one year: €235 thousand (previous year: €217 thousand euros)		235	217
3. Liabilities to affiliated companies	10		
of which with a remaining term of up to one year: €48,770 thousand (previous year: €50,042 thousand euros)			
of which from other liabilities: €48,770 thousand (previous year: €50,042 thousand euros)		48,770	50,042
4. Other liabilities	11		
of which with a remaining term of up to one year: €577 thousand (previous year: €530 thousand euros)			
of which under social security: €7 thousand (previous year: €0 euros)			
of which for taxes: €76 thousand (previous year: €68 thousand euros)		577	530
		<b>249,868</b>	<b>259,640</b>
		<b>749,557</b>	<b>691,823</b>



► Annual financial statements

Statement of financial position

► Income statement

Notes to the annual financial statements

Independent auditor's report

Insurance of legal representatives

About us

## Income statement

### Income statement from 1 January to 31 December 2021

TABLE 02

In thousands of euros

	Note	2021	2020
1. Revenue	12	3,927	936
2. Other operating income	13	1,202	675
<b>Operating performance</b>		<b>5,129</b>	<b>1,611</b>
3. Staff costs	14		
a) Wages and salaries		-4,239	-3,829
b) Social security contributions and expenses for pensions and other employee benefits of which for pensions: €147 thousand (previous year: €48 thousand euros)		-294	-167
4. Other operating expenses	15	-7,242	-16,644
<b>Operating profit</b>		<b>-6,646</b>	<b>-19,028</b>
5. Income from profit and loss transfer agreements	16	110,562	20,112
6. Income from other securities and loans of the financial assets of which from affiliated companies: €10,286 thousand (previous year: €9,461 thousand euros)	16	10,286	9,503
7. Other interest and similar income of which from discounting: €14 thousand (previous year: €13 thousand euros)	16	42	13
8. Depreciation and amortisation of financial assets of which from affiliated companies: €-990 thousand (previous year: €-8,321 thousand euros)	16	-1,015	-8,367
9. Expenses from profit and loss transfer agreements	16	-4,170	-131
10. Interest and similar expenses of which to affiliated companies: €-1,613 thousand (previous year: €-1,886 thousand euros) of which from compounding: €-293 thousand (previous year: €-245 thousand euros)	16	-10,008	-10,961
11. Taxes on income and earnings of which deferred tax expenses: €-17,085 thousand (previous year: €-4,656 thousand euros)	17	-30,307	-6,916
<b>12. Earnings after tax/annual net income/net loss for the year</b>		<b>68,744</b>	<b>-15,775</b>
13. Withdrawal from the capital reserves		0	12,802
14. Transfer to retained earnings		-34,372	0
15. Profit carried forward from the previous year		2,452	17,642
<b>16. Net profit</b>		<b>36,824</b>	<b>14,669</b>



## Annual financial statements

### ► Notes to the annual financial statements

#### ► Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

# Notes to the annual financial statements

## Basis of the annual financial statements

### General principles

Instone Real Estate Group AG was converted into a European Stock Corporation (Societas Europaea - SE) effective 1 September 2021. Instone Real Estate Group SE (hereinafter also referred to as the "Company") with its registered office at Grugaplatz 2-4, 45131 Essen, is registered under reference number HRB 32658 in the Commercial Register of the Essen District Court. Instone Real Estate Group SE has been listed on the regulated market of the Frankfurt Stock Exchange since 15 February 2018 and has been part of the SDAX since 29 August 2019.

The Company is the parent company of the Instone Group and assumes the function of the management holding company in this respect. As part of this function, it is responsible for the definition and monitoring of the overall strategy and the implementation of the corporate objectives.

The Company holds investments in subsidiaries whose principal activity is the acquisition, development, construction, leasing, management and sale or other use of land and buildings, as well as equity investment in other companies active in the sector.

Instone Real Estate Group SE is the controlling company for corporate and commercial tax purposes of Instone Real Estate Development GmbH, as well as almost all domestic companies, including for sales tax purposes.

The annual financial statements of Instone Real Estate Group SE have been prepared according to the accounting standards currently applicable to corporations as per the German Commercial Code (Sections 242 et seqq. and 264 et seqq.

HGB), taking into account the specific legal form statutory provisions of the German Stock Corporation Act (AktG). As a listed company, the Company is a large corporation within the meaning of Section 264d of the German Commercial Code (HGB) in conjunction with Section 267 (3) Sentence 2 HGB.

The income statement has been prepared according to the nature of expense method pursuant to Section 275 (2) HGB.

In order to improve the clarity of the presentation, individual items in the statement of financial position and income statement have been grouped together. These items are shown and explained separately in the notes. Due to the similar use, loans from banks and liabilities to other lenders are combined in one item on the balance sheet.

All amounts are stated in thousands of euros ("€ thousand") unless otherwise stated. As a result, there may be minor deviations between figures in tables and their respective analyses in the body of the text of the notes to the financial statements, as well as between subtotals of individual amounts in tables and the total values also specified in the text.

As the parent company of the Instone Group, the Company prepares a consolidated financial statement in accordance with the International Financial Reporting Standards as applicable in the European Union and the supplementary commercial law provisions to be applied in accordance with Section 315e (1) of the German Commercial Code (HGB). The annual and consolidated financial statements are announced in the Federal Gazette. The consolidated financial statements are also available for access on the Company's website.

The management report was combined, in application of Section 315 (5) HGB in conjunction with Section 298 (2) HGB, with the management report of the Instone Group's consolidated financial statements and will be published together with them.

