Instone Group

INSTONE – FOUNDATIONS FOR A GOOD LIFE.

Annual Report 2024

Key indicators

TABLE 001

In millions of euros

		2024	2023	Q4 2024	Q4 2023
Key performance indicators					
Volume of sales contracts		330.2	211.4	173.6	120.1
Volume of new approvals[1]		261.6	0.0	0.0	0.0
Revenues adjusted		527.2	616.0	142.7	182.7
Key earnings figures					
Gross profit adjusted		119.2	154.5	26.3	43.8
Gross profit margin adjusted	In %	22.6	25.1	18.4	24.0
EBIT adjusted		57.5	86.1	12.1	20.3
EBIT margin adjusted	In %	10.9	14.0	8.5	11.1
EBT adjusted		50.6	71.2	10.9	18.0
EBT margin adjusted	In %	9.6	11.6	7.6	9.9
EAT adjusted		36.9	48.2	7.9	11.1
EAT margin adjusted	In %	7.0	7.8	5.5	6.1
Key liquidity figures					
Cash flow from operations		102.5	107.7		
Cash flow from operations without new investments		148.0	118.1		
Free cash flow		116.6	119.2		

[1] Excluding volume of approvals from joint ventures consolidated at equity.

Key indicators

TABLE 001

In millions of euros

		31/12/2024	31/12/2023
Key performance indicators			
Project portfolio		6,891.1	6,972.0
Key balance sheet figures			
Total assets		1,939.0	1,839.6
Equity		593.4	576.0
Carrying amount per share[1]		13.56	13.29
Cash and cash equivalents[2]		266.2	267.7
Net financial debt[3]		132.5	186.8
Leverage[4]		2.1	2.1
Loan-to-cost[5]	In %	10.5	15.1
ROCE adjusted[6]	In %	8.1	10.3
Employees[7]			
Number[8]		417	468
FTE[9]		341.9	382.5

[1] Based on 43,322,575 shares as at 31/12/2024 and 31/12/2023 respectively.

[2] Excluding €160.0 million (31 December 2023: €115.9 million) in restricted cash and cash equivalents from the "Westville" project subsidised loan.

[3] Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Excluding the €112.6 million (31 December 2023: €78.6 million) subsidised loan.

[4] Leverage = net financial debt/12-month EBITDA adjusted.

[5] Loan-to-cost = net financial debt/(inventories + contract assets).

[6] Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

[7] Jahresdurchschnitt.

[8] Average number of employees including trainees, interns and student trainees.

[9] Full-time equivalent.

Contents

For more information on our company, our strategy and current developments, please visit the Instone Group website:
↗ Instone Group

Click here to watch the video statement from our Management Board:
↗ Annual Report 2024

COMBINED MANAGEMENT REPORT

Foundations of the Group

Business model and organisational structure

GRI 1

Instone Real Estate Group SE and its subsidiaries (hereinafter also referred to as "Instone Group") is one of the leading developers[1] of residential real estate in Germany. Its shares are listed on Deutsche Börse's Prime Standard index. The Instone Group develops residential buildings, apartment complexes and publicly subsidised housing, designs contemporary urban districts and renovates listed buildings. These are sold to owner-occupiers, private capital investors and institutional investors. As at the balance sheet date, the company had 412 employees at nine locations across Germany. As at 31 December 2024, the project portfolio of the Instone Group included 42 development projects with an anticipated gross development value of approximately €6.9 billion and 14,243 units. GRI 2-7

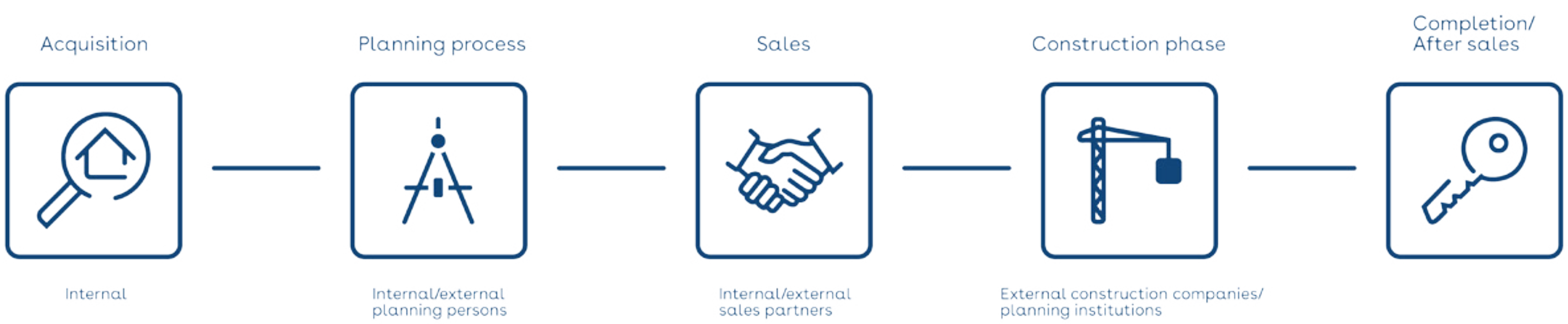
The development portfolio traditionally focuses on the most important metropolitan regions in Germany (Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart) as well as on appealing medium-sized cities.

