



Instone Real Estate continues positive business development in 2019

- *Adjusted earnings before interest and taxes (EBIT) increase by around 160% to EUR 128.9 million*
- *Adjusted revenues up by around 98% to EUR 736.7 million*
- *Adjusted gross profit margin of 25.5%*
- *Volume of concluded customer sales contracts grows 204.5% to more than EUR 1.4 billion, thus EUR 2.2 billion in project volume already sold*
- *Increased 2019 forecast met and partly exceeded*
- *Despite good start, limited visibility at present for the 2020 financial year due to the coronavirus pandemic*

Essen, 19 March 2020: Listed residential developer Instone Real Estate reports strong 2019 financial year results. Kruno Crepulja, CEO of Instone Real Estate, comments: "The targets we set for 2019 were all achieved and in some cases even exceeded. We have once again substantially expanded our project portfolio, creating a strong base for our company's long-term successful development."

In the 2019 financial year, adjusted revenues increased by around 98% to EUR 736.7 million (2018: EUR 372.8 million) and adjusted earnings before interest and taxes (EBIT) by around 160% to EUR 128.9 million (2018: EUR 49.6 million). Instone guidance called for adjusted revenues between EUR 700 million and EUR 750 million and adjusted EBIT of between EUR 110 million and EUR 125 million. The adjusted gross profit margin of 25.5% exceeded the forecast of around 24%. The volume of new customer sales contracts rose substantially to EUR 1,403.1 million or 2,733 residential units (2018: EUR 460.8 million).

Our large-scale "Westville" project in Frankfurt had a significant impact on business development last year contributing around EUR 220 million to our adjusted revenues. The lower gross profit margin of this project also affected the group's adjusted gross profit margin.



Excluding the project, the company's adjusted gross profit margin would have been 31.2% (2018: 28.5%).

Last year, Instone again approved a large number of attractive new projects with an aggregate anticipated sales volume of EUR 1,284.1 million. As a result, the value of the project portfolio increased further and amounts to EUR 5,845.7 million at the end of the year, comprising 55 development projects with around 13,715 residential units.

"Our sizeable project portfolio, our excellent position in all German core cities and metropolitan regions as well as our strong balance sheet and liquidity position provide a solid basis for continued successful business development," says Dr Foruhar Madjlessi, CFO of Instone Real Estate.

However, considering the Corona virus pandemic visibility for the current financial year is now very limited. On 13 March 2020 and based on the expectation of a moderately negative impact of the Coronavirus pandemic the Management Board expected adjusted revenues of EUR 600 million to EUR 650 million, an adjusted gross profit margin of 26% to 27% and an adjusted EBIT of EUR 95 million to EUR 120 million. This forecast was based on a minimum volume of new customer sales contracts of EUR 600 million.

The development of the pandemic in Germany and Europe as well as the measures recently initiated by authorities globally reflect increasing risks to economic activity including the possibility of temporary shut downs of major parts of the German economy.

The Management Board believes that Instone will not be unaffected if a more adverse scenario materialises. While a significant EUR 2.2 billion of project volume being already sold is underpinning a substantial share of future revenues and despite the fact that the latest internal Instone project data does not imply any concrete indications of a significant decline in customer sales or a substantial slowdown in construction progress yet, the risks to Instone's future business development have considerably increased in recent days.

The Management Board is closely monitoring developments and has introduced a package of clearly defined measures to prepare the company for a more difficult business environment. These include the decision for the time being to pursue new project acquisitions on a very



selective basis only. However, considering our consistent acquisition successes over the last two years and the scale of our portfolio the entire planned and communicated adjusted revenues and earnings targets for the next few years are already fully covered.

The 2019 Annual Report is available to download on the company website at the following address:

<https://ir.de.instone.de/websites/instonereal/English/3200/financial-reports.html>

About Instone Real Estate (IRE)

Instone Real Estate is one of Germany's leading residential developers and is listed in the SDAX. The company develops attractive multi-family and residential buildings as well as publicly subsidised housing, designs modern urban quarters and refurbishes listed buildings for residential use. Buyers are mainly owner-occupiers, private investors with an intention to let, and institutional investors. In over 29 years, Instone Real Estate has successfully developed more than one million square metres. Around 375 employees work at nine locations nationwide. As of 31 December 2019, the company's project portfolio comprised 55 development projects with an expected total sales volume of roughly EUR 5.8 billion and around 13,715 units.

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