



INVESTOR PRESENTATION

ROADSHOW HELSINKI / STOCKHOLM

4 DECEMBER 2019



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2019 Key Achievements

Operational achievements

- Volume of new permits of €1,017m and increased project portfolio of €5.6bn exp. sales volume y-t-d
- Since 30 June 2019: Signed 4 forwards sales with institutional buyers of aggregate €815m expected sales volume
- Successfully re-organized corporate level financing; 3-year term loan (€200m), promissory note (€98.5m)
- Strategic corporate acquisition of residential development platform in northern Bavaria
- Positive 9M 2019 business development – Construction launched for 9 projects (~ €333m exp. sales volume); €315m of concluded sales contracts

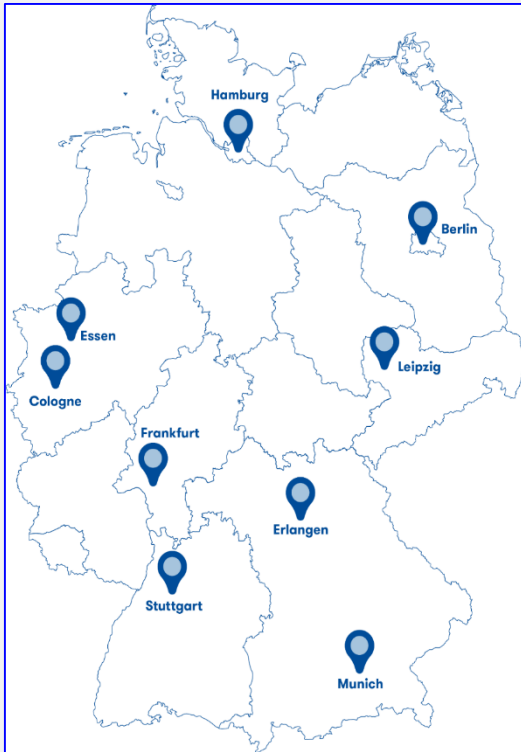
Financial performance (9M 2019)

- Adjusted revenues increased by 36% to €302.4m (previous year: €222.5m)
- Adjusted gross profit margin of 32.7% (previous year: 26.8%)
- Adjusted EBIT significantly up to €56.7m (previous year: €20.6m)
- Adjusted Net Income substantially improved to €46.7m (previous year: -€1.7m)

Outlook

- 16/09/19: FY 2019 outlook significantly increased taking into consideration new large project in Frankfurt/Main
- 26/11/19 (Q3 reporting): FY 2019 outlook and medium-term guidance confirmed

Instone is a Leading Residential Developer in Germany



Proven track record

>28 years
Management
experience

>1 million sqm
Successfully developed and
marketed since 1991

~1,000 units
Sold on average per
annum between '15-'18

Nationwide platform

8 branches + HQ
Present in all key German
metropolitan regions

362
Employees (as of 30/09/2019)

Strong project portfolio

~€2.3bn
Expected sales volume of
approved projects in 2018
and 2019 y-t-d

~€5.6bn
Expected sales volume of
project portfolio as of 11/2019

First mover in building up a nationwide residential developer platform in Germany

Focus on developing modern, urban, multi-family, residential buildings

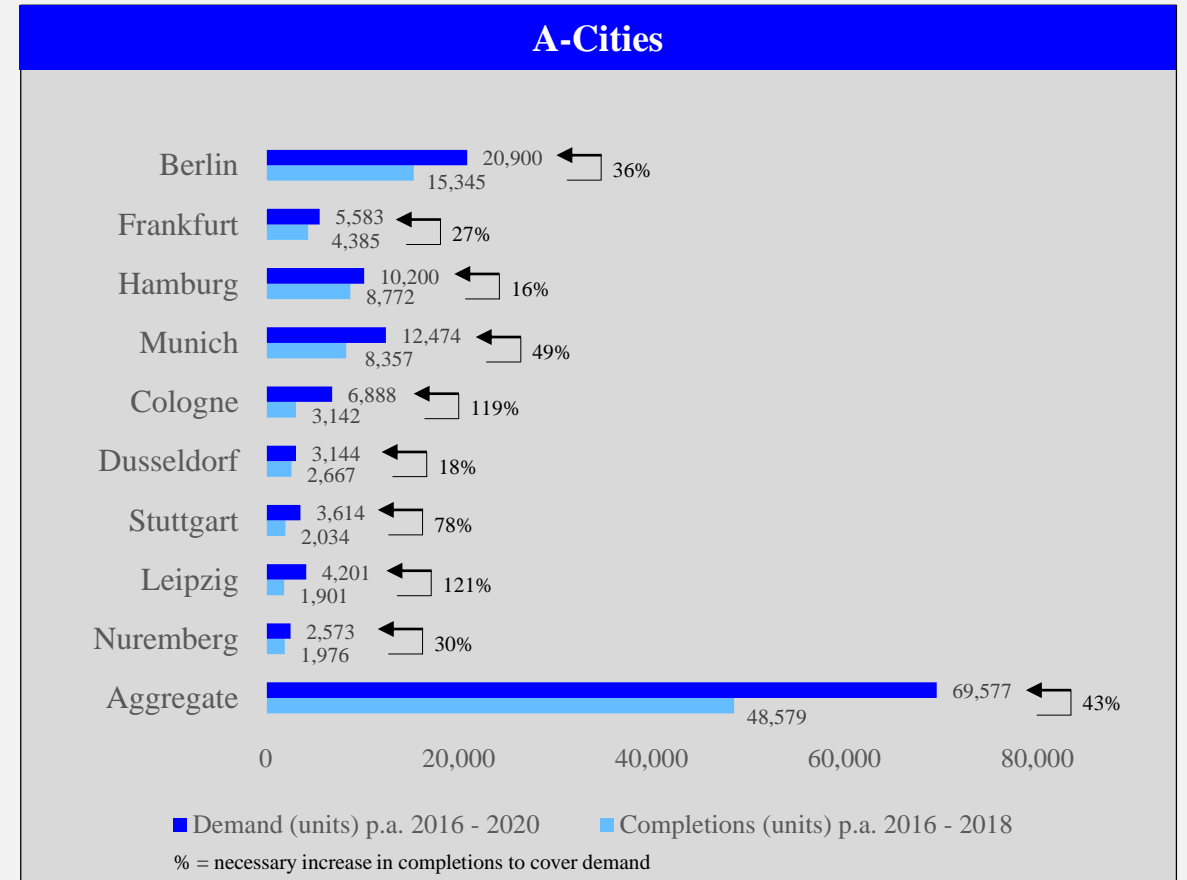
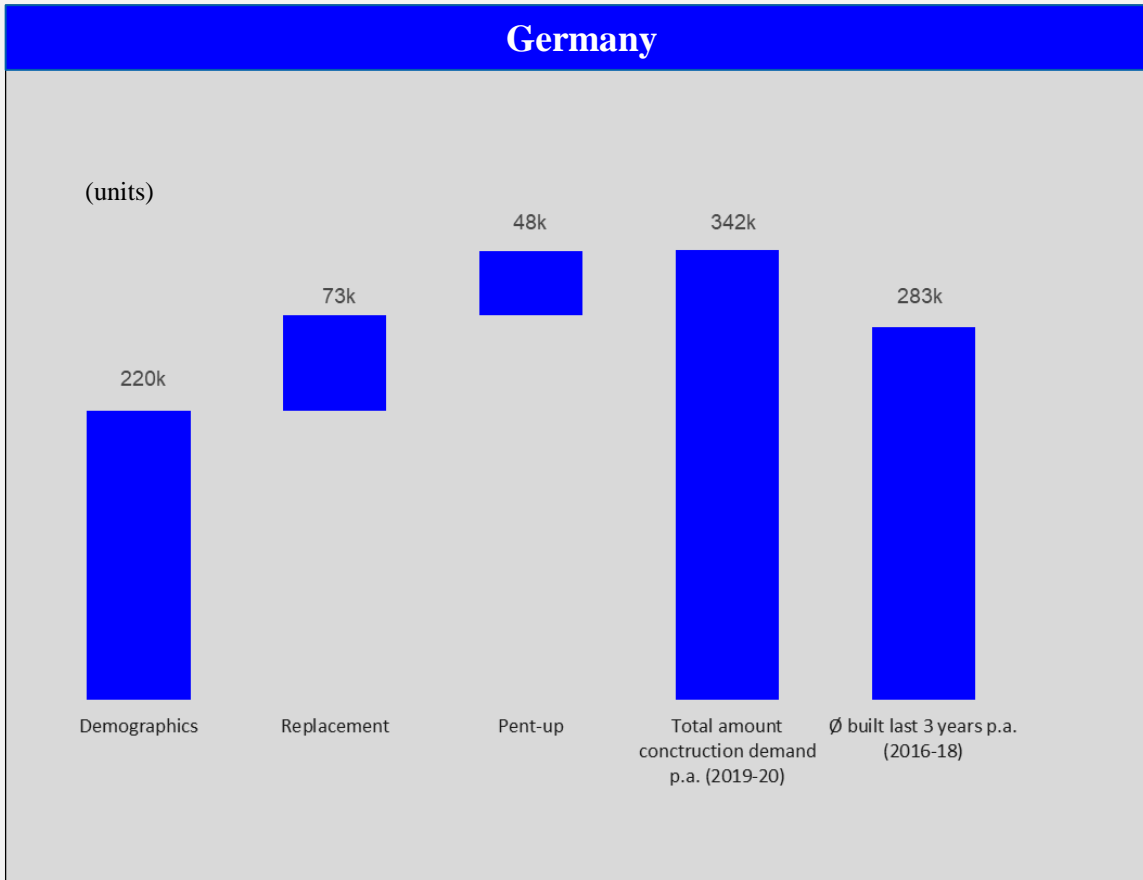
Established operating platform with ability to achieve further scale gains