In addition to its traditional core product – the individually planned and customised development of homes for rent and homes for sale – the Instone Group and its subsidiary Nyoo Real Estate GmbH also develop innovative, standardised planned and serially realisable new-build housing in metropolitan peripheral locations and well-connected B and C cities. This new-build housing can be realised at significantly lower construction costs. In line with the Instone Group's strategy, the nyoo brand shall be developed into a key driver of medium-term growth for the Group.

Coverage of the entire value chain

The Instone Group is the largest listed developer in Germany that focuses on residential real estate and also covers the entire value chain, figure 001. The Instone Group offers a fully integrated platform across Germany that covers land acquisition, land development, concept planning and construction management through to marketing and sales. GRI 2-6

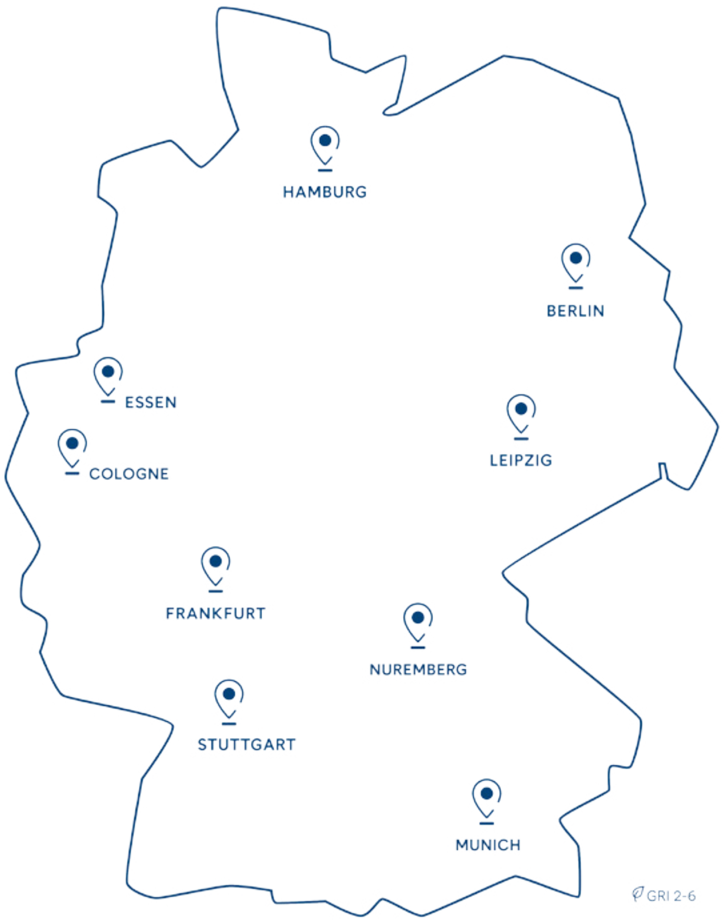
The Instone Group value chain FIGURE 001



[1] For the sake of clarity, the gender-neutral form is used occasionally in this report. The gender-neutral form does, of course, refer to all genders equally.

Each of the eight operative Instone Group locations has its own teams that are responsible for the areas of acquisition, planning and building management, marketing and sales management. Strategic decisions are coordinated with the head office in Essen and implemented on a collective basis. In addition, the headquarters of the subsidiary Nyoo Real Estate GmbH, which currently has 51 employees at 31 December 2024, is located in Cologne.