### Accounting and valuation principles

**Financial assets** include interests in affiliated companies and equity investments and are valued at acquisition cost. Unscheduled depreciation and amortisation takes place in the case of permanent impairment. If impairment



## Annual financial statements

### ► Notes to the annual financial statements

#### ► Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

provisions were recognised in previous years and the reasons for the impairment have been partially or completely eliminated in the meantime, the impairment is reversed up to a maximum of the acquisition cost.

**Loans** are recognised at amortised cost or, if impairment is expected to be permanent, at the lower fair value.

**Receivables and other assets** are recognised at acquisition cost. For the valuation of receivables and other assets, the foreseeable risks are taken into account through appropriate value adjustments (impairment). The amount of the impairment provisions is based on the probable default risk.

**Cash and cash equivalents** are reported at their nominal value.

Expenses paid before the date up to which the financial statements are prepared are reported under **Prepaid expenses** and deferred income on the assets side of the statement of financial position, insofar as they represent expenses for a certain period thereafter.

**Deferred taxes** arise due to temporary differences between the balance sheets prepared for commercial and tax purposes. Not only are the differences from the Company's own balance sheet items included in this calculation, but also those that exist for subsidiaries in which Instone Real Estate Group SE holds a share as a controlling company.

Deferred tax assets are also recognised for tax refund claims arising from the anticipated utilisation of existing tax loss carryforwards in subsequent years. Deferred tax liabilities are capitalised if it can be assumed with sufficient certainty that the associated economic benefits can be claimed. Deferred tax assets and liabilities are netted. Their amount is calculated on the basis of the tax rates which apply or are expected to apply at the time of realisation. For all other purposes, deferred tax liabilities are measured on the basis of the tax regulations in force or enacted at the time of reporting. The capitalisation option pursuant to Section 274 (1) sentence 2 HGB was exercised, and the associated asset excess was accounted for after offsetting against liabilities.

**Equity** is recognised at nominal value.

**Provisions for pensions and similar obligations** include obligations by the Company with respect to current and future benefits for eligible current and former employees and their survivors. These obligations largely relate to pension benefits. The individual commitments are determined on the basis of the length of service and the salaries of the employees. The measurement of provisions for defined benefit plans is based on the actuarial cash value of the respective obligation. This is determined using the projected unit credit method. This projected unit credit method not only includes pensions and accrued benefits known as of the reporting date but also wage increases (3.00%; previous year: 3.00%), pension increases for commitments with adjustment guarantee (1.00%; previous year: 1.00%), pension increases for other commitments (1.85%; previous year: 1.50%) and fluctuation probabilities (3.42%; previous year: 3.13%) expected in the future. The calculation is based on actuarial reports using biometric calculation methods ("Richttafeln 2018 G" (guideline tables) of Professor Dr Klaus Heubeck). Direct pension obligations are valued in accordance with the provisions of Section 253 (1) and (2) HGB.

In the determination of the actuarial interest rate, the option under Section 253 (2) sentence 2 HGB was used. Accordingly, provisions for pension obligations or comparable long-term obligations may be discounted at a flat rate using the average market interest rate resulting from an assumed remaining term of 15 years. The underlying actuarial interest rate for discounting pension obligations amounted to 1.58% (previous year: 2.30%). In accordance with Section 253 (6) sentence 3 HGB, the difference between the recognition of provisions in accordance with the corresponding average market interest rate from the past ten years and the recognition of the provisions in accordance with the corresponding average market interest rate from the past seven financial years is to be determined in each financial year.



## Annual financial statements

### ► Notes to the annual financial statements

#### ► Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

The difference arising from the change of the annual average interest rate due to the extension of the period from seven to ten years is determined as follows:

<b>Pension provisions</b>	<b>TABLE 03</b>	
In euros		
	31/12/2021	31/12/2020
<b>Provisions derived</b>		
using the 10-year average interest rate	2,273,046.00	1,884,997.00
using the 7-year average interest rate	2,546,212.00	2,196,705.00
Difference according to Section 253 (6) HGB	273,166.00	311,708.00
Of which, subject to a distribution block in accordance with Section 253 (6) sentence 1 HGB	273,166.00	311,708.00

The liabilities from pension obligations are primarily covered by assets which are used exclusively for meeting pension obligations and cannot be accessed by other creditors. These include assets which are invested in trust as part of a Contractual Trust Arrangement, reinsurances pledged to employees and fund units acquired from deferred compensation. They are measured at fair value. This value is derived, depending on the nature of the cover fund, from market prices, bank statements and insurance information. If the fair value is greater than the acquisition cost, a dividend block is observed. According to Section 246 (2) sentence 2 HGB, the fair value of the cover fund is to be offset against the covered pension obligations, as are the associated income and expenses.

The **tax provisions** and the other provisions are made according to a reasonable commercial assessment, taking the legal assessment as a basis, where applicable. In the determination of the settlement value of the other provisions, price and cost increases expected in future are taken into account. Provisions with a remaining term of more than one year are each discounted with the average market interest rate of the past seven years using the gross method with matching maturities as determined and announced by the Bundesbank. The intrinsic value is used for the valuation of provisions for long-term share option programmes in accordance with the German Commercial Code. Based on the observation of the valuation parameters on the reporting date, the intrinsic value corresponds to the current closing price on the valuation date.

The **liabilities** are recognised at the settlement value.

### Estimates and assumptions

The preparation of the financial statements requires estimates and assumptions that may affect the application of the Company's accounting principles, recognition and measurement. Estimates are based on past experience and other knowledge of the transactions to be posted. Actual amounts may differ from these estimates.



## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

## ► Notes to the statement of financial position

Notes to the income statement

Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

## Notes to the statement of financial position

### Non-current assets

#### 1 Financial assets

The performance of shares in affiliated companies is presented in the following overview.