Attractive project portfolio and identified acquisition opportunities
underpinning strong and profitable growth

Prudent approach to risk management
Proprietary and tailored management information system

Diligent site selection criteria leading to **attractive and consistent returns**

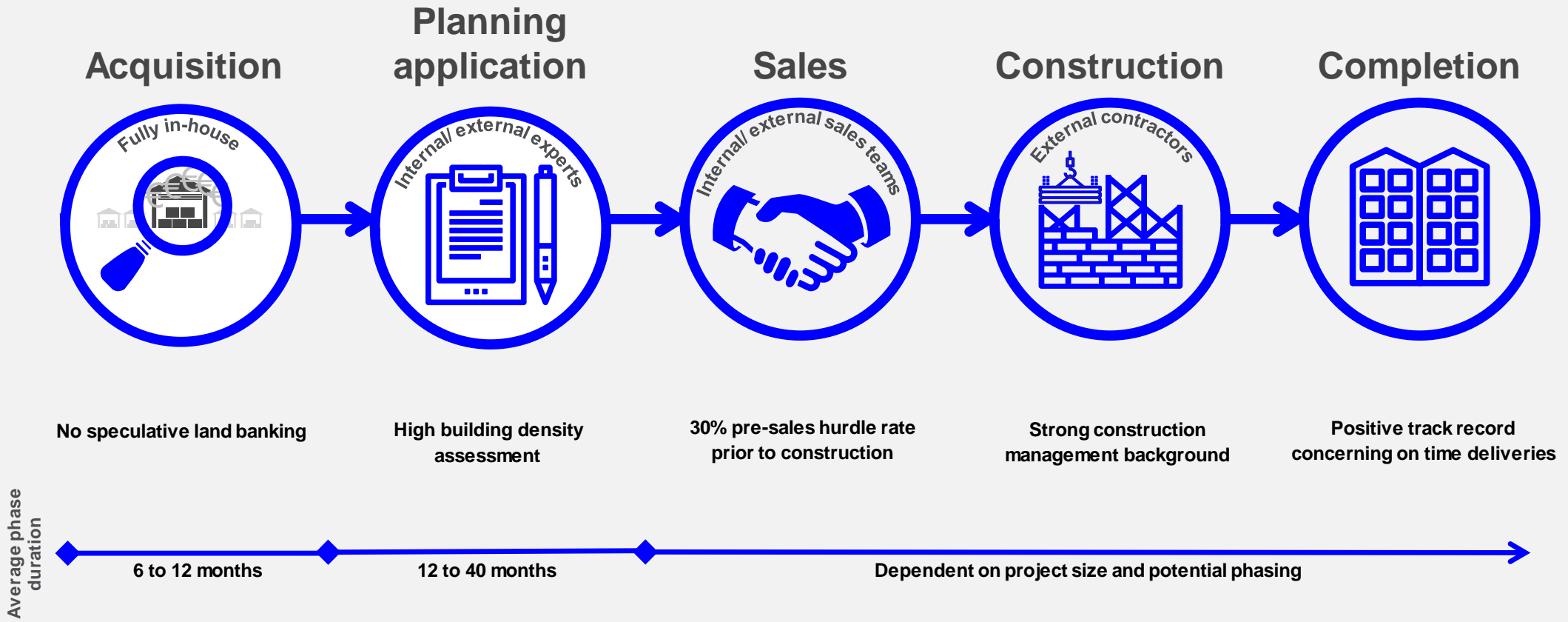
Persistent Supply Demand Imbalance for Residential Units in Germany



Significant Growth



Rigorous Control over the Entire Development Process



Selected Projects



Hamburg („Amanda“)
~€91m GDV; ~167 units



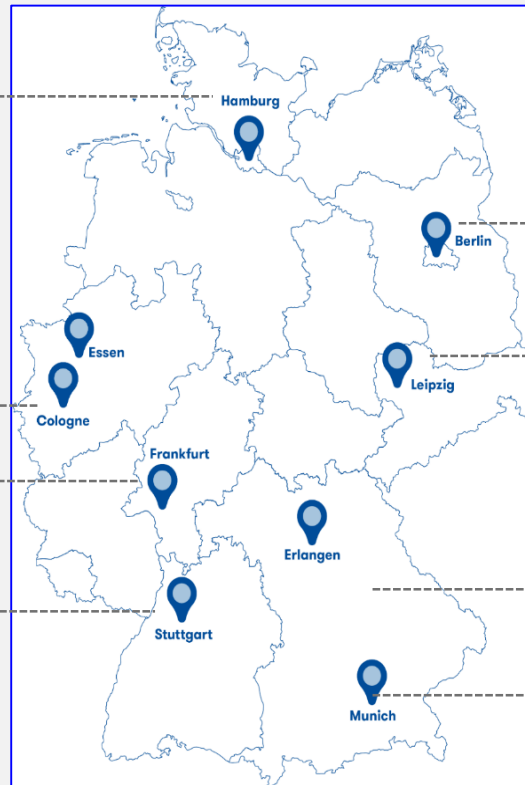
Bonn („Schumanns Höhe“)
~€68m GDV; ~186 units



Frankfurt/Main („Marie“)
~€210m GDV; ~239 units



Herrenberg
 („Schwarzwaldstr.“)
~€48m GDV; ~117 units



Leipzig („Heeresbäckerei“)
~€122m GDV; ~345 units



Berlin („Luisenpark“)
~€236m GDV; ~560 units



Munich („Therese“)
~€136m GDV; ~118 units



Regensburg
 („Marina Bricks“)
~€29m GDV; ~50 units

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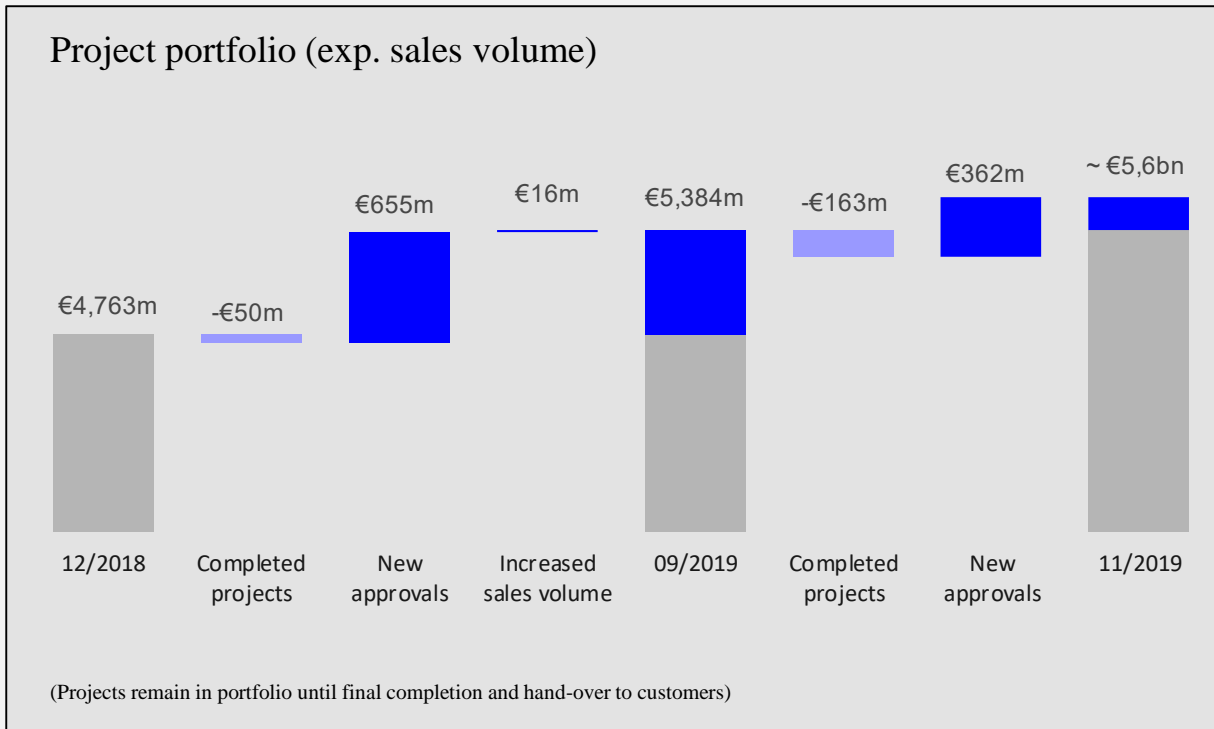
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Development of Project Portfolio



