# Results Presentation

Q2 2024

Essen, 8 August 2024

Instone Group

# Q2 2024 Highlights

# Q2 Highlights & Outlook

## Moderate demand recovery continues; slight growth acceleration in H2 expected

**Operational Highlights**

- **Sales:** Retail Demand above previous year's level;  institutional investors remain reluctant but expect to close at least one deal in H2
- **Construction costs:** largely stable
- **Acquisitions:** first two bargain deals signed in attractive A-cities; focus reshifting to future growth
- **Financing:** Smoothing of the maturity profile through partial extension of the promissory loan (€100m) previously due in 2025

## H1 results: very solid profitability maintained in tough environment

**H12024 Results[1]**

- **Revenues:** €255.4m (-8.6% yoy)
- **Gross profit margin:** 25.7% (H1-2023: 25.8%)
- **EAT:** €20.5m (-14.2% yoy)
- **Sales:** €121.9m (+71.4% yoy)

## Outlook for 2024 reiterated

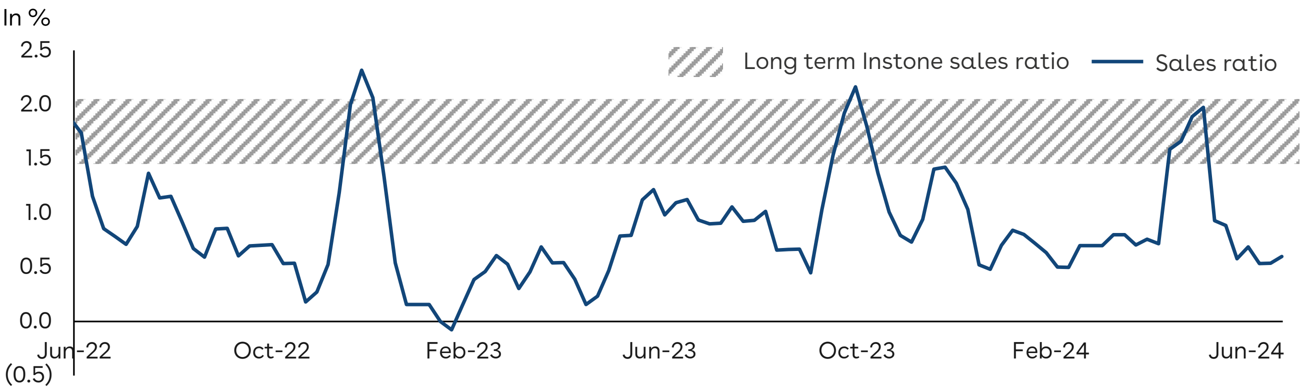
**Outlook[1]**

- **Revenues:** €500-600m
- **Gross profit margin:** ~22%
- **EAT:** €30-40m
- **Sales:** >€300m

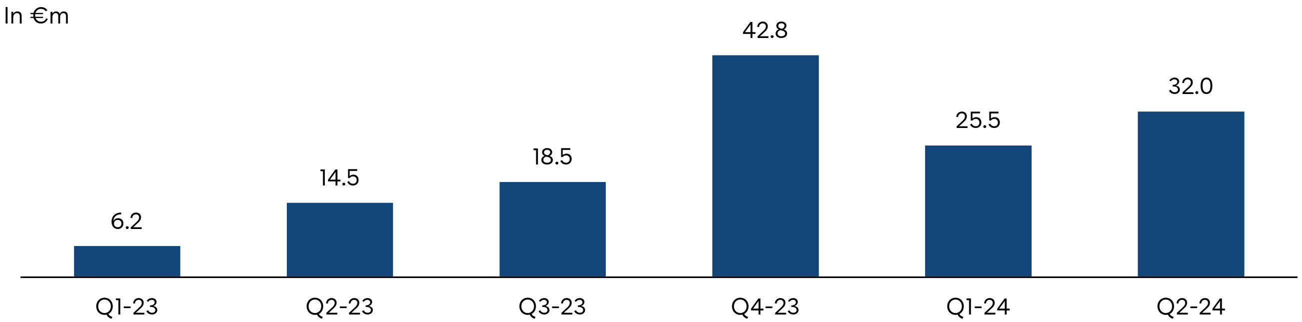
1 Adjusted results

# Sales ratio: year on year recovery continues

## Sales ratio[1]




## Quarterly development of retail sales



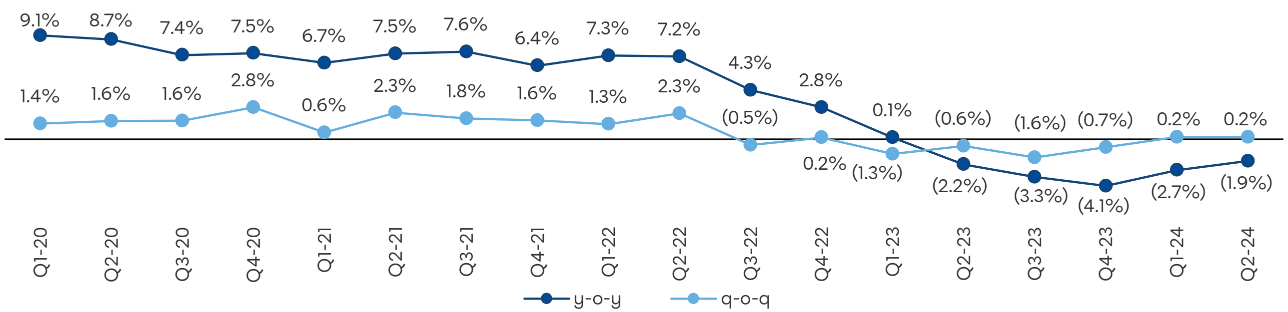

- Continued moderate recovery from previous year's lows (private sales up from €20.7m to €57.5m in H1)
- Growth Opportunities Act supports demand with certain time lag due to complexity & increasing relevant supply in H2
- New sales starts as growth driver in H2
- Institutional investors largely in wait-and-see mode but at least one more deal expected in H2-2024
- **Sales ratio 0.6%** (30 CW): 3.0 avg. weekly number of units sold / 464 avg. number of units on offer

1 Retail sales ratio = weekly number of units sold/total number of units on offer (four week moving average)

# New builds prices have bottomed out; CPI growth receding

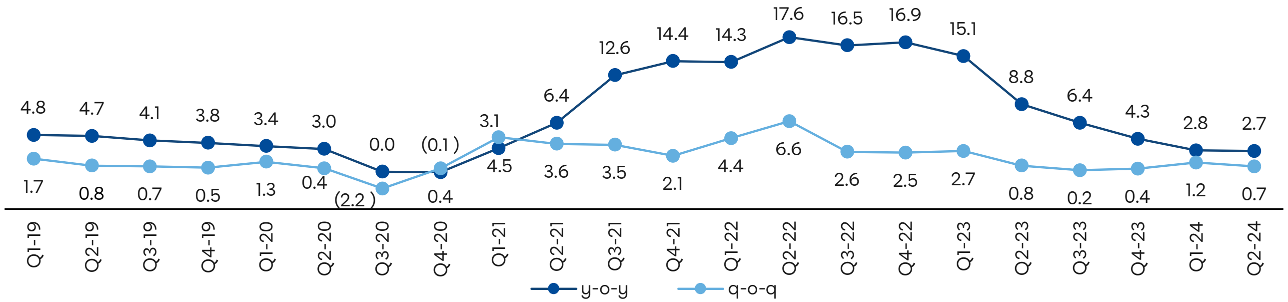
## House price inflation[1]