#### Development of shares in affiliated companies TABLE 04

In thousands of euros

	2021	2020
<b>Acquisition costs</b>		
<b>As at 1 January</b>	<b>261,519</b>	<b>260,498</b>
Additions	0	1,021
<b>As at 31 December</b>	<b>261,519</b>	<b>261,519</b>
<b>Cumulative depreciation and amortisation</b>		
<b>As at 1 January</b>	<b>- 37,904</b>	<b>- 29,582</b>
Additions	- 990	- 8,321
<b>As at 31 December</b>	<b>- 38,893</b>	<b>- 37,904</b>
<b>Carrying amounts as at 31 December</b>	<b>222,626</b>	<b>223,615</b>

Shares in affiliated companies are shown in the following table. Overall, the impairment test of the major investments resulted in a depreciation requirement at Instone Real Estate Leipzig GmbH amounting to €990 thousand (previous year: €8,321 thousand thousand).

#### Shares in affiliated companies TABLE 05

In thousands of euros

	31/12/2021	31/12/2020
<b>Interests in affiliated companies included in the consolidated financial statements</b>		
Instone Real Estate Development GmbH	181,821	181,821
Instone Real Estate Leipzig GmbH	40,291	41,281
Westville 1 GmbH	464	464
Instone Real Estate Landmark GmbH	25	25
Nyoo Real Estate GmbH	25	25
	<b>222,626</b>	<b>223,615</b>

The development of loans to affiliated companies is presented in the following overview.

#### Development of loans to affiliated companies TABLE 06

In thousands of euros

	31/12/2021	31/12/2020
<b>Acquisition costs</b>		
<b>As at 1 January</b>	<b>268,116</b>	<b>190,465</b>
Additions	188,208	110,307
Disposals	- 143,864	- 32,655
<b>As at 31 December</b>	<b>312,460</b>	<b>268,116</b>
<b>Carrying amounts as at 31 December</b>	<b>312,460</b>	<b>268,116</b>





## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

### ► Notes to the statement of financial position

Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

Loans to affiliated companies are presented in the following overview.

#### Loans to affiliated companies TABLE 07

In thousands of euros

	31/12/2021	31/12/2020
<b>Loans to affiliated companies included in the consolidated financial statements</b>		
Instone Real Estate Development GmbH	300,200	246,880
Nyoo Real Estate GmbH	9,850	3,000
Westville 1 GmbH	2,410	18,236
	<b>312,460</b>	<b>268,116</b>

The loan to Westville 1 GmbH has a low interest rate of 0.02% and has a remaining term of more than one year.

The performance of the equity investments is shown below.

#### Development of investments TABLE 08

In thousands of euros

	31/12/2021	31/12/2020
<b>Acquisition costs</b>		
<b>As at 1 January</b>	<b>0</b>	<b>0</b>
Additions	258	0
<b>As at 31 December</b>	<b>258</b>	<b>0</b>
<b>Carrying amounts as at 31 December</b>	<b>258</b>	<b>0</b>

The additions in the financial year result from the establishment of beeboard GmbH (formerly coreGRID GmbH).

## Current assets

### 2 Receivables and other assets

Receivables from affiliated companies primarily result from a profit and loss transfer agreement.

#### Receivables from affiliated companies TABLE 09

In thousands of euros

	31/12/2021	31/12/2020
<b>Receivables from affiliated companies</b>		
Instone Real Estate Development GmbH	132,729	31,811
Nyoo Real Estate GmbH	553	81
Westville 4 GmbH	46	0
Instone Real Estate Leipzig GmbH	42	21
Westville 2 GmbH	38	0
Westville 5 GmbH	32	0
Westville 1 GmbH	11	5
Instone Real Estate Landmark GmbH	6	1
KORE GmbH	1	1
	<b>133,457</b>	<b>31,921</b>

The other assets include the following items:

#### Other receivables and assets TABLE 10

In thousands of euros

	31/12/2021	31/12/2020
<b>Other receivables and assets</b>		
Receivable tax exemption Hochtief Solutions AG	1,229	1,419
Input tax surplus	294	738
Receivables from tax authorities	6	1,022
Other	2	16
	<b>1,532</b>	<b>3,194</b>



## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

### ► Notes to the statement of financial position

Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

The Company has recognised a corresponding provision for the items relating to Hochtief Solutions AG in almost the same amount.

## 3 Cash and cash equivalents

Bank balances essentially comprise short-term cash investments as at 31 December 2021. As in the previous year, they are not subject to any drawing restrictions.

## 4 Deferred tax asset

Deferred tax assets in the amount of €5,944 thousand (previous year: €23,029 thousand), result from valuation and recognition differences for pension and personnel provisions. The development compared with the previous year is mainly due to the utilisation of loss and interest carryforwards. The deferred taxes calculation is made on the basis of a tax rate of 31.74% (previous year: 31.32%).

## 5 Equity

As at 31 December 2021, the subscribed capital of the Company amounted to €46,988,336 (previous year: €46,988,336.00) and is fully paid up. It is divided into 46,988,336 no-par-value shares (previous year: 46,988,336). The nominal value per no-par-value share is €1.00.

On 29 June 2018, the Annual General Meeting resolved to create authorised capital. The Management Board is authorised to increase the registered capital of the Company by up to €18,450,000.00 in the period until 28 June 2023 through the issue of up to 18,450,000 new shares. In connection with the capital increase in the 2020 financial year, the authorised capital was utilised through the issue of 10,000,000 shares, meaning that the authorised capital amounted to €8,450,000.00 as at 31 December 2021. This corresponds to 8,450,000 no-par-value shares. On 9 June 2021, the Annual General Meeting resolved to create further authorised capital. The Management Board is also authorised to increase the total capital of the Company by up to €8,000,000 in the period until 8 June 2026 through the issue of up to 8,000,000 new shares.