The Instone Group locations FIGURE 002



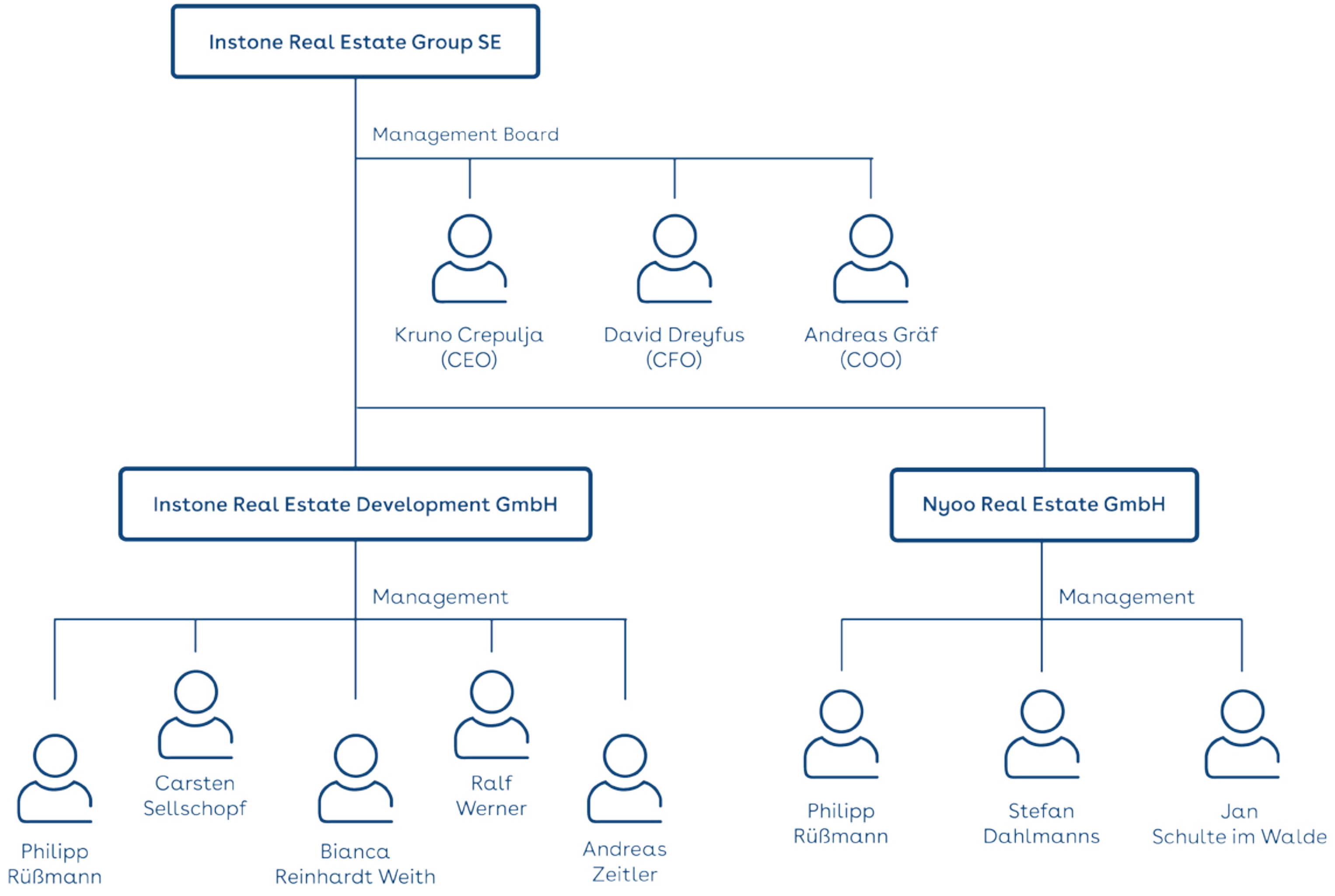
With regard to corporate management, the Instone Group implements an integrated risk management system and uses reporting and planning tools to minimise risk in the development process. As per German Broker and Developer Regulations (Makler- und Bauträgerverordnung, MaBV), the company has the option of contractually agreeing to instalment payments based on the progress of construction for residential units sold to owner-occupiers or private investors, for example. Comparable construction-related financing arrangements are usually also negotiated with institutional investors in this regard. This significantly reduces both the financing risk and the capital commitment for the Group. Instone Real Estate Group SE acts as a strategic management holding company; the subsidiary Instone Real Estate Development GmbH is responsible for the operational project business with the traditional, individually planned core product. Nyoo Real Estate GmbH, which was founded in 2019, is responsible for business involving the innovative, standardised planned product, figure 002.