In %




## Construction price inflation[2]

In %

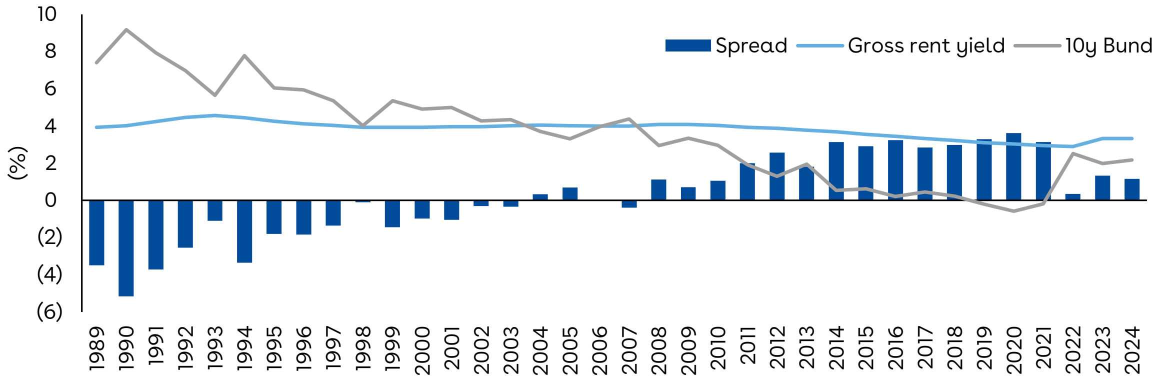



- Q2 figures once again confirm that the negative price trend for new-build properties has come to an end
- Only moderate peak-to-trough price decline
- Construction price inflation is levelling off
- CPI for larger projects is even lower - costs largely stable for INS

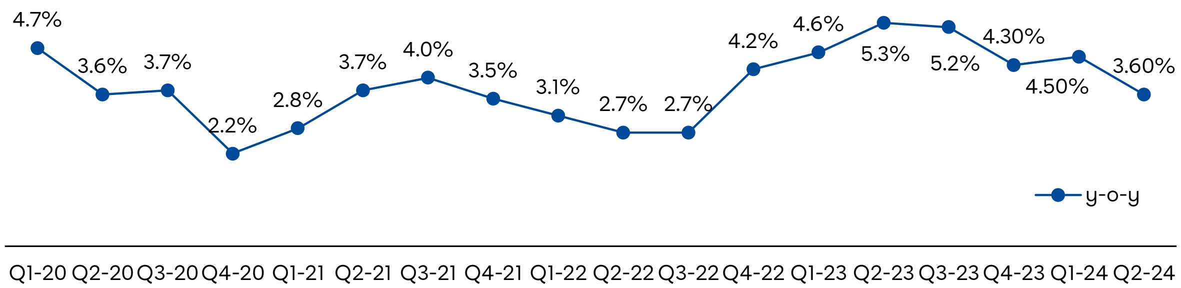
1 Bulwiengesa data; for house price index, quarterly data condo prices in top 7 cities (new build)
2 Statistisches Bundesamt

# Price development: yield expansion partly offset by continued dynamic rent growth

## Price discovery – yields approaching mean levels[1]




## New-build rent development – Strong momentum persists[2]




- The impact of yield expansion due to higher rates is **mitigated by accelerating rent growth**[1]
- Historically stable yields for good quality residential assets
- Beginning of **price stabilisation** implies that yields may rise somewhat further, driven by rental growth, towards the long-term mean of 4%
- Subsidy schemes for affordable housing support stabilisation at comparatively low yields

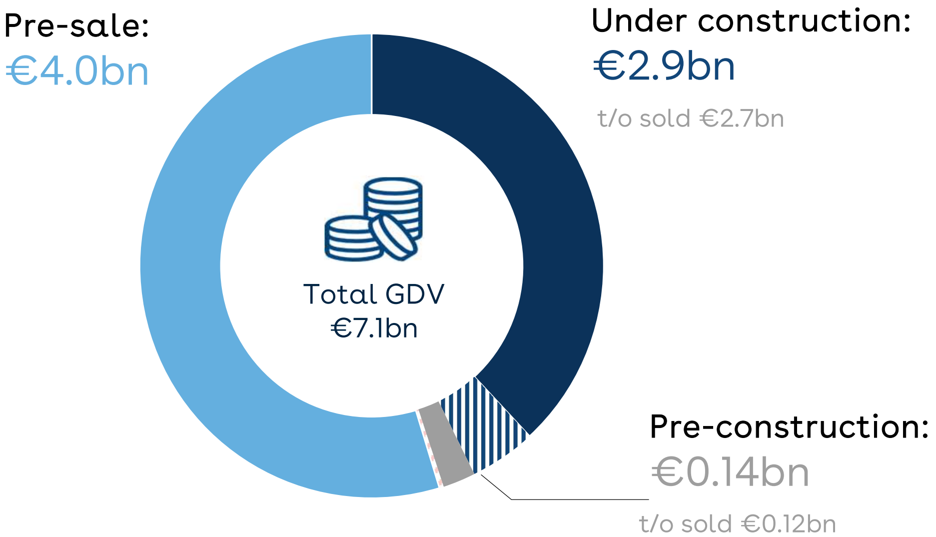
*“**New-build rents** rise faster than existing rents…In a year-on-year comparison, average asking **rents** in the metropolitan areas **increased by 10.6 per cent**”*

Source: immoscout Wohnbarometer

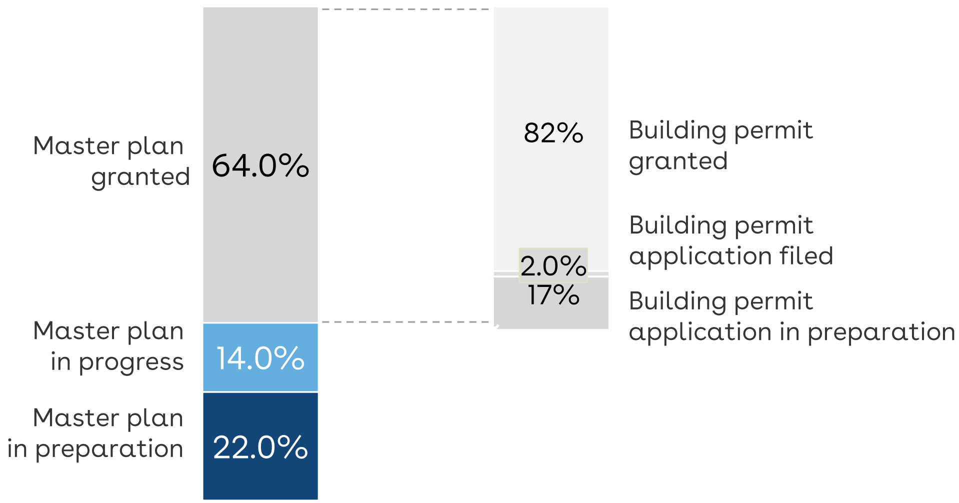
1 Historical periods based on sellers’ price indications (Bulwiengesa); forward 2023-2024 gross rental income yield based on market data (CBRE, avg. top 7 German cities)
2 Bulwiengesa: newly built apartments, top-7 cities average