In the financial year, a distribution of €12,216,967.36 was made on the basis of a dividend of €0.26 per share carrying dividend rights.

A minimum dividend in accordance with Section 254 of the German Stock Corporation Act (Aktiengesetz) was not paid.

For the 2021 financial year, the Management Board has decided to transfer €34,371,945.97 from the net profit to other retained earnings.

As at 31 December 2021, the capital reserves amounted to €358,957,638.59 (previous year: €358,957,638.59).

## Information on amounts subject to a distribution block

The provisions for pension obligations (before deduction of the corresponding cover) were calculated on the basis of the corresponding average market interest rate from the past ten years. An average formation of provisions on the basis of seven financial years would have resulted in higher obligations of €273,166.00. The amount of this difference is subject to a distribution block under Section 253 (6) HGB. The deferred tax assets in the amount of €5,944,207.29 are not included in distributions in accordance with Section 268 (8) HGB. A total of €6,217,373.29 is therefore subject to a distribution block.

## 6 Provisions for pensions and similar obligations

The liabilities from defined benefit plans of Instone Real Estate are listed in the following table.

Pension provisions		TABLE 11
In thousands of euros		
	31/12/2021	31/12/2020
<b>Pension provisions</b>		
Settlement value of pensions and similar obligations	2,273	1,885
Fair value of the cover fund	-1,192	-1,148
<b>Net value of the provision for pensions and similar obligations</b>	<b>1,081</b>	<b>737</b>
Acquisition costs of the cover fund	1,249	1,221



## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

## ► Notes to the statement of financial position

Notes to the income statement

Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

The fair value of the cover fund is broken down as follows:

<b>Securities</b>	<b>TABLE 12</b>	
In thousands of euros		
	31/12/2021	31/12/2020
<b>Securities</b>		
CTA assets	1,155	1,110
DC assets	37	37
	<b>1,192</b>	<b>1,147</b>

## 7 Provisions

<b>Provisions</b>	<b>TABLE 13</b>	
In thousands of euros		
	31/12/2021	31/12/2020
<b>Provisions</b>		
Pensions	1,081	737
Tax	13,778	3,701
	<b>14,859</b>	<b>4,439</b>
<b>Other provisions</b>		
Share option programmes	3,503	3,120
Indirect personnel costs	2,019	2,515
Bonuses	1,591	1,105
External costs for the annual financial statements	450	300
Outstanding leave	125	90
	<b>7,688</b>	<b>7,130</b>
	<b>22,547</b>	<b>11,568</b>

## 8 Loans from banks and other lenders

Loans from banks and other lenders amount to €200,285 thousand (previous year: €208,851 thousand thousand). The decline was mainly due to the past repayments of variable tranches from a promissory note loan in the amount of €8,500 thousand. The promissory note loan taken out in financial year 2020 was provided by a capital management company.

## 9 Trade payables

On the balance sheet date, there are liabilities of €235 thousand (previous year: €217 thousand thousand).

## 10. Liabilities to affiliated companies

<b>Liabilities to affiliated companies</b>	<b>TABLE 14</b>	
In thousands of euros		
	31/12/2021	31/12/2020
<b>Liabilities to affiliated companies</b>		
Instone Real Estate Leipzig GmbH	43,279	48,783
Nyoo Real Estate GmbH	4,170	131
Instone Real Estate Landmark GmbH	922	904
Instone Real Estate Development GmbH	212	211
Westville 3 GmbH	54	9
Westville 4 GmbH	46	0
Westville 2 GmbH	38	0
Westville 5 GmbH	32	0
KORE GmbH	12	3
Westville 1 GmbH	5	0
	<b>48,770</b>	<b>50,042</b>

## 11 Other liabilities

<b>Other liabilities</b>	<b>TABLE 15</b>	
In thousands of euros		
	31/12/2021	31/12/2020
<b>Other liabilities</b>		
Liabilities from Supervisory Board bonuses	493	462
Liabilities under social security	7	0
Liabilities from taxes	76	68
	<b>577</b>	<b>530</b>



## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

## ► Notes to the income statement

Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

## Notes to the income statement

## 12 Revenue

Revenues in the amount of €3,927 thousand (previous year: €936 thousand ) mainly relate to revenues from affiliated companies.

## 13 Other operating income

<b>Other operating income</b>	<b>TABLE 16</b>	
	In thousands of euros	
	2021	2020
<b>Other operating income</b>		
Other income	684	437
Income from the reversal of provisions	518	238
	<b>1,202</b>	<b>675</b>

## 14 Staff costs

<b>Staff costs</b>	<b>TABLE 17</b>	
	In thousands of euros	
	2021	2020
<b>Staff costs</b>		
Wages and salaries	-4,239	-3,829
	<b>-4,239</b>	<b>-3,829</b>
<b>Social security contributions / expenses for pensions</b>		
Social security contributions	-147	-119
Changes in pension provisions	-147	-48
	<b>-294</b>	<b>-167</b>
	<b>-4,533</b>	<b>-3,996</b>

On average over the year, the Company employed 11 people (previous year: eight employees).

## 15 Other operating expenses

Other operating expenses are as shown below. Sundry other operating expenses not recognised elsewhere primarily include administration expenses.

<b>Other operating expenses</b>	<b>TABLE 18</b>	
	In thousands of euros	
	2021	2020
<b>Other operating expenses</b>		
Costs of the capital increase	0	-8,217
Organisational consulting	-2,328	-4,221
Intra-Group services	-1,526	-1,526
Insurance premiums	-1,110	-226
Costs of the annual financial statements	-592	-583
Other taxes	-584	-611
Costs of the Supervisory Board	-519	-513
Allocation to various provisions	0	-157
Other expenses	-583	-591
	<b>-7,242</b>	<b>-16,644</b>



## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

### ► Notes to the income statement

Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

## 16 Financial result

Income from profit and loss transfer agreements in the amount of €110,562 thousand (previous year: €20,112 thousand ) relates to the profit and loss agreement with Instone Real Estate Development GmbH.