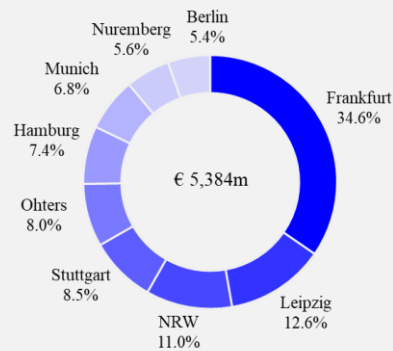
- In 2019 y-t-d approved new projects of total €1,017m expected sales volume

New projects (YTD 2019):

Project	Exp. sales volume	Exp. Units
Hamburg / Rothenburgsort	€182m	716
Herrenberg III / Schäferlinde	€56m	141
Leipzig / Rosa-Luxemburg-Strasse	€116m	330
Nuremberg / Seetor	€103m	199
Nuremberg / Schopenhauerstrasse	€65m	101
Nuremberg / Stephanstrasse	€65m	461
Regensburg / Marina Bricks	€29m	50
Rosenheim / Bahnhofsareal Nord	€22m	151
Erlangen / Kitzmann	€19m	32
Subtotal as of 09/19	€655m	2,181
Bamberg	€73m	227
Augsburg	€51m	102
Nuremberg	€49m	101
Mönchengladbach	€105m	303
Essen	€68m	212
Leipzig	€16m	75
Total as of 11/19	€1,017m	3,201

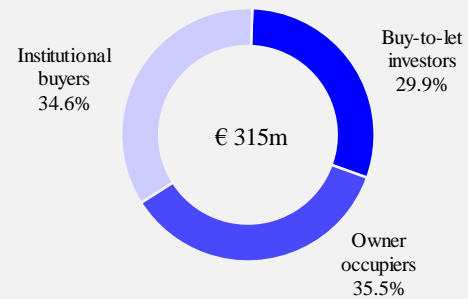
Project Portfolio (as of 30/09/2019)

Total portfolio by region
(as of 30/09/19; based on sales volume)



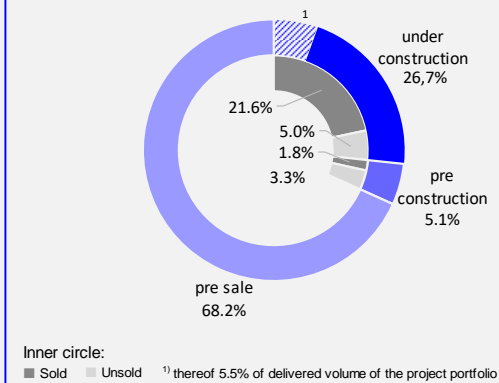
- 52 projects / 12,233 units
- 92% in metropolitan regions
- ~80 sqm / unit; ~€5,400 ASP / sqm

Volume of sales contracts by customer type
(for the period 01/19 - 09/19)



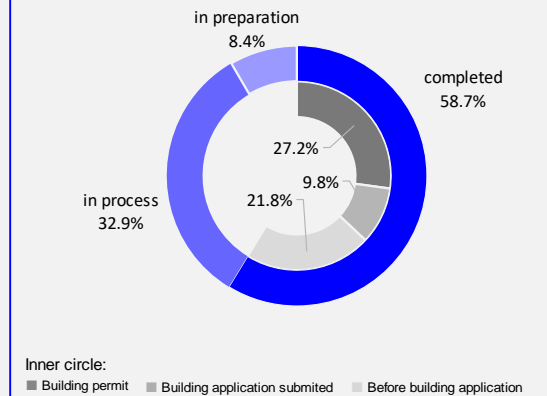
- Well balanced customer mix
- Share from institutional buyers expected to increase by year end

Total portfolio by development status
(as of 30/09/19; based on sales volume)



- €1.7bn sales volume (32% of portfolio) under construction or pre-construction (in marketing process)
- Thereof €1.3bn (74%) already sold

Total portfolio by building right status
(as of 30/09/19; based on sales volume)



- Building right for 92% of portfolio completed or in process

„Others“ include Wiesbaden, Mannheim, Hannover, Potsdam

Development of New Urban Neighbourhood in Frankfurt/Main (~€ 600m GDV)

- Project „Westville“ (Kleyer Quarter) in Frankfurt/Main
- Instone is developing one of the biggest new urban neighbourhoods in Germany
- Approx. 93k sqm floor area and 51k sqm living space for >3,000 people
- >1,200 residential units, thereof around 400 publicly subsidized, 3 daycare centres
- Existing masterplan. Expect construction start in 2020 and completion in 2024.
- Expected sales volume of ~€600m (GDV) and gross margin of ~18%; Attractive IRR
- Forward sale of the entire project to Universal-Investment / Bayerische Versorgungskammer (BVK) – continuing successful cooperation of Instone and BVK (3rd project within one year)
- Expect both property purchase agreement and forward sale of the project to become effective in the current financial year since only technical aspects of contractual consumation have to be implemented



Acquisition of S&P Stadtbau (Transaction Highlights and Rationale)

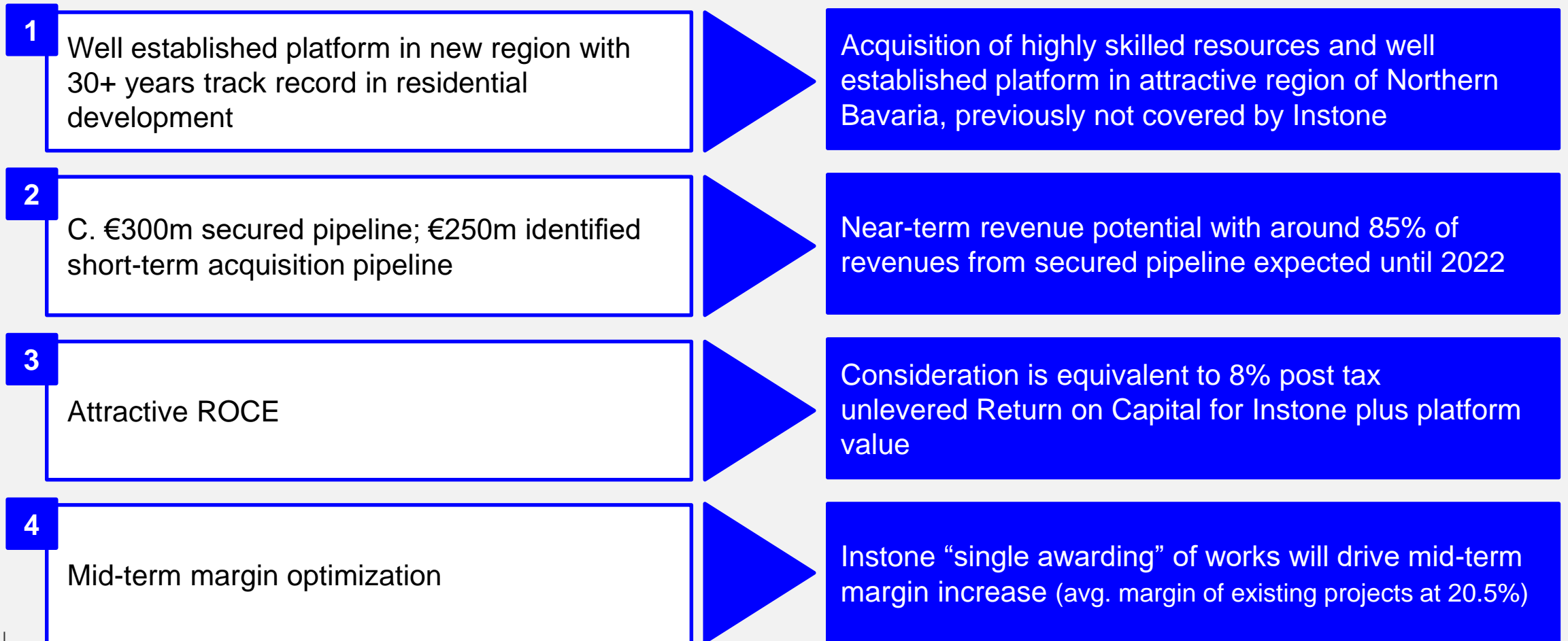


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9M 2019 Results of Operations