# Under construction projects de-risked as nearly 90% sold

## Project portfolio as of 30/06/2024 by development (GDV)




## Project portfolio as of 30/06/2024 by building right status (GDV)




- Projects with GDV of c.€2.9bn are "under construction" of which 90% already sold
- Of the c.€2.8bn sold volume as of the reporting date c.€2.25bn has been recognised in revenues
- Some €1.5bn of land bank with zoning rights obtained (GDV)
- Land value c.€450m + outstanding land payment c.€150m (c.15% of pre-sales GDV)

# Q2 2024 Financial Performance & Outlook

# Adjusted Results of Operations: Solid profitability maintained

| €m | Q2 2024 | Q2 2023 | Change | H1-2024 | H1-2023 | Change |
|---|---|---|---|---|---|---|
| Revenues | **135.9** | 156.0 | (12.9%) | 1 **255.4** | 279.5 | (8.6%) |
| Project cost | (103.0) | (117.6) | (12.5%) | (189.8) | (207.3) | (8.4%) |
| **Gross profit** | **32.9** | 38.4 | (14.3%) | **65.6** | 72.2 | (9.1%) |
| Gross Margin | 24.2% | 24.6% | | 2 25.7% | 25.8% | |
| Platform cost | (19.2) | (13.7) | 40.1% | 3 (36.9) | (33.0) | 11.8% |
| Share of results of JVs | 3.8 | 2.8 | | 4 4.7 | 4.1 | |
| EBIT | **17.6** | 27.5 | (36.0%) | **33.4** | 43.3 | (22.9%) |
| EBIT Margin | 13.0% | 17.6% | | 13.1% | 15.5% | |
| Financial & other results | (2.5) | (6.6) | | 5 (5.7) | (10.0) | |
| **EBT** | **15.2** | 20.9 | (27.3%) | **27.8** | 33.3 | (14.2%) |
| EBT Margin | 11.2% | 13.4% | | 10.9% | 11.9% | |
| Taxes | (4.2) | (5.5) | | (7.3) | (9.4) | |
| Tax rate | 27.6% | 26.3% | | 26.3% | 28.3% | |
| EAT | **10.9** | 15.4 | (29.2%) | **20.5** | 23.9 | (15.6%) |
| EAT Margin | 8.0% | 9.9% | | 8.0% | 8.6% | |
| EAT post minorities | **11.0** | 15.4 | (28.7%) | **20.4** | 24.2 | (15.5%) |
| **EPS[1]** | **0.25** | 0.36 | (30.1%) | 6 **0.47** | 0.56 | (16.1%) |

1. Lower construction output, in line with expectations – bulk of revenues is based on pre-sold units
2. High gross margin reflects quality of projects and cost control with inhouse construction management; expected lower gross margin for FY-2024e based on project mix
3. Platform costs are largely in line with annualised target of around €70m (some higher costs for one-time LTIP provisions due to higher share price)
4. JV result reflects positive contribution of Berlin JV
5. Improved financial result mainly due to lower net debt
6. Lower tax rate of c.24% in FY-2024 expected mainly due to higher expected share of earnings from JV leading to stable EAT margins of 8%, in line with expectations

1 Weighted average number of shares 42,323 (H1-2024) / 42,377 (H1-2023)

# Strong balance sheet

| €m | 30/06/2024 | 31/12/2023 |
|---|---|---|
| Corporate debt | 181.1 | |
| Project debt[1] | 277.8 | |
| Financial debt[1] | 458.8 | 454.5 |
| Cash and cash equivalents and term deposits[1] | (254.6) | |
| **Net financial debt[1]** | **204.2** | **186.8** |
| Inventories and contract asset / liabilities | 1,295.4 | |
| LTC[1,2] | 15.8% | 15.1% |
| Adjusted EBIT (LTM)[3] | 76.2 | |
| Adjusted EBITDA (LTM)[3] | 81.4 | |
| Net financial debt[1] / adjusted EBITDA | 2.5x | 2.1x |

- Maintaining very moderate LTC of 15.8%
- … and also very solid net debt/adjusted EBITDA of 2.5x at trough of earnings cycle
- Balance sheet offers ample headroom for growth

1 Q2/24: Excl. €160m restricted cash and €111.1 million financial debt in connection with Project Westville client related subsidized KFW loan
2 Loan-to-Cost: Net financial debt/(Inventories + Contract assets/liabilities)
3 LTM: Last twelve months

# *Financially strong position*

| Cash Flow (€m) | Q2 2024 | Q2 2023 | H1 2024 | H1 2023 |
|---|---|---|---|---|
| EBITDA adj. | 19.0 | 28.8 | 36.1 | 45.8 |
| Other non-cash items | 2.2 | (5.5) | (3.7) | (6.8) |
| Taxes paid | (4.3) | (2.0) | (7.7) | (3.3) |
| Change in working capital | 30.1 | 13.0 | (5.4) | (76.1) |
| Operating cash flow | 47.0 | 34.3 | 19.3 | (40.4) |
| Land plot acquisition payments (incl. RETT)[1] | 1.1 | 4.1 | 1.8 | 9.7 |
| Operating cash flow excl. investments | 48.1 | 38.4 | 21.1 | (30.7) |

- Sound cash generation from high share of pre-sold projects; significant positive operating cash flow expected also for FY-2024 (prior to land plot acquisitions)
- EUR 1.8m new land payments relating to prior year commitments
- Only limited impact of recent acquisitions on short term liquidity (total purchase price c.€30m); new land plots expected to be partially financed with debt (c.50%)

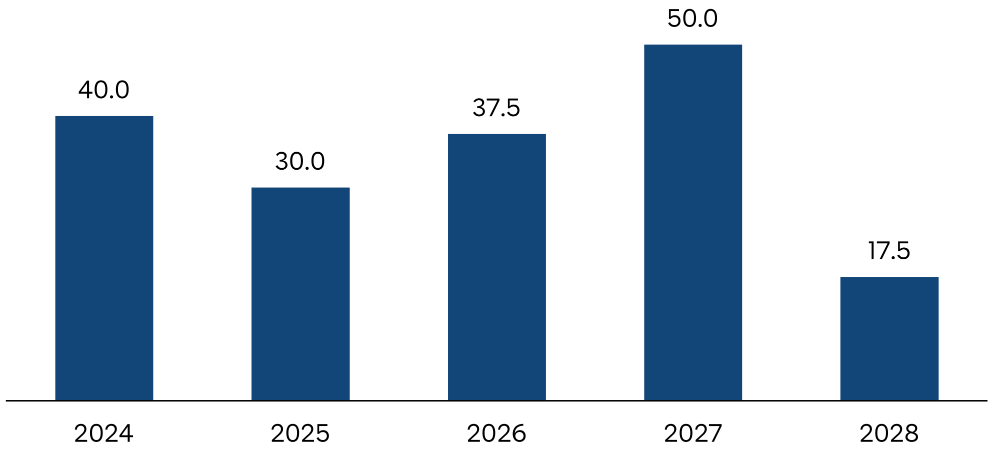
| Liquidity (€m) | Total | t/o drawn | t/o available |
|---|---|---|---|
| Corporate debt | | | |
| Promissory notes | 175.0 | 175.0 | - |
| Revolving Credit Facilities | 151.6 | - | 151.6 |
| **Cash and cash equivalents and term deposits[2]** | | | 254.6 |
| **Total corporate funds available** | | | **406.2** |
| Project debt[2] | | | |
| Project finance[2,3] | 464.7 | 271.7 | 193.0 |