Income from other securities and loans of the financial assets include €10,286 thousand (previous year: €9,461 thousand) relates to affiliated companies.

Income from the discounting of provisions for long-term incentive plans amounted to €14 thousand (previous year: €13 thousand thousand).

Unscheduled write-offs of financial assets relate to Instone Real Estate Leipzig GmbH, whose value was written off by an amount of €-990 thousand (previous year: €-8,321 thousand). In addition, valuation losses were incurred in the amount of €-25 thousand (previous year: €-46 thousand).

Losses from profit and loss transfer agreements in the amount of €4,170 thousand (previous year: €131 thousand) relate to the assumption of losses by Nyoo Real Estate GmbH.

Net interest expenses in connection with pension provisions in the amount of €-197 thousand (previous year: €-218 thousand includes interest from the compounding of pension obligations in the amount of €-241 thousand (previous year: €-201 thousand thousand). These amounts are recognised in interest income from plan assets amounting to €44 thousand (previous year: €-17 thousand).

## 17 Taxes on income and earnings

### Taxes on income and earnings

TABLE 19

In thousands of euros

	2021	2020
<b>Taxes on income and earnings</b>		
Trade income tax	-5,738	-1,206
Corporation tax	-7,094	-906
Solidarity surcharge	-390	-148
Deferred tax	-17,085	-4,656
	<b>-30,307</b>	<b>-6,916</b>

Deferred taxes are primarily used for tax loss and interest-rate carryforwards. Tax expenses in the financial year result mainly from the partial use of the tax loss carryforward.

The deferred taxes calculation is made on the basis of a combined income tax rate of 31.74% (previous year: 31.32%).



## Annual financial statements

---

### ► Notes to the annual financial statements

---

Basis of the annual financial statements

---

Notes to the statement of financial position

---

Notes to the income statement

---

### ► Other disclosures

---

### Independent auditor's report

---

### Insurance of legal representatives

---

### About us

---

## Other disclosures

### 18 Members of the Management Board

The Management Board is comprised of the following three members:

#### **Kruno Crepulja**

- Chair of the Management Board/CEO of Instone Real Estate Group SE
- Managing Director/CEO of Instone Real Estate Development GmbH
- Managing Director of Nyoo Real Estate GmbH

#### **Dr Foruhar Madjlessi**

- Member of the Management Board/CFO of Instone Real Estate Group SE
- Managing Director/CFO of Instone Real Estate Development GmbH

#### **Andreas Gräf**

- Member of the Management Board/COO of Instone Real Estate Group SE
- Managing Director/COO of Instone Real Estate Development GmbH for Saxony

### 19 Members of the Supervisory Board

**Stefan Brendgen**, independent management consultant

In addition to his function as Chair of the Supervisory Board of the Company, Mr Brendgen is a member of the following other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises:

- aam2core Holding AG (formerly: aamundo Holding AG)  
(Chair of the Supervisory Board)
- HAHN-Immobilien-Beteiligungs AG (Chair of the Supervisory Board)

**Dr Jochen Scharpe**, Managing Director of AMCi and ReTurn Immobilien GmbH

In addition to his role as Deputy Chair of the Supervisory Board of the Company, Dr Scharpe is a member of the following other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises:

- FFIRE Immobilienverwaltung AG  
(Deputy Chairman of the Supervisory Board)
- LEG Immobilien AG (member of the Supervisory Board)



## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

### ► Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

**Marija Korsch (until 9 June 2021)**, Chair of the Supervisory Board of Aareal Bank AG (until 24 November 2021) and member of the Supervisory Board (until 12 December 2021)

In addition to her function as a member of the Supervisory Board of the Company, Ms Korsch is a member of the following other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises:

- Aareal Bank AG  
Chair of the Supervisory Board (until 24 November 2021) and member of the Supervisory Board (until 9 December 2021)
- Just Software AG (member of the Supervisory Board)
- Nomura Financial Products GmbH  
(member of the Supervisory Board (until 15 November 2021))

**Dietmar P. Binkowska**, independent management consultant

Mr Binkowska is a member of the following statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises in addition to his function as a member of the Supervisory Board of the Company:

- Kathrein SE (member of the Supervisory Board)

**Thomas Hegel**, lawyer and independent consultant

Mr Hegel is a member of the following statutory supervisory boards of comparable domestic or foreign supervisory bodies of commercial enterprises in addition to his function as a member of the Supervisory Board of the Company:

- Wohnbau GmbH (member of the Supervisory Board)

**Christiane Jansen (since 20 September 2021)**, Managing Director of Westdeutsche Lotterie GmbH & Co. OHG

Ms Jansen is not a member of other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises in addition to her role as a member of the Supervisory Board of the Company.

## 20 Remuneration of the Management Board

The main components of the remuneration system for the members of the Management Board are as follows:

### Fixed basic remuneration

- The fixed remuneration is paid in equal monthly instalments

### Fringe benefits:

- Fringe benefits consist of taxable monetary benefits, such as the private use of company cars or other benefits-in-kind.

### Performance-based emoluments – short-term incentive (STI)

- The one-year variable compensation in the form of an STI is based on the economic performance of the Instone Group in the underlying financial year and the personal targets set for the individual members of the Management Board.

### Multiple year variable compensation (LTI)

- As a further component of variable remuneration, the members of the Management Board are also promised multi-year variable compensation in the form of an LTI bonus.

### Pension commitments

- Some members of the Management Board have a company pension plan in the form of individual contractual pension agreements which are valid after reaching the minimum pensionable age of 65 years.