Results of Operations (€m, adj.*)			
	9M 2019	9M 2018	Delta
Revenues	302.4	222.5	35.9%
Project cost	-203.5	-162.7	25.1%
Gross profit	98.9	59.7	65.7%
<i>Margin</i>	32.7%	26.8%	
Platform cost	-42.2	-39.1	7.9%
EBIT	56.7	20.6	275%
<i>Margin</i>	18.8%	9.3%	
Financial Result	-7.3	-6.7	9.0%
EBT	49.4	13.8	357%
<i>Margin</i>	16.3%	6.2	
Taxes	-2.7	-15.5	-82.6%
<i>Tax rate</i>	5.5%	112%	
Net income	46.7	-1.7	>100%

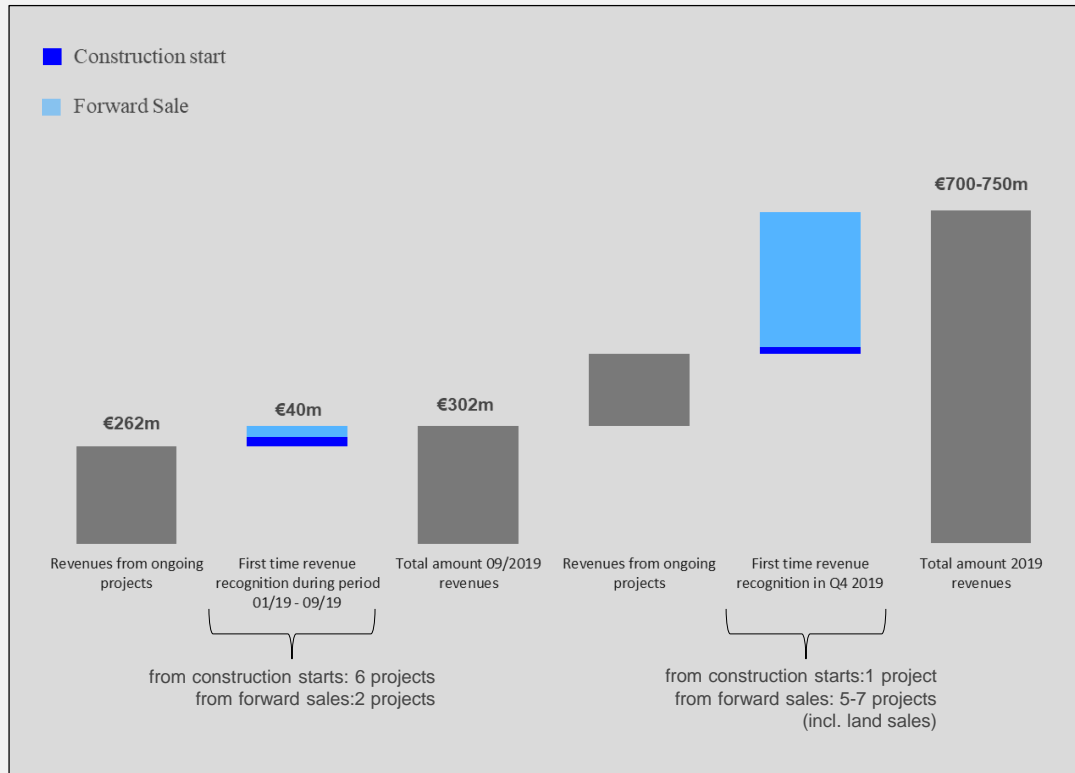
*adjusted for ppa and non-recurring items

- Gross profit margin of 32.7% reflects exceptionally high share of revenue contribution from high margin projects in first nine month 2019

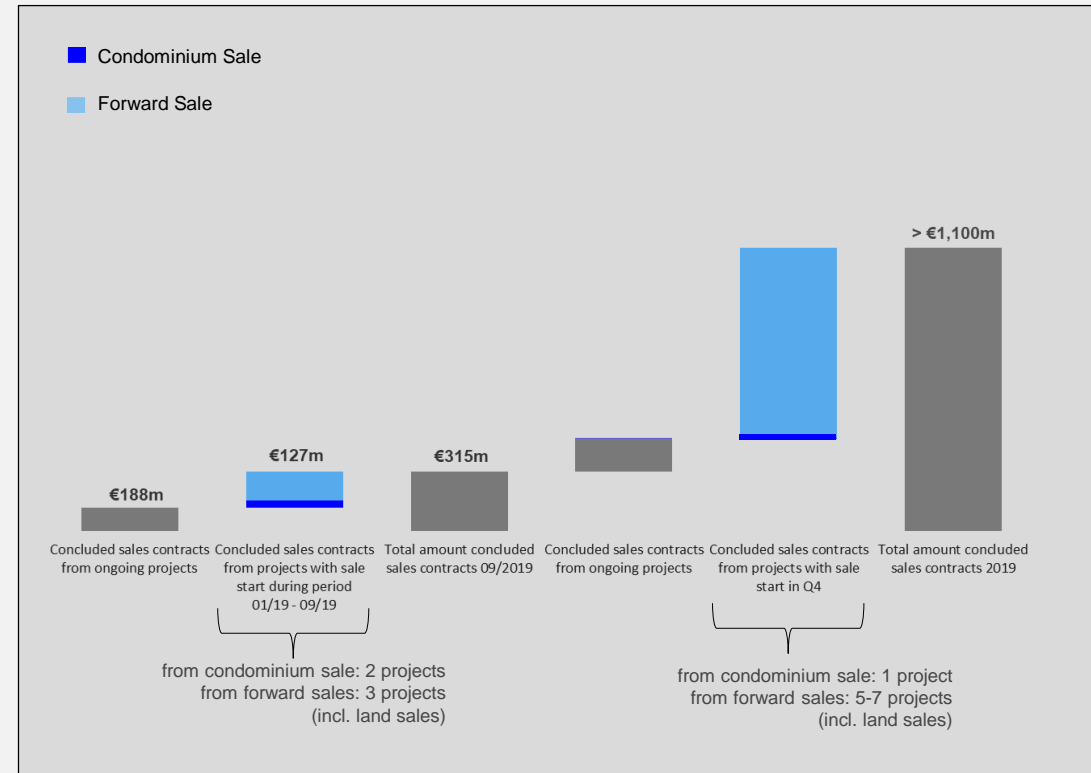
€m	9M 2019	9M 2018
EBIT	46.3	8.3
ppa	6.4	12.3
Non-recurring items	4.0	-
Adj. EBIT	56.7	20.6

- 18.8% EBIT margin driven by strong gross margin and economies of scale
- Tax rate at 5.5% due to recognition of tax loss carryforwards (following approval of a domination and profit transfer agreement with a subsidiary)

Revenue Recognition (illustrative)



Volume of Sales Contracts (illustrative)



Operating Cash Flow

In € million	9M 2019	9M 2018
EBITDA	59.7	21.0
Other non-cash items	-2.8	-2.8
Taxes paid	-10.2	-10.9
Change in working capital	-78.6 ¹	-35.1
<i>thereof new land plot acquisition payments</i>	-93.7	-28.5
Operating cash flow	-32.0	-27.8²
Operating cash flow excl. investments	61.7	0.7

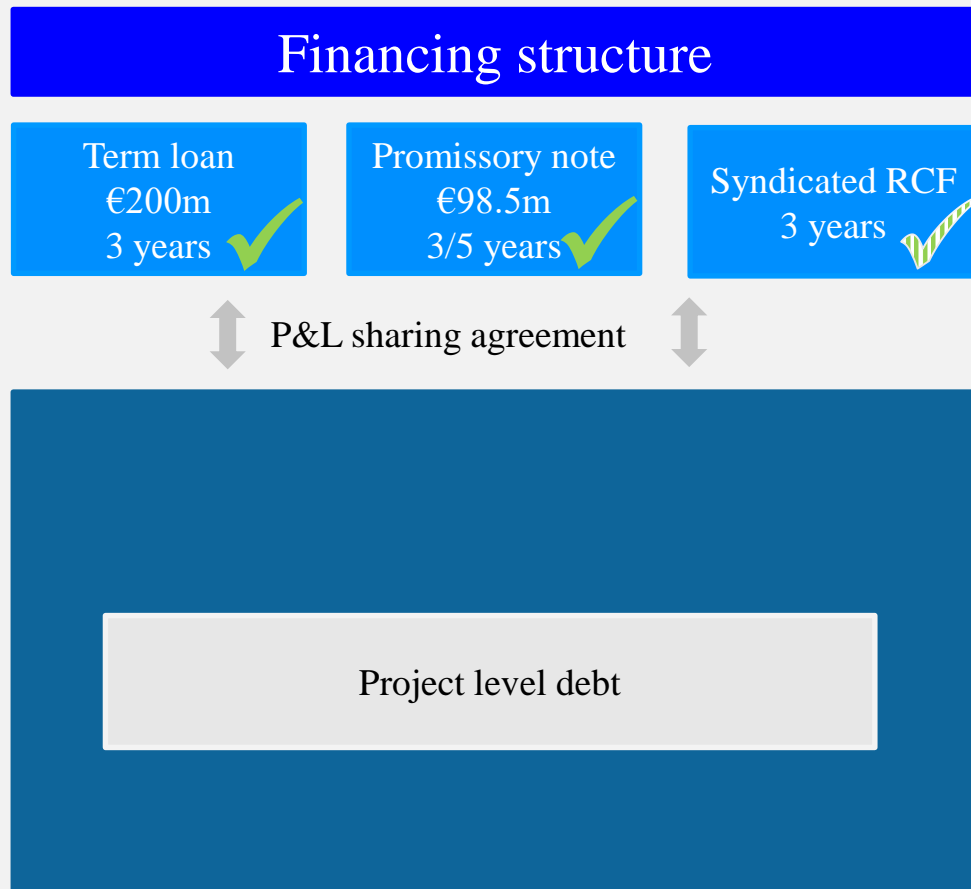
¹ without changes of business acquisition of S&P Stadtbau