- Net cash position on corporate level
- Clear intention to seize growth opportunities in the land market from a position of strength

1 RETT: Real Estate Transfer Tax
2 Q2/24 Excl. €160million restricted cash and €111.1 million financial debt in connection with Project Westville client related subsidized KFW loan
3 Net available project financing

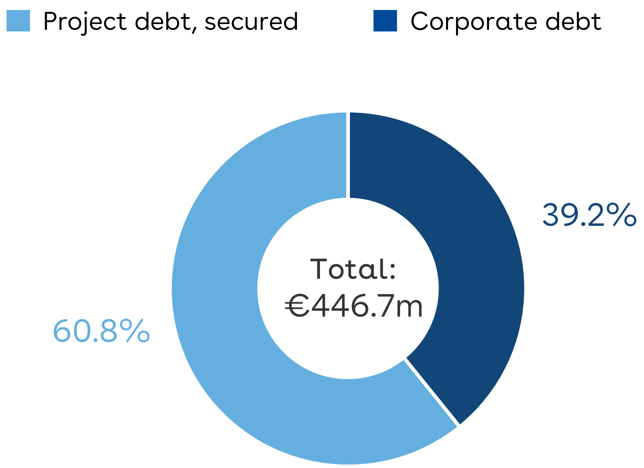
# *Financing: Successful smoothing of maturity profile*

## Maturity profile (corporate debt) as of 30/06/2024




| | |
|---|---|
| Weighted average corporate debt maturity | 2.0 years |
| Weighted average corporate interest costs | 4.4% |
| Share of corporate debt with floating interest | 0% |

## Secured/unsecured as of 30/06/2024




- Successful smoothing of maturity profile through partial extension of the €100m promissory note - €35m extended to 2026 & 2028[1]
- Majority of financial debt is project related
- Net cash position on corporate level

1 Refinancing promissory note: repayment of €35m in 2024, €30m in 2025 and extension of €17.5m to 2026 & 2028 respectively; interest step-up from 4.0% to 4.5% in 08/2025, from 4.5% to 5.25% in 08/2026

# *Outlook: On track for FY 2024 targets*

| €m | Forecast 2024 |
|---|---|
| Revenues (adjusted) | 500-600 |
| Gross profit margin (adjusted) | ~22% |
| EAT (adjusted) | 30-40 |
| Volume of concluded sales contracts | >300 |

# Appendix

# *Project portfolio key figures*

| €m | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Volume of sales contracts | 34.0 | 88.0 | 120.1 | 20.2 | 18.4 | 52.7 | 42.0 | 104.6 | 58.0 |
| Project Portfolio | 7,124.9 | 6,885.8 | 6,972.0 | 7,015.5 | 7,182.6 | 7,600.4 | 7,668.8 | 7,827.4 | 7,727.4 |
| *thereof already sold* | *2,784.8* | *2,781.1* | *2,693.4* | *2,822.7* | *2,868.8* | *2,958.7* | *2,987.3* | *2,945.4* | *2,891.4* |
| *thereof already realized revenues* | *2,246.3* | *2,140.7* | *2,022.5* | *2,089.4* | *2,002.2* | *1,944.7* | *1,902.7* | *1,721.0* | *1,597.1* |

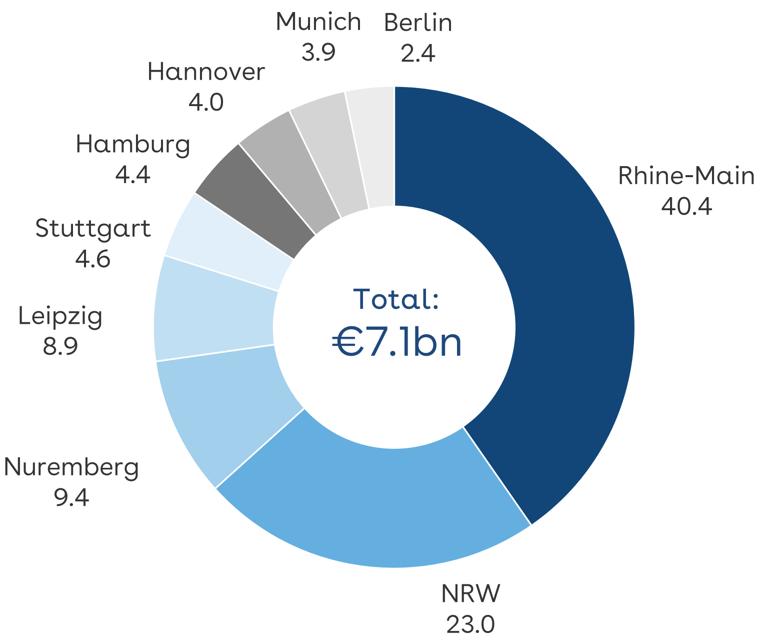
| Units | Q2 2024 | Q1 2023 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Volume of sales contracts | 68 | 213 | 195 | 37 | 28 | 110 | 44 | 199 | 96 |
| Project Portfolio | 14,760 | 14,252.0 | 14,252.0 | 14,269.0 | 15,148.0 | 16,107.0 | 16,209.0 | 16,580.0 | 16,644.0 |
| *thereof already sold* | *6,448* | *6,430.0* | *6,217.0* | *6,588.0* | *7,017.0* | *7,198.0* | *7,309.0* | *7,265.0* | *7,179.0* |

(Unless otherwise stated, the figures are quarterly values)

# *Diversified project portfolio across most attractive German regions*

## Project portfolio as of 30/06/2024 by region (GDV)

In %

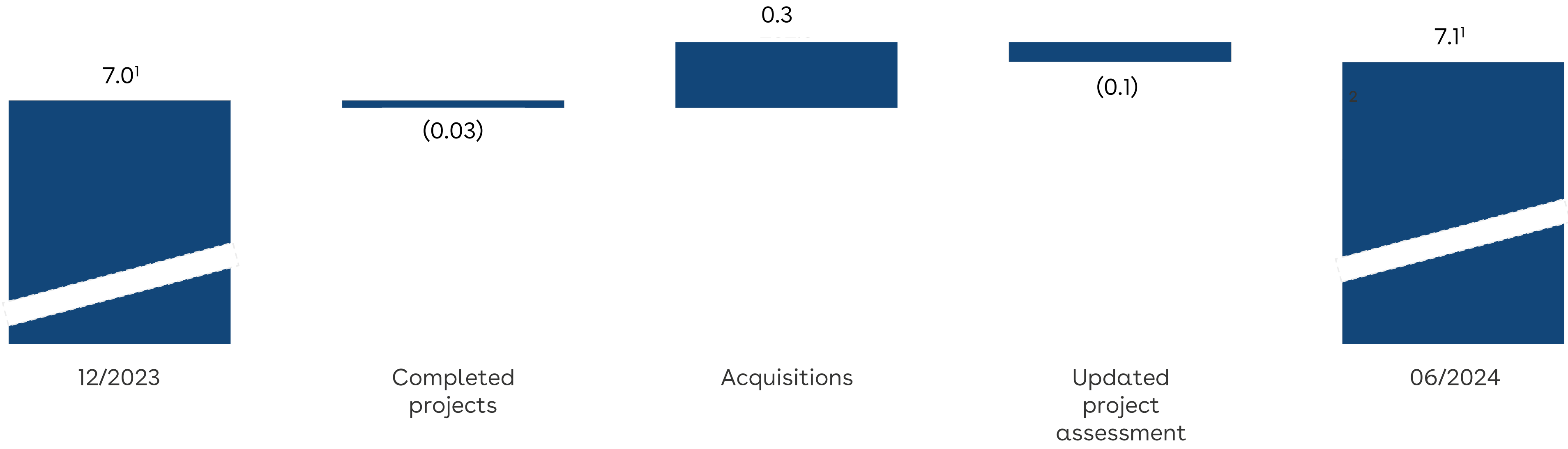



- 46 projects / 14,760 units / ~1,304m sqm of saleable space
- 96% in metropolitan regions
- ~78 average sqm / unit
- ~€5,683 ASP / sqm
- Additional four JV projects (INS share of GDV: ~€630m)