The total remuneration granted for the members of the Management Board for the 2021 financial year within the meaning of Section 285 (9) HGB amounted to €2,797 thousand (previous year: €2,633 thousand). Of the total remuneration, €1,254 thousand (previous year: €1,152 thousand) to fixed, non-performance-related remuneration components including benefits-in-kind and fringe benefits, €936 thousand (previous year: €699 thousand) to variable, one-year perfor-



## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

### ► Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

mance-related remuneration components and €441 thousand (previous year: €668 thousand) to variable, multi-year performance-related remuneration components. The value of fringe benefits was measured at the amount determined for tax purposes. Gross pension expenses for the members of the Management Board amount to €165 thousand (previous year: €114 thousand).

The present value of the pension commitments to active and former members of the Management Board amounts to €2,131 thousand (previous year: €1,767 thousand thousand). The pension obligations to former members of the Management Board amount to €1,418 thousand (previous year: €1,219 thousand).

In the reporting year, no advances were paid to members of the Management Board and no loans were made.

## 21 Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board in the 2021 financial year was €493 thousand (previous year: €462 thousand). Of which €405 thousand (previous year: €390 thousand) was remuneration for work on the General Committee. Remuneration for work in committees amounted to €88 thousand (previous year: €72 thousand).

In the 2021 financial year, the Instone Group Companies did not pay or grant any remuneration or other benefits to members of the Supervisory Board for services rendered in a personal capacity, in particular advisory and agency services. Nor were members of the Supervisory Board granted any advances or credits.

## 22 Auditor's fees

The following total fees were recorded as an expense for the financial year for the services of the audit firm, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf Office:

Audit fees	TABLE 20	
<small>In thousands of euros</small>	2021	2020
<b>Audit fees</b>		
Annual audit	579	558
of which, relating to previous years	36	156
Other confirmation services	135	554
	<b>714</b>	<b>1,112</b>

In addition to the audit of the annual and consolidated financial statements, the auditors mainly conducted an audit review pursuant to IDW PS 900, which are reported within the audit services. In addition, the auditor provided other assurance services; these are impairment tests in connection with the conversion into an SE and agreed covenant reporting in accordance with ISRS 4400.

## 23 Events after the end of the financial year

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





## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

## ► Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

## 24 Affiliates and equity investment companies

## List of shareholdings

TABLE 21

	Share of capital in %	Direct shareholdings	Indirect shareholdings	Equity In thousands of euros	Annual result in thousands of euros
<b>Shares in affiliated companies included in the scope of consolidation</b>					
BEYOUTOPE GmbH, Hanover, Germany <sup>1</sup>	0.02		x	256	2
Durst-Bau GmbH, Vienna, Austria	100.0		x	397	-115
formart Immobilien GmbH, Essen, Germany <sup>2</sup>	100.0		x	701	0
formart Luxemburg S.à r.l., Luxembourg, Luxembourg	100.0		x	715	2
Gartenhöfe GmbH, Leipzig, Germany	100.0		x	6,110	160
Instone Real Estate Development GmbH, Essen, Germany <sup>3</sup>	100.0	x		153,986	0
Instone Real Estate Landmark GmbH, Leipzig, Germany	100.0	x		3,552	4,784
Instone Real Estate Leipzig GmbH, Leipzig, Germany	100.0	x		35,423	-117
Instone Real Estate Projekt MarinaBricks GmbH, Erlangen, Germany	100.0		x	1,225	1,544
Instone Real Estate Projekt Rosenheim GmbH & Co. KG, Erlangen, Germany	100.0		x	-765	-709
Instone Real Estate Projektbeteiligungs GmbH, Erlangen, Germany	100.0		x	1,062	1,005
KORE GmbH, Dortmund, Germany	85.0		x	6,322	76
Nyoo Real Estate GmbH (formerly: Instone Real Estate Property GmbH), Essen, Germany <sup>3</sup>	100.0	x		25	0
Projekt am Sonnenberg Wiesbaden GmbH (formerly: Instone Real Estate Erste Projektbeteiligungs GmbH & Co. KG), Essen, Germany	51.0		x	-87	-575
Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main, Germany	70.0		x	18	-7
Westville 1 GmbH, Essen, Germany	100.0	x	x	160	-10
Westville 2 GmbH, Essen, Germany	99.9		x	14	-11



## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

## ► Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

## List of shareholdings

TABLE 21

	Share of capital in %	Direct shareholdings	Indirect shareholdings	Equity in thousands of euros	Annual result in thousands of euros
Westville 3 GmbH, Essen, Germany	99.9		x	15	-10
Westville 4 GmbH, Essen, Germany	99.9		x	15	-10
Westville 5 GmbH, Essen, Germany	99.9		x	14	-11
<b>Shares in joint ventures</b>					
beeboard GmbH (formerly coreGRID GmbH), Cologne, Germany	33.3	x		898	-73
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin, Germany	50.0		x	-410	9
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin, Germany	50.0		x	-418	-89
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin, Germany	50.0		x	-1,430	-4
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin, Germany	50.0		x	-2,995	4,418
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Frankfurt am Main, Germany	50.0		x	901	876
Twelve GmbH & Co. KG, Stuttgart, Germany	50.1		x	7,750	0
Wohnpark Gießener Straße GmbH & Co. KG, Frankfurt am Main, Germany	50.0		x	31	6
Wohnpark Heusenstamm GmbH & Co. KG, Essen, Germany	50.1		x	3,577	45
<b>Shares in other companies</b>					
CONTUR Wohnbauentwicklung GmbH, Cologne, Germany	50.0		x	14	-17
FHP Friedenauer Höhe Verwaltungs GmbH, Berlin, Germany	50.0		x	27	4
formart Wilma Verwaltungsgesellschaft mbH, Frankfurt am Main, Germany	50.0		x	44	-2
Immobilien-gesellschaft CSC Kirchberg S.à r.l., Luxembourg, Luxembourg	100.0		x	79	6
Instone Real Estate Projektverwaltungs GmbH, Essen, Germany	100.0		x	-7	-13