² without reimbursements of IPO costs from former shareholder

Leverage

In € million	9M 2019	FY 2018
Corporate debt	171.7	66.1
Project related debt	279.8	199.5
Financial debt	451.5	265.5
- Cash and cash equivalents	162.8	88.0
Net financial debt	288.7	177.5
EBITDA (adjusted) (LTM)	88.9	50.2
Net debt/adjusted EBITDA	3.2x	3.5x
Gross corporate debt / adjusted EBITDA less project interest expenses	2.2x	1.6x

Financing Structure Provides Basis for Growth



- Corporate level refinancing largely completed
- €200m term loan signed in Q2
- Successful completion of new €98.5m promissory note
- Tax optimisation implemented
- Negotiation re syndicated RCF well advanced



Future growth fully funded

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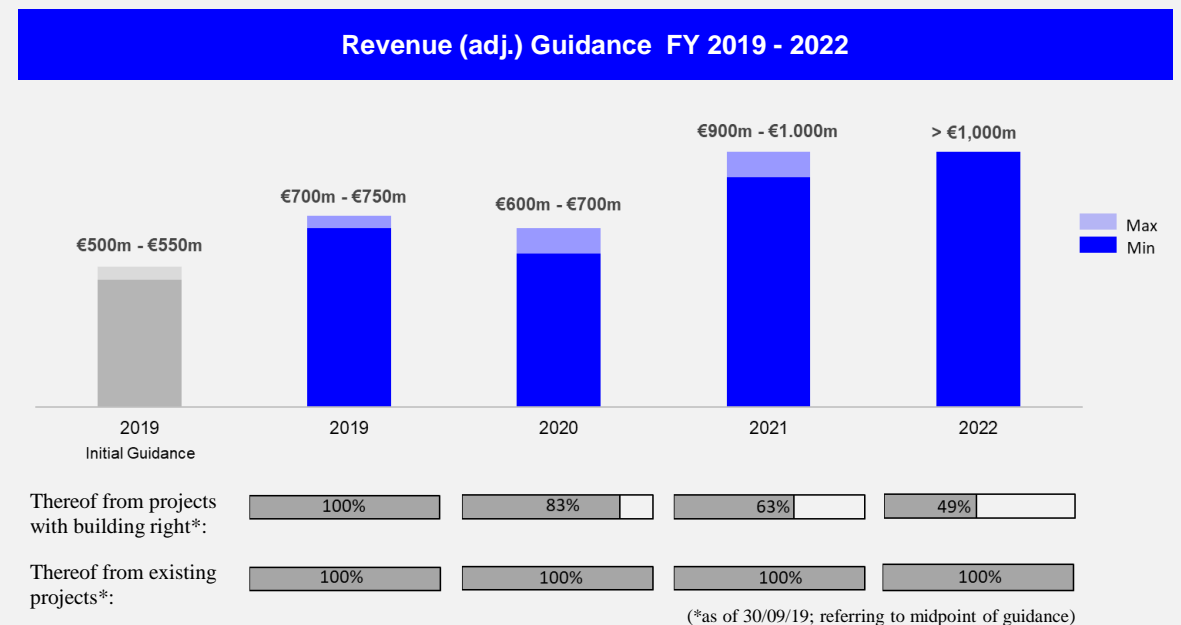
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Confirmed FY 2019 Outlook and Midterm Revenue Guidance

€ million	Outlook FY 2019	
	Previous (03/19)	New (09/19)
Revenues (adj.)	500 - 550	700 - 750
Gross Profit Margin (adj.)	~28%	~24%
EBIT (adj.)	85 - 100	110 - 125
Volume of sales contracts	450 - 550	>1,100

- Increased FY 2019 outlook considering project „Westville“(Frankfurt/Main)
- Adj. gross margin of ~24% assumed to be lower than previous outlook due to forward sale of new large project in Frankfurt/Main. Not considering this project adj. gross margin of ~28% would have been confirmed.



- Midterm revenue guidance fully covered by existing projects

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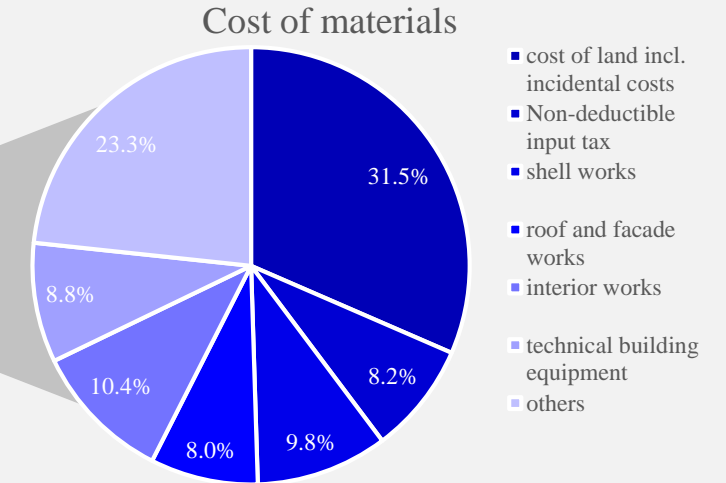
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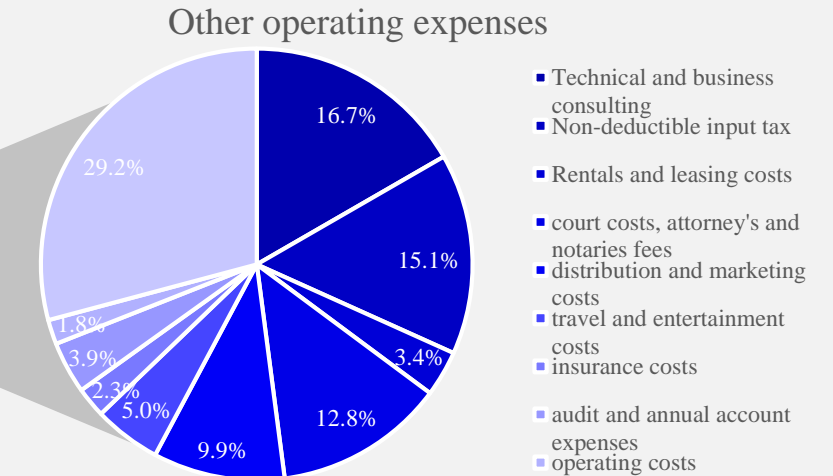
Project Cost

Q3 2019	€k
Cost of materials	-286,251
Changes in inventories	+87,344
Indirect sales cost	-1,778
Capitalized interest on changes in inventories	-2,804
Total project cost	-203,490



Platform Cost

Q3 2019	€k
Personnel expenses	-25,412
Other operating income	+2,388
Other operating expenses	-24,918
Indirect sales cost	+1,778
Non-Recurring Costs ¹	+3,976
Total platform cost	-42,188



¹ including transaction costs from business acquisition and acquisition costs resulting from effects in previous years

Income statement (reported)

In €m

	9M 2019	9M 2018 ¹
1 Total revenue	296.4	210.2
Changes in inventories	86.8	24.5
	383.2	234.7
Other operating income	2.4	1.3
2 Cost of materials	-286.1	-185.2
3 Staff costs	-25.4	-22.6
Other operating expenses	-22.0	-18.7
Depreciation and amortization	-3.0	-0.4
Earnings from operative activities	49.1	9.1
Income from associated affiliates	0.0	-2.2
Other net income from investments	0.0	2.1
Finance income	1.4	1.0
4 Finance costs	-11.8	-8.4
Changes of securities classified as financial assets	0.2	-0.1
EBT (reported)	39.0	1.6
5 Income taxes	-0.6	-11.6
Net income (reported)	38.5	-10.0

Commentary

- For the nine months to 30 September 2019, the Instone Group significantly increased its year on year revenues to €296.4 million (previous year: €210.2 million). New sales contracts concluded in the nine-months to September 2019 as well as construction progress related to projects in revenue recognition led to a year on year increase in revenues of €86.2 million versus the previous year period.
- Cost of materials increased to €286.1 million (previous year: €185.2 million) reflecting land price payments in relation to new as well as previously secured projects and increased construction activities.
- Staff costs in the first nine month of 2019 amounted to €25.4 million (previous year: €22,6 million) reflecting the increase in FTEs to 293.0 (previous year: 258.6).
- The increase of financing costs compared to the same period of last year, is related to the increase in gross debt.
- Income taxes for the first nine months of the current year are about €-0.6 million (previous year: €-11.6 million). The favorable development and corresponding IFRS tax rate reflects the first time recognition of tax loss carry-forwards in fiscal year 2019.