# Significant pipeline; well prepared to seize market opportunities

## Project portfolio development (GDV)

In €bn




1 excluding GDV of at-equity JVs

# Expected future cash flows suggest significant upside[1]

## Fundamental Instone value rests on three distinct pillars

### 1 Pre-sold projects

- c.€2.9bn currently under construction
  - t/o c.€2.7bn pre-sold (90%)
- In addition c.€180m pre-construction already pre-sold

→ Tangible and substantially de-risked cash-flow profile

### 2 Land bank

- Residual unsold and paid land bank recognised at cost[2] of ~€450m

→ Substantial incremental value

### 3 Future potential

- Ability to source new projects
- Highly attractive opportunities likely to materialise within 12-24 months
- Additional income streams from various strategic initiatives

| (As of 30 June 2024; in EUR million) | |
|---|---|
| De-risked free cash flow from projects under construction[1] | ~330m |
| Unsold land bank at cost[2] | ~450m |
| **Notional gross asset value[2]** | ~780m |
| Net debt | -204.1 |
| **Notional value to shareholders[3]** | >570m |

1 Free cash flow post platform cost and taxes; Incl. proportionate share of at-equity JVs
2 Note: "unsold land bank at cost" excluding unsold portion of projects under construction
3 Note: 43.32m shares issued and outstanding (excluding Treasury shares)

# *Growth Opportunities Act with attractive tax incentives for new-build properties (scenario analysis)*

| Model assumptions | |
|---|---|
| Price /sqm | 5,700 € |
| Lettable space | 85 sqm |
| Purchase price | 484,500 € |
| Ancillary costs | 38,760 € |
| Land (18% of total purchase price) | 94,187 € |
| Buidling costs | 429,073 € |
| Buidling costs per sqm | 5,048 € |
| Rental yield | 4% |
| Rental growth p.a. | 2.5% |
| Equity ratio (30%) | 156,978 € |
| Debt interest rate | 3.5% |
| Income tax | 44% |

| Payback of capital from tax incentives | | |
|---|---|---|
| | 4 years | 10 years |
| Total depreciation | 142,658 € | 218,532 € |
| Depreciation as % of total purchase price | 27.3% | 41.8% |
| Tax incentive | 63,212 € | 96,831 € |
| Tax incentive as % of total purchase price | 12.1% | 18.5% |
| Tax incentive as % of equity | 40.3% | 62% |

| Attractive post tax returns | | |
|---|---|---|
| Average RoE (cash returns) | 12.8% | 9.5% |
| Tax free disposal gains after 10 years | | |

- Tax incentives allow for fast payback of capital and highly attracitve inflation protected post tax returns for buy-to-let investors
- Tax free diposal gains after 10 years

- Growth Opportunities Act:
  - 5% degressive on new build properties
  - plus additional 5% linear depreciation over 4 years (according to § 7 ) if tax relevant building costs are <5,200 €/sqm and energy standard of QNG 40 certitification is met

# *Project portfolio as of 30/06/2024*

(projects > €30m sales volume, representing total: ~ €7.1bn)

| Project | Location | Sales volume (expected) | Lettable space (sqm) | Land plot acquired | Planning right obtained | Sales start | Construction started |
|---|---|---|---|---|---|---|---|
| **Hamburg** | | | | | | | |
| Kösliner Weg | Norderstedt | 93m € | 24,589 | ● | ● | 2025 | |
| Sportplatz Bult | Hanover | 117m € | 24,007 | | | 2029 | |
| RBO | Hamburg | 218m € | 29,876 | ● | ● | ● | ● |
| Büntekamp | Hanover | 165m € | 25,044 | ● | ◐ | 2025 | |
| **Berlin** | | | | | | | |
| Nauen | Nauen | 167m € | 29,051 | ● | ● | 2025 | |
| Fontane Gärten | Potsdam | 66m € | 9,563 | ● | ● | ● | ● |
| **NRW** | | | | | | | |
| Unterbach | Düsseldorf | 199m € | 38,537 | ● | ● | ◐ | ◐ |
| Literaturquartier | Essen | N/A | 17,981 | ● | ● | ● | ● |
| REME | Mönchengladbach | 128m € | 28,315 | | ◐ | 2025 | |
| west.side | Bonn | 203m € | 63,603 | ● | ● | ● | ● |
| Gartenstadtquartier | Dortmund | 93m € | 25,514 | ● | ◐ | 2025 | |
| Bickendorf | Cologne | 625m € | 145,492 | ● | | 2028 | |
| 6-Seen Wedau | Dulsburg | 78m € | 16,605 | ● | ● | 2024 | |
| Kempen | Kempen | 50m € | 11,103 | ● | ◐ | 2025 | |
| Grafental | NRW | 186m € | 29,693 | ● | ● | 2024 | |

Note: Semi-filled circle means that the milestone has already been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building rights the semi-filled circle means that the zoning process has been initiated. No circle for “land plot acquired” means that the land has not yet been purchased but secured by contract

# Project portfolio as of 30/06/2024

(projects > €30m sales volume, representing total: ~ €7.1bn)

| Project | Location | Sales volume (expected) | Lettable space (sqm) | Land plot acquired | Planning right obtained | Sales start | Construction started |
|---|---|---|---|---|---|---|---|
| **Rhine-Main** | | | | | | | |
| Delkenheim | Wiesbaden | 113m € | 51,304 | ● | ● | ● | ● |
| Schönhof-Viertel | Frankfurt | 615m € | 90,449 | ● | ● | ◐ | ◐ |
| Friedberger Landstr. | Frankfurt | 298m € | 38,241 | | ◐ | 2027 | |
| Elisbethenareal | Frankfurt | 84m € | 9,989 | ● | ● | 2025 | |
| Steinbacher Hohl | Frankfurt | N/A | 13,746 | ● | ● | ● | ● |
| Gallus | Frankfurt | 46m € | 5,791 | ● | ● | 2027 | |
| Westville | Frankfurt | N/A | 101,224 | ● | ● | ● | ● |
| Heusenstamm | Heusenstamm | 191m € | 33,432 | ● | | 2025 | |
| Kesselstädter | Maintal | 229m € | 38,315 | ● | | 2025 | |
| Polaris | Hofheim | 64m € | 10,250 | ● | ● | 2024 | |
| Rheinblick | Wiesbaden | 303m € | 51,751 | ● | | 2026 | |
| Eichenheege | Maintal | 115m € | 18,055 | ● | | 2027 | |
| Lahnstraße | Frankfurt | 76m€ | 10,205 | ● | ● | 2025 | |
| **Leipzig** | | | | | | | |
| **Parkresidenz** | Leipzig | 273m € | 64,962 | ● | ● | ◐ | ◐ |
| **Rosa-Luxemburg** | Leipzig | 161m € | 25,966 | ● | ● | 2025 | |
| **Heide Süd** | Halle | 56m € | 10,388 | ● | ● | 2025 | |