## Annual financial statements

## ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

## ► Other disclosures

## Independent auditor's report

## Insurance of legal representatives

## About us

## List of shareholdings

TABLE 21

	Share of capital in %	Direct shareholdings	Indirect shareholdings	Equity in thousands of euros	Annual result in thousands of euros
Kleyer Beteiligungsgesellschaft mbH, Frankfurt am Main, Germany	100.0		x	131	-14
Parkhausfonds Objekt Flensburg GmbH & Co. KG, Stuttgart, Germany <sup>4</sup>	6.0		x	2,979	122
Project Wilhelmstraße Wiesbaden Verwaltung GmbH, Cologne, Germany	70.0		x	1	0
Projektverwaltungsgesellschaft SEVERINS WOHNEN mbH, Cologne, Germany	50.0		x	18	-17
TG Potsdam Projektentwicklungsgesellschaft mbH, Munich, Germany <sup>5</sup>	10.0		x	-712	-236
Twelve Verwaltungs GmbH, Stuttgart, Germany	50.1		x	24	-1
Uferpalais Verwaltungsgesellschaft mbH, Essen, Germany	70.0		x	0	1
Westville Vermietungs GmbH (formerly: Instone Real Estate Erste Projekt GmbH), Essen, Germany	100.0		x	22	-1
Wohnpark Heusenstamm Verwaltungs GmbH, Essen, Germany	50.1		x	24	-1

<sup>1</sup>Annual financial statements 31/12/2019.<sup>2</sup>Profit and loss transfer agreement with Instone Real Estate Development GmbH.<sup>3</sup>Profit and loss transfer agreement with Instone Real Estate Group SE.<sup>4</sup>Balance sheet date of 30/06/2020.<sup>5</sup>Annual financial statements 31/12/2015.

## Annual financial statements

### ► Notes to the annual financial statements

Basis of the annual financial statements

Notes to the statement of financial position

Notes to the income statement

### ► Other disclosures

### Independent auditor's report

### Insurance of legal representatives

### About us

## 25 Contingent liabilities

Obligations from financial guarantees and sureties amounting to €437,085 thousand (previous year: €294,672 thousand thousand). They were issued in favour of subsidiaries. There were also customary comfort letters in favour of subsidiaries for leasing, contract and credit obligations in the amount of €107,211 thousand. In the 2021 financial year, it was declared that the Company would be responsible for the obligations entered into by Instone Real Estate Leipzig GmbH in the following financial year. To our knowledge of the respective economic situation of the companies concerned, the underlying obligations can be fulfilled in all cases; use of the guarantees is not to be expected.

## 26 Other financial obligations

Minimum lease payments due in the future are comprised as follows:

<b>Other financial obligations</b>	<b>TABLE 22</b>	
<small>In thousands of euros</small>	<b>31/12/2021</b>	<b>31/12/2020</b>
<b>Other financial obligations</b>		
Due in up to one year	73	51
Due in one to five years	94	67
	<b>167</b>	<b>118</b>

## 27 Declaration of Compliance with the German Corporate Governance Code

In December 2021, the Management Board and Supervisory Board of Instone Real Estate Group SE issued its routine declaration of compliance in line with the recommendations of the German Government Commission on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) for the 2021 financial year. The declaration of conformity has already been updated in April 2021, partly due to the new regulations on Management Board remuneration.

The declaration of compliance was made publicly available to the shareholders on a permanent basis by way of a link on the Company's website under the [Instone Compliance Statement](#).

## 28 Proposal for the appropriation of net income

The Management Board proposes that the net profit of €36,824,140.12 be used to pay a dividend of €0.62 per share carrying dividend rights and to carry forward the remaining net profit, including the amount attributable to shares with no dividend entitlement.

Essen, Germany, 10 March 2022

The Management Board



Kruno Crepulja



Dr Foruhar Madjlessi



Andreas Gräf



## Annual financial statements

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### Notes to the annual financial statements

---

#### ► Independent auditor's report

---

#### Insurance of legal representatives

---

#### About us

---

## TRANSLATION

– German version prevails –

# Independent auditor's report

To Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany

## REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

### Audit Opinions

We have audited the annual financial statements of Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report on the Group and the Company of Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the section "Sustainability report" and the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) and further information on corporate governance included in section "Corporate Governance Statement" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

→ the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and

financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and

→ the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the section "Sustainability report" and the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) and further information on corporate governance included in section "Corporate Governance Statement".

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.



## Annual financial statements

---

### Notes to the annual financial statements

---

#### ► Independent auditor's report

---

#### Insurance of legal representatives

---

#### About us

---

### Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matter we have determined in respect of the accounting for financial assets.

Our presentation of these key audit matters has been structured as follows:

- a. description (including reference to corresponding information in the annual financial statements), and
- b. auditor's response.

### Accounting for Financial Assets

- a. In the annual financial statements of Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany, for the year ended 31 December 2021, Financial Assets of kEUR 535,344 (71.4 % of the balance sheet total) are reported. These are measured at acquisition cost or – where impairment is expected to be of permanent nature – at the lower fair value.

The interest in Instone Real Estate Development GmbH, Essen (book value 31 December 2021: kEUR 181,821) together with the loans to Instone Real Estate Development GmbH, Leipzig (book value 31 December 2021: kEUR 300,200) represent 90.0 % of the book value of financial assets. As at the balance sheet date, the recoverability of these financial assets was examined by performing internal business valuations. The fair value of was established as the present value of the future cash flows using the discounted cash flow

method. The underlying cash flows are based on the corporate planning, which includes the expectations of the executive directors of the subsidiary with regard to the future development of the projects. The cash flows are discounted on the basis of the weighted average costs of capital.