¹ Previous year's figure adjusted

Condensed balance sheet

In €m

	30/09/2019	FY 2018
Non-current assets	21.3	2.8
6 Inventories	547.8	404.4
7 Contract assets	156.6	158.5
Other receivables	26.6	33.0
Cash and cash equivalents	162.8	88.0
Current assets	893.8	683.8
Total assets	915.2	686.6
Total equity	285.8	246.7
8 Financial liabilities	321.7	177.7
Other provisions and liabilities	17.3	8.5
Deferred tax liabilities	34.9	32.2
Non-current liabilities	373.9	218.4
Financial liabilities	129.8	87.8
9 Trade payables	73.6	78.3
Other provisions and liabilities	52.1	55.1
Current liabilities	255.5	482.7
Total equity and liabilities	915.2	686.6

Commentary

- 6 As at 30 September 2019, inventories increased to €547.8 million (31 December 2018: €404.4 million) construction progress as well as land acquisitions. Approximately €70.1 of inventories are related to the first time consolidation of the activities acquired from S&P Stadtbau.
- 7 Gross contract assets decreased slightly to €459.9 million (31 December 2018: €466.9 million), reflecting deliveries of completed projects. Advance payments received from customers amounted to €310.0 million (31 December 2018: €318.1 million). Capitalised direct sales costs fell to €6.8 million (31 December 2018: €9.7 million). The balance of these items resulted in a moderate reduction in (net) contract assets to €156.7 million (31 December 2018: €158.5 million).
- 8 Short and Long-term financial liabilities increased to €451.5 million as at 30 September 2019 (31 December 2018: €265.6 million) reflecting new land acquisitions and financing of construction progress in our ongoing projects.
- 9 Trade payables decreased to €73.6 million (31 December 2018: €78.3 million).

Condensed cash flow statement

In €m

	9M 2019	9M 2018 ¹
Consolidated earnings	38.5	-10.0
Other non-cash income and expenses	7.2	33.5
Decrease / increase of inventories, contract assets, trade receivables and other assets	-60.3	197.5
Increase / decrease of contract liabilities, trade payables and other liabilities	-7.2	-208.4
Income taxes paid	-10.2	-10.9
10 Cash flow from operating activities	-32.0	1.7
11 Cash flow from investing activities	-33.7	2.1
Free cash flow	-65.7	3.8
Increase of issued capital incl. contributions to capital reserves	0.0	150.5
Increase from other neutral changes in equity	0.0	-9.1
Repayment of shareholder loans / Payout to non-controlling interests	0.0	-28.3
Cash proceeds from borrowings	392.7	49.4
Cash repayments of borrowings	-246.4	-82.7
Interest paid	-5.9	-4.3
12 Cash flow from financing activities	140.5	75.7
Cash change	74.8	79.5
Cash and cash equivalents at the beginning of the period	88.0	73.6
Cash and cash equivalents at the end of the period	162.8	153.2

Commentary

- 10** Operating cash flow for the nine months to 30 September 2019 amounted to €- 32.0 million (previous year: €1.7 million). The number includes approximately €93.7 million in relation to land acquisition payments including for our “City Prague”, Stuttgart, “Rote Kaserne”, Potsdam, “Garden City”, Dortmund, “Wiesbaden-Delkenheim”, “Friedberger Landstraße” and “Idsteiner Straße”, both Frankfurt a.M. , „Kösliner Weg“, Hamburg, „Rothensburgsort“, Hamburg, „Schäferlinde“, Herrenberg projects.
- 11** Investing cash flow is mainly influenced by outflows of €31.8 million for our acquisition of S&P Stadtbau
- 12** Cash flow from financing activities for the first nine months of 2019 amounted to €140.5 million (previous year: €75.7 million). The figure reflects new financings of €392.7 million and repayments for terminated loans of €246.4 million.

¹ Previous year’s figure adjusted

Project Portfolio Key Figures

In € million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Volume of sales contracts	183.1	69.0	62.8	206.2	104.2	120.0	30.0
Project Portfolio (as of)	5,384.1	5,091.7	4,790.2	4,763.2	3,620.3	3,589.1	3,408.5
<i>thereof already sold (as of)</i>	<i>1,261.1</i>	<i>1,128.7</i>	<i>1,061.1</i>	<i>998.2</i>	<i>971.9</i>	<i>867.8</i>	<i>779.9</i>

In units	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Volume of sales contracts	380	120	170	459	245	273	56
Project Portfolio (as of)	12,233	11,628	11,041	11,041	8,924	8,863	8,355
<i>thereof already sold (as of)</i>	<i>2,944</i>	<i>2,684</i>	<i>2,564</i>	<i>2,395</i>	<i>2,283</i>	<i>2,038</i>	<i>1,849</i>

(Unless otherwise stated, the figures are quarterly values)

9M 2019 – Revenue Contribution (Top Projects)

Project	City	Adj. Revenues (€m)
Quartier Stallschreiber Strasse / Luisenpark	Berlin	68.2
Wohnen am Kurpark / Wilhelm IX	Wiesbaden	40.3
Marienkrankenhaus	Frankfurt/Main	34.5
Heeresbäckerei	Leipzig	30.5
City Prag – Wohnen im Theaterviertel	Stuttgart	24.6
Franklin	Mannheim	18.4
Niederkasseler Lohweg	Dusseldorf	18.4
Sebastianstrasse / Schumanns Höhe	Bonn	15.1
Rebstock	Frankfurt/Main	14.9
west.side	Bonn	12.4
Others		25.1
Total		302.4

9M 2019 – Volume of Concluded Sales Contracts (Top Projects)

Project	City	Volume (€m)	Units
Niederkasseler Lohweg	Dusseldorf	NA ¹	221
Quartier Stallschreiber Strasse / Luisenpark	Berlin	55.1	100
Marienkrankenhaus	Frankfurt/Main	40.5	42
Sebastianstrasse / Schumanns Höhe	Bonn	26.6	61
Wohnen am Kurpark / Wilhelms IX	Wiesbaden	23.4	34
Schulterblatt	Hamburg	15.3	67
Theaterfabrik	Leipzig	14.7	50
Schwarzwaldstrasse	Herrenberg	14.7	36
Kantstrasse 55-57 (property)	Leipzig	11.5	4
Marina Bricks	Regensburg	10.0	20
Others		103.1 ²	35
Total		314.9	670

¹ The parties to the contract have agreed not to disclose the purchase price. ² Figure includes volume from project “Niederkasseler Lohweg”.

9M 2019 – Construction Launches

Project	City	Exp. Sales Volume (€m)	Units
City-Prag – Wohnen im Theaterviertel	Stuttgart	~110	~250
Sebastianstrasse / Schumanns Höhe	Bonn	~68	~185
Schwarzwaldstrasse	Herrenberg	~48	~115
West.side	Bonn	~35	~115
Marina Bricks	Regensburg	~29	~50
Theaterfabrik	Leipzig	~20	~75
Marie (social housing part)	Frankfurt/Main	~11	~55
Friedrich-Ebert-Strasse	Leipzig	~10	~15
Fregestrasse	Leipzig	~2	~5
Total		~333	~865

Sales Offer as of 30/09/19 (Top Projects)

Project	City	Sales volume (€m)	Units
Marienkrankenhaus	Frankfurt	109.9	92
Beethovenpark	Augsburg	101.4	309
Schulterblatt „Amanda“	Hamburg	77.2	100
Quartier Stallschreiber Strasse / Luisenpark	Berlin	33.6	40
Schwarzwaldstrasse	Herrenberg	33.5	78
Others		~94.4	137
Total		~450.0	756

Project Portfolio as of 30/09/19 (projects >€30m sales volume, representing total: ~€5.1bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Hamburg</u>						
Schulterblatt "Amanda"	Hamburg	94 Mio. €	●	●	●	
Kösliner Weg	Norderstedt-Garstedt	102 Mio. €	●			
Sportplatz Bult	Hannover	120 Mio. €				
Rothenburgsort	Hamburg	182 Mio. €	●	◐		
<u>Berlin</u>						
Quartier Stallschreiber Straße / Luisenpark	Berlin	236 Mio. €	●	●	●	●
Wendenschlossstr.	Berlin	55 Mio. €	●	◐		
Rote Kaserne West	Potsdam	49 Mio. €	●	●		
<u>NRW</u>						
Sebastianstraße / Schumanns Höhe	Bonn	69 Mio. €	●	●	●	◐
Niederkasseler Lohweg	Dusseldorf	NA	●	●	●	
Dusseldorf Unterbach / Wohnen am Hochfeld	Dusseldorf	157 Mio. €	●	◐		
west.side	Bonn	186 Mio. €	●	●	◐	◐
Gartenstadtquartier	Dortmund	100 Mio. €	●			

