



Instone Real Estate Group AG: first half of 2019 with significant increase in profits and continuation of sustainable growth

- *Adjusted EBIT significantly improved to EUR 32.3 million (H1 2018: EUR 11.9 million)*
- *Adjusted revenues up by 25.0% to EUR 174.2 million (H1 2018: EUR 139.4 Mio.)*
- *Adjusted gross profit margin of 33.6% (H1 2018: 26.1%)*
- *Outlook for 2019 confirmed – after acquisition of S&P Stadtbau forecast for the first time for 2022 financial year (adjusted revenues of more than EUR 1 billion)*

Essen, 27 August 2019: The first half of 2019 developed successfully for listed residential developer Instone Real Estate Group AG. All of the company's key performance indicators improved during the reporting period. As of the reporting date of 30 June 2019, the project portfolio also grew further to 47 development projects with an expected total sales volume of around EUR 5.1 billion and forms the basis for the company's targeted sustainable growth.

Kruno Crepulja, CEO of Instone Real Estate, comments: "The first half of 2019 confirmed our expectations and we are on track to meet the targets we set for this year. With our excellent project portfolio as well as the acquisition of S&P Stadtbau after the reporting date and the related expansion of our activities to the fast-growing region of northern Bavaria, we are ideally positioned for the long-term success of our company."

At EUR 174.2 million, adjusted revenues for the first half of 2019 rose 25.0% compared to the same period last year (H1 2018: EUR 139.4 million). The positive business development in the first six months of 2019 is reflected particularly strongly in the significant increase in adjusted earnings before interest and taxes (EBIT). EBIT almost tripled year-on-year to EUR 32.3 million (H1 2018: EUR 11.9 million). The EBIT margin increased accordingly to 18.5% (H1 2018: 8.5%). Adjusted earnings after taxes (EAT) also rose considerably to EUR 27



million (H1 2018: EUR -2.0 million), which is attributable to a substantial improvement in earnings in the second quarter due to an improved tax situation.

The significant gain in the adjusted gross profit margin to 33.6% (H1 2018: 26.1%) is also attributable to the continuing increase in the completion level for high-margin projects in the first half of 2019.

In addition, Instone largely succeeded at carrying out its targeted corporate-level refinancing with the term loan signed in the second quarter (EUR 200 million) and the promissory note signed in the third quarter (EUR 98.5 million), thereby laying a strong financial base for further growth.

For the 2019 financial year, the Management Board has confirmed its outlook and continues to expect adjusted revenues of EUR 500 million to EUR 550 million, adjusted EBIT of between EUR 85 million and EUR 100 million and an adjusted gross profit margin of around 28%. The volume of concluded sales contracts is expected to remain between EUR 450 million and EUR 550 million. In addition to the sale and construction progress of current and new projects, the development of revenues and volume of concluded sales contracts in the second half of the year will also be considerably influenced by the conclusion of forward sales with institutional customers.

After the reporting date, Instone Real Estate stated in an ad-hoc announcement dated 15 August 2019 that it had concluded an agreement to acquire Sontowski & Partner Group's residential property development activities pooled in S&P Stadtbau. This acquisition expands Instone's platform to include the dynamically growing region of northern Bavaria and strengthens Instone by adding an attractive project portfolio and an experienced management team with excellent development expertise. The transaction is expected to close by 31 August 2019.



For the medium term, Instone's Management Board confirms its forecast to achieve adjusted revenues of EUR 600 million to EUR 700 million in the 2020 financial year and between EUR 900 million and EUR 1 billion in the 2021 financial year. Taking into account the S&P transaction, Instone's Management Board has also issued a forecast for the first time for the 2022 financial year and expects adjusted revenues of more than EUR 1 billion for that year.

The report on the first half of 2019 is available on the company website for download at the following address:

<https://ir.de.instone.de/websites/instonereal/English/3100/reports.html>

About Instone Real Estate (IRE)

Instone Real Estate is one of Germany's leading residential developers and is listed in the Prime Standard on the Frankfurt Stock Exchange. The company develops attractive residential and multi-family buildings as well as publicly subsidized housing, designs modern urban quarters and refurbishes listed buildings for residential use. Buyers are mainly owner-occupiers, private investors with the intention of letting and institutional investors. In 28 years, Instone Real Estate has successfully developed more than one million square metres. Around 330 employees work at eight locations nationwide. As of 30 June 2019, Instone Real Estate's project portfolio comprised 47 development projects with an expected total sales volume of roughly EUR 5.1 billion and more than 11,500 units.

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