As regards the sundry financial assets, the book value of the respective investment as at the balance sheet date is assessed by the executive directors as to indications of required write-downs. Should the analysis indicate that related write-downs might be required, a detailed business valuation will be performed on the basis of the corporate planning using the discounted cash flow method.

As regards the sundry financial assets, the book value of the respective investment as at the balance sheet date is assessed by the executive directors as to indications of required write-downs. Should the analysis indicate that related write-downs might be required, a detailed business valuation will be performed on the basis of the corporate planning using the discounted cash flow method.

We classified the accounting for the financial assets as a key audit matter since these are highly contingent on discretionary estimates and assumptions made by the executive directors.

The disclosures of the executive directors on the investments in associates are included in the "Accounting and Measurement Principles" section of the notes to the financial statements.

- b. In auditing the fair values of the financial assets, we verified the business valuations performed using the discounted cash flow method as to their methodological approach and accuracy of the figures, involving our valuation specialists. In addition, we examined the determination of the costs of capital. We examined the underlying corporate planning with professional scepticism, cross-checking the parameters used with, inter alia, industry-specific market expectations, and conducted surveys among the executive directors on value drivers underlying the corporate planning.



## Annual financial statements

---

### Notes to the annual financial statements

---

#### ► Independent auditor's report

---

#### Insurance of legal representatives

---

#### About us

---

## Other information

The executive directors and the supervisory board are responsible for the other information. The other information comprises:

- the section "Corporate Governance Statement" of the combined management report, which also includes the statement on corporate governance pursuant to Sections 289f and 315d German Commercial Code (HGB) and further information on corporate governance,
- the section "Sustainability report" of the combined management report,
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) Sentence 3 and Section 289 (1) Sentence 5 German Commercial Code (HGB), respectively.
- all other parts of the published annual report, which are expected to be made available to us after the date of this auditor's report,
- but not the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) and further information on corporate governance included in section "Corporate Governance Statement" of the combined management report. The executive directors are responsible for the remaining other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited disclosures included in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and



## Annual financial statements

---

### Notes to the annual financial statements

---

#### ► Independent auditor's report

---

#### Insurance of legal representatives

---

#### About us

---

appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

#### Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.





## Annual financial statements

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### Notes to the annual financial statements

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#### ► Independent auditor's report

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#### Insurance of legal representatives

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#### About us

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- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



## Annual financial statements

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### Notes to the annual financial statements

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#### ► Independent auditor's report

---

#### Insurance of legal representatives

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#### About us

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## OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Files of the Annual Financial Statements and of the Combined Management Report prepared for Publication pursuant to Section 317 (3a) HGB

### Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the group management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value 3578F23A204805C80CC4F95FCDDF-3B14282ACD2A3C5AA2D35286E73876914577, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic files of the annual financial statements and of the combined management report prepared for publication contained in the accompanying file stated above meet, in all material respects, the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the above "Report on the Audit of the Annual Financial Statements and of the Combined Management Report", we do not express any audit opinion on the information contained in these electronic files and on any other information contained in the file stated above.

### Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the group management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Files

The executive directors of the Company are responsible for the preparation of the ESEF files based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF files that are free from material violations against the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF files together with the auditor's report and the accompanying audited annual financial statements and the audited combined management report as well as other documents to be filed with the publisher of the Federal Gazette.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.



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**Annual financial statements**


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**Notes to the annual financial statements**


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**► Independent auditor's report**


---

**Insurance of legal representatives**


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**About us**


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**Auditor's Responsibilities for the Audit of the ESEF Files**

Our objectives are to obtain reasonable assurance about whether the ESEF files are free from material violations, whether due to fraud or error, against the requirements pursuant to Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material violations against the requirements pursuant to Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF files in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- assess the technical validity of the ESEF files, i.e. whether the file containing the ESEF files meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF files enable a XHTML copy of the audited annual financial statements and of the audited combined management report whose content is identical with these documents.

**Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the shareholders' general meeting on 9 June 2021. We were engaged by the supervisory board on 30. Juni 2021 / 20. Juli 2021. We have been the auditor of Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Prof. Dr. Holger Reichmann.

Düsseldorf/Germany, 11 March 2022

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft



Signed: Prof. Dr. Holger Reichmann  
Wirtschaftsprüfer [German  
Public Auditor]



Signed: Michael Pfeiffer  
Wirtschaftsprüfer  
[German Public Auditor]



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**Annual financial statements**

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**Notes to the annual  
financial statements**

---

**Independent auditor's  
report**

---

**► Insurance of legal  
representatives**

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**About us**

---

## Insurance of legal representatives

To the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company. Furthermore, the combined management report of the Company includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Essen, Germany, 10 March 2022

The Management Board



Kruno Crepulja



Dr Foruhar Madjlessi



Andreas Gräf



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**Annual financial statements**

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**Notes to the annual  
financial statements**

---

**Independent auditor's  
report**

---

**Insurance of executive  
directors**

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**► About us**

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## About us

### **Instone Real Estate Group SE**

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45131 Essen  
Germany

Telephone: +49 201 45355-0  
Fax: +49 201 45355-934  
Email: [info@instone.de](mailto:info@instone.de)

### **Management Board**

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

### **Chairman of the Supervisory Board**

Stefan Brendgen

### **Commercial Register**

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

Sales tax ID number  
DE 300512686

### **Concept, design and implementation**

MPM Corporate Communication Solutions,  
Mainz Germany  
[www.mpm.de](http://www.mpm.de)



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