Note: Semi-filled circle means that the milestone has already been achieved for sections of the project (land plot acquisition, start of sales or construction). Concerning the building rights the semi-filled circle means that the zoning process has been initiated. No circle for "land plot acquired" means that the land has not yet been purchased but secured by contract

# Project portfolio as of 30/06/2024

(projects > €30m sales volume, representing total: ~ €7.1bn)

| Project | Location | Sales volume (expected) | Lettable space (sqm) | Land plot acquired | Planning right obtained | Sales start | Construction started |
|---|---|---|---|---|---|---|---|
| **Baden-Wurttemberg** | | | | | | | |
| Rottenburg | Rottenburg | 170m € | 33,912 | ● | ● | ● | ● |
| Hemenberg III, Schäferlinde | Herrenberg | 78m € | 14,238 | ● | ◐ | 2026 | |
| Hemenberg II, Zeppelinstraße | Herrenberg | 80m € | 13,586 | ● | ◐ | 2025 | |
| **Bavaria South** | | | | | | | |
| Ottobrunner | Munich | 107m € | 10,869 | ● | ● | 2025 | |
| Beethovenpark | Augsburg | N/A | 19,109 | ● | ● | ● | ● |
| **Bavaria North** | | | | | | | |
| Eslarner Straße | Nuremberg | 62m € | 12,570 | ● | ● | ● | |
| Lagarde | Bamberg | 91m € | 17,779 | ● | ● | ◐ | ◐ |
| Schopenhauer | Nuremberg | 64m € | 11,206 | ● | ● | ● | ● |
| Seetor | Nuremberg | 112m € | 16,134 | ● | ● | ● | ● |
| Boxdorf | Nuremberg | 65m € | 10,099 | ● | ● | ● | ● |
| Thumenberger | Nuremberg | 120m € | 16,291 | ● | ● | 2025 | |
| Worzeldorf | Nuremberg | 70m € | 11,660 | ● | ◐ | 2026 | |
| Lichtenreuth | Nuremberg | 84m € | 11,653 | ● | ● | 2026 | |

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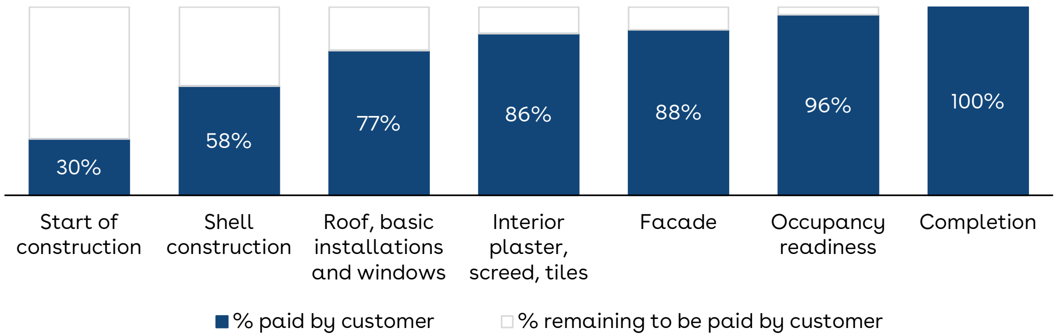
# *Favourable regulatory framework leading to attractive cash flow profile*

## Private Customer's Payment Profile for German residential development projects




## German regulatory framework for customer payments compared to other European markets

| UK | Ireland | Spain | France |
|---|---|---|---|
| 5% upfront | 10% upfront | 10% upfront | 35% upfront |
| | | 10% over construction period | 65% over construction period |
| 95% at completion | 90% at completion | 80% at completion | |

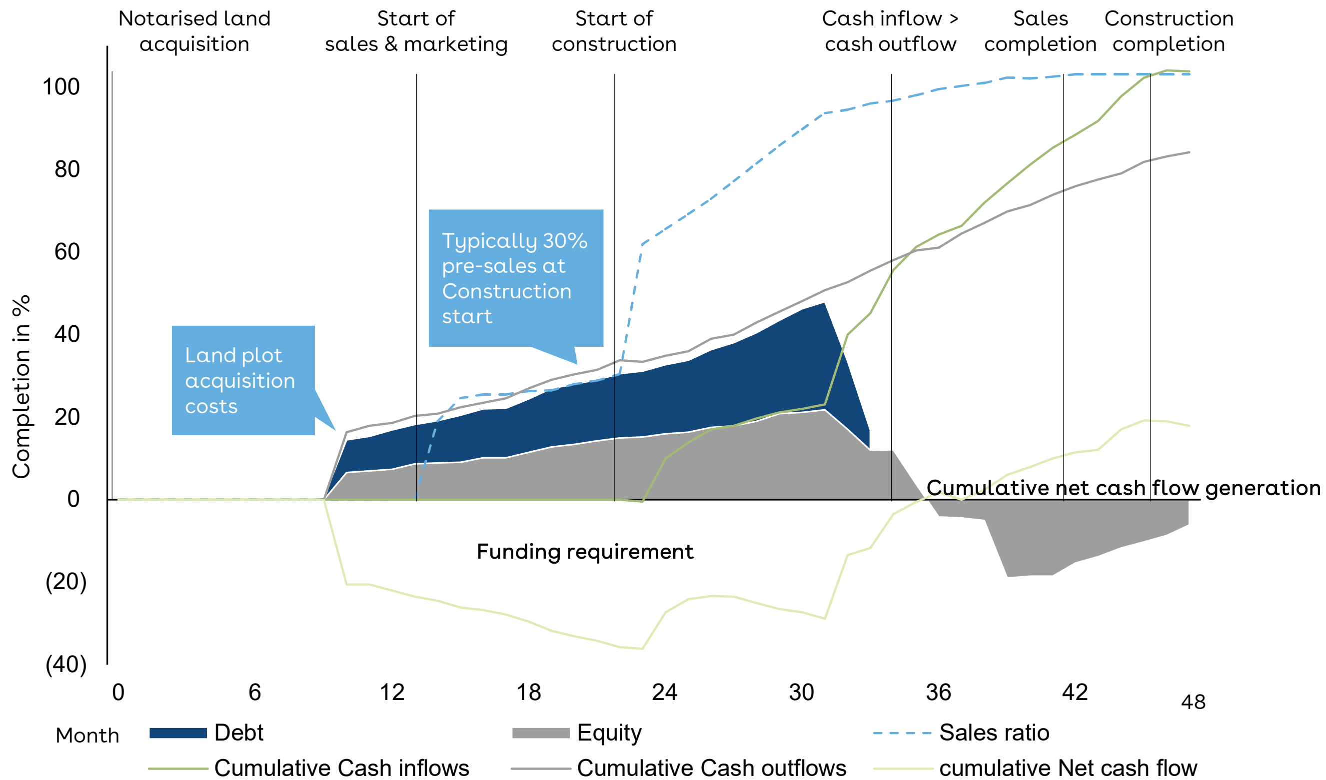
- De risked: B2C development process per se low-risk via regulatory framework ("MaBV")[1]
- Certainty: No cancellation possibilities
- Capital-light: Predefined payment schedule limiting equity requirement from Instone
- Very favourable payment schedules vs. other European countries, particularly UK, Ireland and Spain