Project Portfolio as of 30/09/19 (projects >€30m sales volume, representing total: ~€5.1bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Rhine-Main</u>						
Wiesbaden-Delkenheim, Lange Seegewann	Wiesbaden	92 Mio. €	●	◐		
Siemens-Areal	Frankfurt am Main	546 Mio. €	●	◐		
Marienkrankehaus	Frankfurt am Main	210 Mio. €	●	●	●	●
Rebstock	Frankfurt am Main	50 Mio. €	●	●	●	●
Friedberger Landstraße	Frankfurt am Main	324 Mio. €		◐		
Elisabethenareal	Frankfurt am Main	58 Mio. €	●			
Wohnen am Kurpark / Wilhelms IX	Wiesbaden	103 Mio. €	●	●	●	●
Steinbacher Hohl	Frankfurt am Main	42 Mio. €	●	●		
Gallus	Frankfurt am Main	41 Mio. €	●	●		
Westville	Frankfurt am Main	592 Mio. €		●		
<u>Leipzig</u>						
Heeresbäckerei	Leipzig	122 Mio. €	●	●	●	●
Semmelweisstraße	Leipzig	73 Mio. €	●	●		
Parkresidenz	Leipzig	250 Mio. €	●	◐		
Rosa-Luxemburg-Straße	Leipzig	114 Mio. €	●	●		

Project Portfolio as of 30/09/19 (projects >€30m sales volume, representing total: ~€5.1bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
<u>Baden-Wuerttemberg</u>						
City-Prag - Wohnen im Theaterviertel	Stuttgart	126 Mio. €	●	●	●	●
Franklin	Mannheim	69 Mio. €	●	●	●	●
Schwarzwaldstraße	Herrenberg	48 Mio. €	●	●	●	●
S'LEDERER	Schorndorf	87 Mio. €	●	●		
Neckartalterrassen	Rottenburg	140 Mio. €	●	◐		
Schäferlinde	Herrenberg	56 Mio. €	●			
<u>Bavaria South</u>						
Therese	Munich	136 Mio. €	●	●	●	●
Ottobrunner Straße 90/92	Munich	83 Mio. €	●	●		
Beethovenpark	Augsburg	147 Mio. €	●	●	◐	
<u>Bavaria North</u>						
Schopenhauerstraße	Nuremberg	65 Mio. €	●	●		
Stephanstraße	Nuremberg	65 Mio. €	●	●		
Seetor	Nuremberg	103 Mio. €	●	●		

Summary Transaction Terms and Financing (Acquisition of S&P Stadtbau)

Total consideration of €74m for all outstanding equity and financial debt and including all transaction costs

- €4m consideration for the platform
- €67.5m consideration for acquired projects; equivalent to 8% post tax unlevered return on capital for Instone
- €2.5m transaction cost

Agreed earn-out for additional pre-identified 4 projects

- Consideration will be equivalent to 8% unlevered return on capital for Instone
- Earn-out limited to projects actually delivered within 7 months post closing (closing expected for end of August)

Cooperation agreement with Sontowski & Partner Group targeting joint development of mixed use quarters where Instone will cover the residential development part

Transaction will not require external financing

- c €40m of project level debt expected to remain in place; terms in line with other Instone project level financing agreements
- c €34m of total to be paid from cash at hand based on recent corporate level debt financings
- Transaction results in pro-forma post acquisition leverage as of Q2 2019 of 3.5x Net Debt to LTM adjusted EBITDA

Rent regulation: Proposals of Federal Government & Berlin Senat

Federal Government

Mietpreisbremse

- The „Mietpreisbremse“ shall be extended by 5 years until 2025
 - The period under review for the determination of the „Mietspiegel“ (basis for „Mietpreisbremse“) shall be extended from currently 4 to 6 years
 - In case of re-letting the new rent may still exceed the „Mietspiegel“ by max. 10%
 - Overpaid rent can be reclaimed by the tenant retroactively for a period of 2.5 years after conclusion of the rental contract
 - New built apartments remain exempt from the „Mietpreisbremse“ (incl. apartments being used and leased for the first time after 1 Oct 2014)
- Federal Government targeting rapid parliamentary implementation of the new regulations (by YE 2019)

Berlin Senat (proposal for Berlin only)

Mietendeckel „Rent cap“

- Properties built after Jan 1, 2014 and subsidised/rent-controlled properties are exempt from rent cap, exemption includes any re-lettings
- Rents for multi-family properties will be frozen at levels as of 18/06/19 for a period of 5 years
- Rent caps will be calculated on the basis of the 2013 „Mietspiegel“ plus 13.5% reflecting the increase of household income since then
- Different rent caps apply subject to year of construction-and quality. The rent ceiling range will be €6.45-9.80/sqm/month.
- Frozen in-place rents will be subject to an annual inflation-based increase of 1.3% from 2022 onwards
- Sitting tenants can apply for rent reduction if current rents are exceeding relevant rent ceilings by more than 20%. Rent reduction to the level of 20% above rent ceiling will only be implemented 9 months after the new law has been in place.
- New letting rent cannot exceed the relevant rent cap
- Rent increases after modernisation works (related to climate protection or barrier-free access) will be allowed up to an amount of €1.00/sqm without prior approval. Approval will be required for modernisation where rent increases will exceed €1.00/sqm (Berlin might provide subsidies for higher investments)
- Berlin CDU/CSU Group announces lawsuit against Mietendeckel due to constitutional concerns

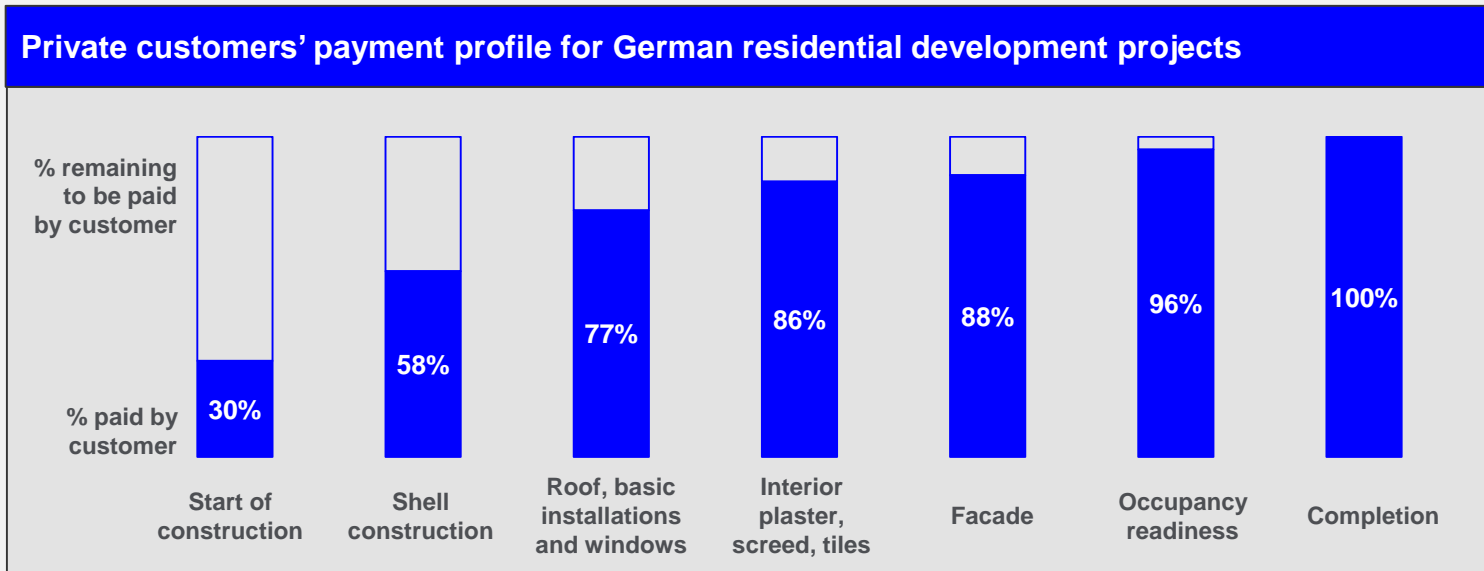
Proposed time table:

<u>Date</u>	<u>Event</u>
18 Jun	Senate approved key elements of proposed law
31 Aug	Draft law available
18 Oct	Senate approved final version of law
31 Oct - 12 Dec	Berlin parliament debates draft
20 Dec	Parliament approves law
Jan 20	Law comes in effect