**Significant amount of construction costs covered by customers' regular payments**

1 MaBV - Real estate agent and commercial construction industry ordinance ("Makler- und Bauträgerverordnung")

# *Funding requirements minimized due to high pre-sales levels*

## Illustrative cumulative financing profile of a typical B2C Instone project




- Debt financing land c.50% (with zoning c.75%)
- Debt financing construction up to c.80%
- Revenue recognition: *GDV x Sales Progress (%) x Construction Progress (%)*

# *Supportive German subsidy schemes*

## Key positives from new subsidy scheme

**The German government increases tax depreciation and invest >1bn p.a. to support owner-occupiers (help-to-buy) and new build of rental apartments**

| | | | | |
|---|---|---|---|---|
| **Programme details** | ▪ Name: **Social housing subsidies**<br>▪ Budget: 3.15bn in 2012 (18.5bn total volume until 2027)<br>▪ 40% of investment born by the federal states | ▪ Name: **Degressive Depreciation** (Growth Opportunities Act)<br>▪ Volume: 5% depreciation p.a.; can be **combined with 5% special depreciation** (§ 7 EstG) if tax relevant selling price excl. land is below 5,200 / sqm (QNG criteria must be met) | ▪ Name: **"Wohneigentum für Familien"** = homes for families<br>▪ Volume: EUR 350 million<br>▪ Start: Oct. 16, 2023 | ▪ Name: **"Klimafreundlicher Neubau"** = climate friendly new-build<br>▪ Volume: EUR 0.76 billion (KFN )[2]<br>▪ Start: 2023 Renewal, February 2024 |
| **Recipient** | ▪ Beneficiary: Housing companies, institutional and private investors<br>▪ Eligibility<br>– New construction, extension or conversion of new living space;<br>– Modernisation of existing space<br>– Social rental apartments or owner-occupied residential properties | ▪ Buy-to-let investors<br>▪ For newly built residential properties | ▪ Families with at least 1 child <18 years living in their household<br>▪ Household income of max. €90,000 (up from €60,000 previously) plus €10,000 per child<br>▪ Required to own at least 50% of the building (as only home in Germany) | ▪ Resi landlords, other institutional or private investors |
| **Objective** | ▪ Support the construction and modernisation of social housing | ▪ Expected to have a l positive impact on the return expectations<br>▪ Increased willingness to pay from private buy-to-let investors (due to full tax deductibility from personal income)<br>▪ Boost construction of rental apartments | ▪ Help-to-buy: Build or buy new home/condominium for own use for the first time (for at least 10 years)<br>▪ Energy efficiency:<br>– at least energy standard KfW40 (plus additional requirements regarding GHG emissions defined in regulation "Qualitätssiegel Nachhaltiges Gebäude")<br>– Higher subsidies possible with the additional certificate for sustainable buildings "QNG" | ▪ New build of energy efficient buildings<br>▪ Energy efficiency<br>– at least energy standard KfW40 plus additional requirements regarding GHG emissions defined in regulation "Qualitätssiegel Nachhaltiges Gebäude"<br>– Higher subsidies possible with additional certificate for sustainable buildings "QNG"<br>– Use of fossil fuels not allowed |
| **Subsidies** | ▪ Loan per apartment = 200k<br>▪ Amortisation discount = 30-35%<br>▪ Interest rate : 0-0.5%<br>▪ Required minimum energy standard of 55 | ▪ Increase of depreciation on newly built residential properties from (currently) 3% linear to 5% degressive p.a.; threshold for special depreciation from 4,800 to 5,200 / sqm | ▪ No direct grant; max. one housing unit<br>▪ Subsidized mortgages, reduced interest costs (0.01%-0.8%[1]) by federal KfW Bank<br>– 90,000 EUR–270,000 EUR loan volume (with QNG certificate)<br>– Will be accepted as equity substitute | ▪ No direct grant<br>▪ Subsidized mortgages (2.52%- 3.02%) by federal KfW Bank (volumes per unit)<br>– Max. 100,000 EUR loan volume<br>– Up to 150,000 EUR with QNG certificate |

1 Relates to annuity mortgages (10 year fixed rates). Bullet repayments at end of term priced at 1.15% p.a.
2 Includes Klimafreundlicher Neubau (KFN)

# *Driving sustainable success: how value creation is linked to sustainability*

## Major ESG-KPIs achievements

- EU Taxonomy-compliant revenues: c.90% in FY2023 (up from 86.7% in FY2022)
- Improved share of projects/objects with energy requirements at least NZEB -10%[1]: 100% in FY2023 (up from 97.4% in FY2022)
- GHG emissions scope 1 and 2 reduced by 46.1% from the base year 2020, in line with SBTi
- Implementation of 5 working groups with focus on ESG topics (predominantly reduction Scope 3 emissions) comprising 30 employees
- Social impact scoring model which is applied to each project
- Successfully implementation of the diversity target by increasing female representation on the supervisory board to >30%
- On track with implementation of CSRD/ESRS reporting

## Key objectives

Predominantly **EU taxonomy-compliant**

**100%** of project/object portfolio with energy requirements of NEZB-10% **by 2030**

GHG emissions **scope 1 and 2** reduction **target of 42% reached.** Review of new targets.

**Net Zero** climate neutrality **by 2045**

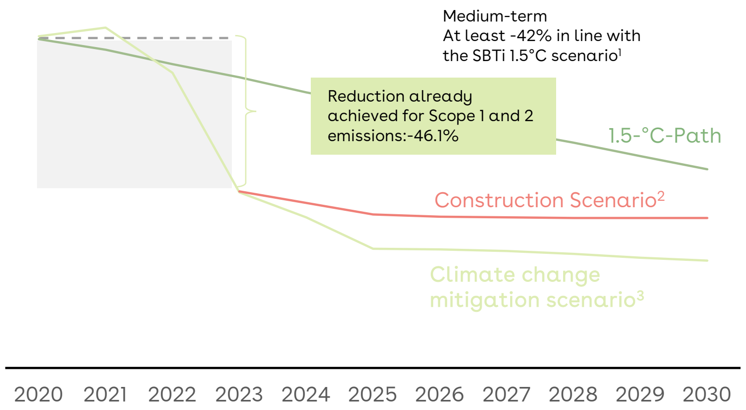
>50% of revenues from **affordable housing** by 2030