Assessment of Instone Customer Sensitivity

	Owner occupiers	Institutional buyers	Buy to let investors
Relevance	<ul style="list-style-type: none"> Will continue to be the largest single source of sales for Instone Affordability remains strong and with compelling ownership vs rent economics 	<ul style="list-style-type: none"> Municipal and state owned property companies key buyers of rent restricted units Pension funds and insurance companies active buyers of Instone projects to cover regular payment obligations 	<ul style="list-style-type: none"> Historically focused on Instones listed property projects considering significant tax benefits In addition, strong and consistent interest to buy small to medium sized new build apartments
Key benefits for Instone	<ul style="list-style-type: none"> Attractive customer group and still on average prepared to pay a premium over institutional buyers Huge pent-up demand and lack of comparable products in rental market Attractive financing environment 	<ul style="list-style-type: none"> Pricing increasingly competitive In selective instances exceeding owner occupier sales prices for the right product and location Significant pressure to invest in yielding assets expected to accelerate in light of depressed rates environment 	<ul style="list-style-type: none"> Additional source of demand with broader regional flexibility compared to owner occupiers Less focused on immediate yield Looking for save haven investment alternatives with mid- to long term capital appreciation potential Typical investment of €200,000 – 300,000 Significant share of repeat customers
Sensitivity to rent regulation	<ul style="list-style-type: none"> Expected to be essentially insensitive to rent regulation More likely to increase demand to buy as rent regulation will reduce available product 	<ul style="list-style-type: none"> Berlin currently uninvestable for most institutions Expected to further increase focus on new built versus standing properties outside of Berlin Appetite to invest (outside Berlin) remains unabated 	<ul style="list-style-type: none"> Financing cost vs initial rental yield more relevant than rental regulation

Favourable Regulatory Framework in Germany – Construction costs covered by customers’ regular payments

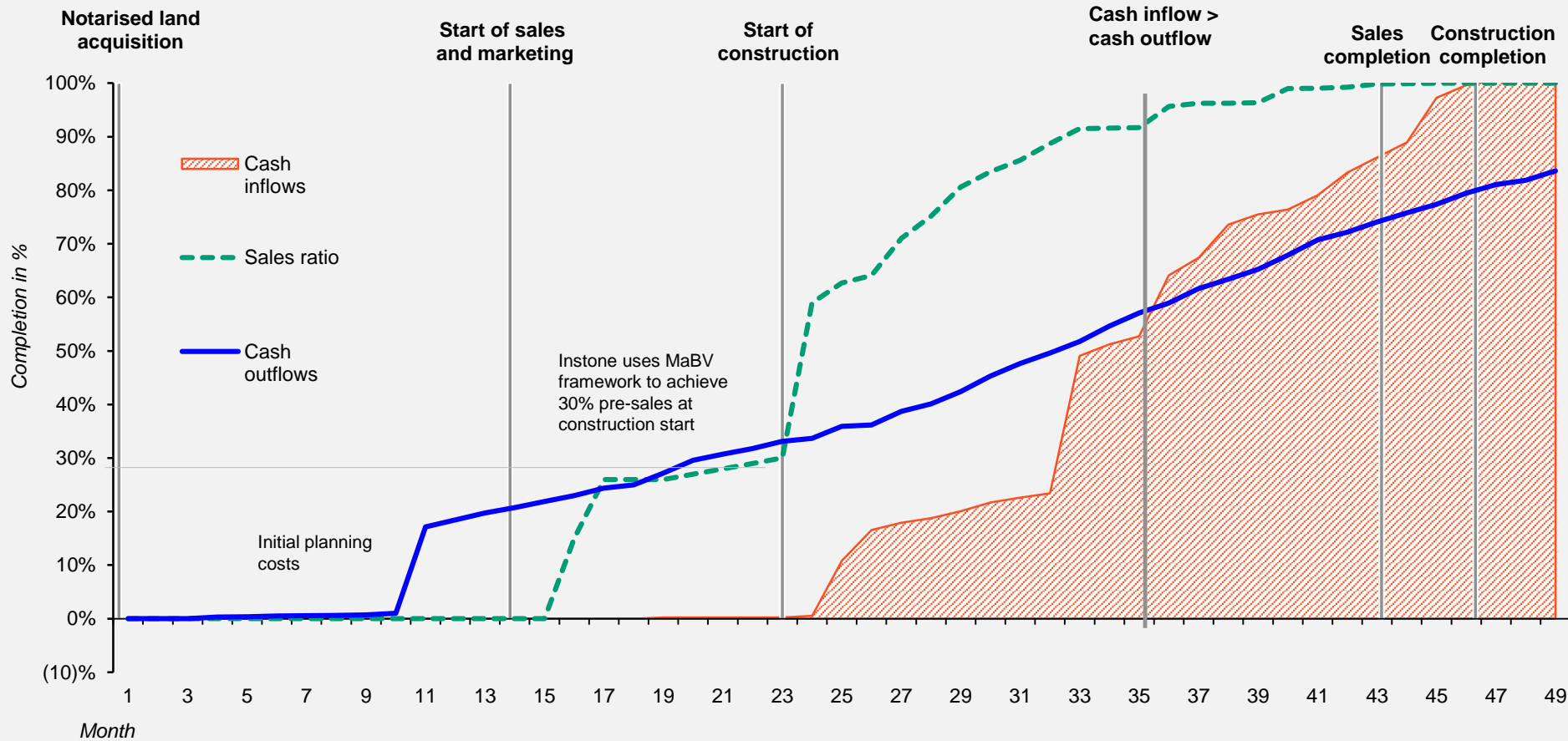


- **Derisked:** B2C development process per se low-risk via regulatory framework (“MaBV”)⁽¹⁾
- **Certainty:** No cancellation possibilities⁽²⁾
- **Capital-light:** Predefined payment schedule limiting equity requirement from Instone

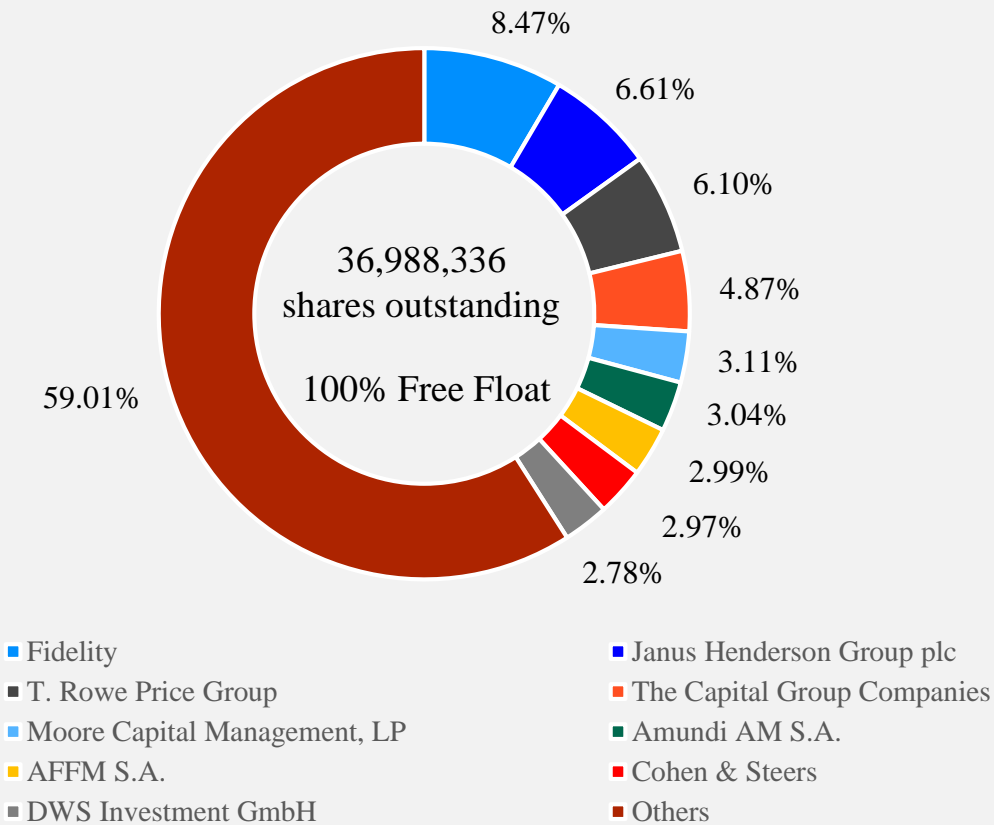
Regulatory framework in other European markets:

Country	Upfront Payment	Payment at Completion	Payment over Construction Period
United Kingdom	5%	95%	-
Ireland	10%	90%	-
Spain	10%	80%	10% over construction period
France	35%	65%	65% over construction period

Typical Project Cash Flow Profile



Instone Shareholders:



Source: Voting right notifications according to Article 40, Section 1 of the WpHG [the German Securities Trading Act]

Financial Calendar 2020:

19 March	Publication of annual report 2019
28 May	Publication of quarterly group statement as of 31/03/2020
9 June	Annual General Meeting, Essen
27 August	Publication of group interim report as of 30/06/2020
26 Nov	Publication of quarterly group statement as of 30/09/2020

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