**Continuous expansion of ESG governance**

# Clear pathway to reduce GHG emissions scope 1 to 3

## Scope 1 & 2 emissions: projected vs. achieved

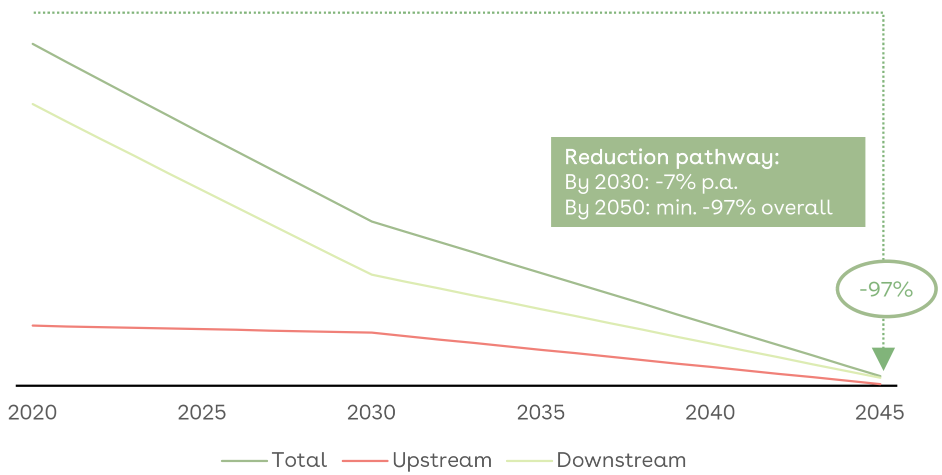
CO2 in t m




Long-term Climate neutrality of Scope 1, 2 and 3 by 2045

## Scope 3 emissions target curve (net zero) based on SBTi[4]

CO2 kg/m²




- Scope 1 and 2 emissions reduced by 46.2% in 2023 vs. base year 2020 (in line with SBTI requirements) through gradual conversion from construction sites to green electricity and replacement of company vehicles with electric vehicles
- For scope 3 emissions (~99% of total emissions), an average reduction of energy intensity (GHG scope 3 emissions) by 5.9% in 2023 compared to the previous year

1 Baseline 2020 has changed vs. prev. report, further explanation can be found in the Annual Report
2 BAU scenario: based on the assumption that decarbonizing the energy sector is only progressing moderately
3 Climate protection scenario: based on the assumption that decarbonizing the energy sector achieves climate neutrality in 2045
4 Upstream emissions: cover erection of the building (incl. manufacturing of materials) / downstream emissions: largely consist of the use phase (95%) and of the demolition/disposal (5%)

# ESG: Top rating underscores commitment to industry leadership

## Instone Real Estate Group SE

Real Estate Development Germany ETR:INS

**ESG Risk Rating** **12.0** Updated May 10, 2023 **-1.2** Momentum

## Low Risk

| NEGL | LOW | MED | HIGH | SEVERE |
|---|---|---|---|---|
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ |

**ESG Risk Rating Ranking**

| UNIVERSE | RANK (1st = lowest risk) | PERCENTILE (1st = Top Score) |
|---|---|---|
| **Global Universe** | 592/15343 | 5th |
| **Real Estate** INDUSTRY | 147/1057 | 15th |
| **Real Estate Development** SUBINDUSTRY | 6/288 | 3rd |

SUSTAINALYTICS
a Morningstar company

- INS among the top 3% of the 288 global real estate development companies
- Top 5% across all sectors

# *Major ESG-KPIs – achievements*

| | Major KPIs | 2023 | 2022 |
|---|---|---|---|
| E | Taxonomy-compliant revenues (in %) | 90.0 | 86.7 |
| | GHG emissions / scope 1 and 2 abs. | 1,437 t $CO_2e$ | 2,390 t $CO_2e$ |
| | GHG emissions in relation to net project space | 1,447 kg $CO_2e$/sqm | 1,537 kg $CO_2e$/sqm |
| | Water consumption in relation to reveneues[2] | 0.000056 ccm/€ | 0.000056 ccm/€ |
| | Charging stations for EVs | 1,855 | 1,433 |
| | Brownfield developments (land plot size) | 423,793sqm | ~532,000sqm |
| S | Shares of affordable housing: social / subsidized / nyoo/ privately financed | 16% / 1%/ 6% / 78% | 18% / 1% /7% % / 78% |
| | Share of female employees in management positions (below C-level) | 20% (1st) / 28% (2nd)/ | 20% (1st)/ 28% (2nd)/) |
| | Number of daycare places / playgrounds | 1,759/ 118 | 1,713/ 109 |
| | Code of Conduct for employees and contractors (UN Charter) | 100% | 100% |
| G | Employee compliance and data protection training | 100% | 100% |
| | Compliance cases (suspected) | 0 | 0 |
| | Diversity Supervisory Board (female share) | 33% | 20% |
| | Client Satisfaction (range 1-5; 1 best) | 1.3 | 1.7 |

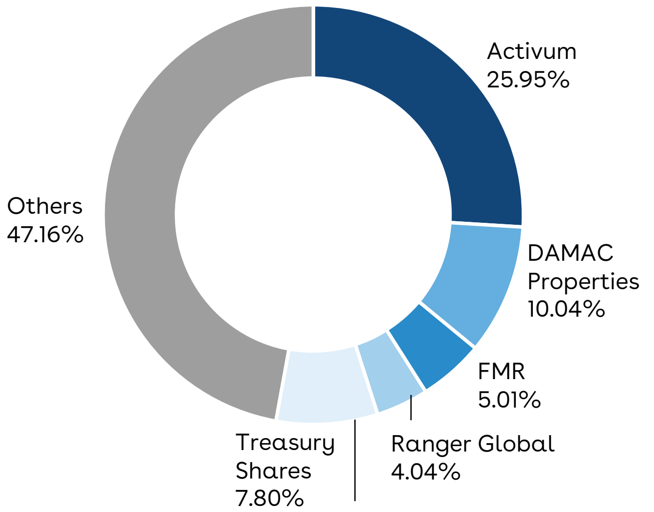
1 Value determined based on the number of properties
2 Consideration of 24 construction sites

# *Instone share*

## Basic data

| | |
|---|---|
| ▪ ISIN: | DE000A2NBX80 |
| ▪ Ticker symbol: | INS |
| ▪ No of shares: | 46,988,336 |
| ▪ Market cap: | €445.4m |
| ▪ Average daily trading volume: | €0.2m |
| ▪ Market segment: | Prime Standard, Frankfurt |

## Shareholder structure (August 2024)




1 Based on closing price on 01 August 2024 at €9.48

# *Financial calendar*

## 2024

| | | |
|---|---|---|
| **August** | 08 | Group Interim Report for the first half of 2024 |
| **September** | tbd | Roadshows London & Paris |
| **September** | 23 | Berenberg & Goldman Sachs German Corporate Conference, Munich |
| **September** | 24 | Baader Investment Conference, Munich |
| **October** | 17 | Warburg Small and Midcap Conference, Munich |
| **November** | 07 | Quarterly Statement for the first nine months of 2024 |

# The Instone Management Board

## Kruno Crepulja

CEO

- CEO since 2008 (of Instone's predecessor formart)
- Comprehensive experience as an engineer, site manager and project developer
- 17-year career on the management boards of large development companies
- Appointed until 31 December 2025

## David Dreyfus

CFO

- CFO, effective September 1, 2023
- >28 years of experience in corporate finance and capital markets, including as Director with Lazard and Senior Partner of Lilja & Co.
- Dreyfus already advised Instone in preparation and execution of its IPO in 2017 and 2018
- Appointed until 31 December 2027

## Andreas Gräf

COO

- COO since 2008 (of Instone's predecessor formart)
- Established the residential development as a standalone business model at HOCHTIEF
- Working in the construction and real estate sector for 30 years
- Appointed until 31 December 2025

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