Moderate decline in the number of employees

In the wake of the industry crisis, we have sharpened our focus on costs and reduced platform costs overall due to the reduction in expected business volume. This also coincided with a decline in the number of employees. As at 31 December 2024, the Instone Group employed a total of 412 people, 29 fewer than on the 2023 balance sheet date (previous year: 441 people).
GRI 2-7

Instone Group organisational structure (as at: 31 December 2024)

FIGURE 003



Market environment and regulatory conditions

Sector continues to suffer from effects of rise in interest rates

The Instone Group is one of the leading residential real estate developers in Germany, with a nationwide presence in all major metropolitan regions. In 2024, the market environment for residential real estate developers continued to be characterised by the increase in construction costs in previous years and the effects of the sharp rise in interest rates, which had a significant negative impact on demand for residential real estate and on price trends. These factors triggered an industry crisis, which also resulted in an increasing number of insolvencies among residential developers.

However, as a result of easing inflationary pressure, the European Central Bank (ECB) initiated a turnaround in interest rates in mid-2024. The base rate was lowered in four steps from 4.0% to 3.0% in the period to the end of 2024. This also had an impact on long-term mortgage rates, which have already fallen noticeably since the peak of the interest rate cycle in 2023. According to the Deutsche Bundesbank, the average effective interest rate fell continuously from 3.92% in November 2023 to 3.36% in November 2024, meaning that the effects of the rise in interest rates since 2022 have been mitigated.

The industry crisis has also had a negative impact on the supply side. An anticipated significant decline in building completion rates will further exacerbate the excess structural demand on the German residential real estate market. On the other hand, the decline in construction activity has led to a certain easing of construction costs, which only rose by a comparatively moderate 3% overall on the market in 2024.

Competitive environment

In a fragmented competitive environment, the Instone Group considers itself to be in a leading market position. There are few other project developers that operate across all of Germany and are therefore able to compete nationwide in the purchase of development projects. The competitive situation is instead characterised by smaller, more regional or local project developers.

Especially in the current industry crisis, which has led to more real estate developers facing insolvency, the Instone Group benefits from its financial strength, which is evident in what we consider to be a very low leverage ratio and high liquidity. This is a key distinguishing factor, especially in a competitive environment characterised by numerous regional providers with a weak equity base. Despite a difficult financing environment, the Instone Group continues to have unrestricted access to new financing.

We believe that our financial strength is one of our key selling points for our customers and subcontractors, and enables us to capitalise on opportunities for project acquisitions in a favourable competitive environment.

Further information on the development of the German residential real estate market over the past financial year can be found in the “Economic framework” section starting on page 101.

Political and regulatory framework

Real estate development is affected by a number of factors, including the political environment, the regulatory framework and general public acceptance. The housing market has increasingly been the focus of political debate and public discussion in recent years. This is due primarily to the persistently high level of demand for housing driven by demographic change and migration both into Germany and in particular within Germany. Given the relatively low level of new construction activity, these factors are leading to a sustained shortage of housing in the metropolitan areas.

We believe that the Instone Group has a joint responsibility alongside policy-makers and local authorities to focus on finding solutions to this excess demand, and the main way we can play our part is by creating housing that is both liveable and affordable. The Instone Group is closely and continuously monitoring the shifting regulatory framework and aligning its business activities with the new legislation. We are engaging in a close dialogue with state and local authorities to actively help improve the framework for the creation of housing. To achieve this objective, Management Board Chair, Kruno Crepulja, is, for instance, Vice Chair of the Residential Real Estate Committee for ZIA Zentraler Immobilien Ausschuss e. V. (German Property Federation), the umbrella organisation of the real estate industry in Germany.

When considering the regulatory environment, it is also important to note that it is the balancing of residents' individual interests and the common good within re-densification projects for markets with housing shortages that is increasingly leading to project delays or cancellations. The growing importance of environmental concerns also further complicates the procurement of planning permission. Nevertheless, it is worth noting at present that most Instone Group projects are supported by the public. In our view, this is underpinned by active and transparent communication and high levels of credibility. In development planning processes, the Instone Group maintains open communication and involves all affected stakeholders, such as neighbours and interested citizens, in the planning of the neighbourhoods at an early stage. This results in a relatively low number of conflicts and minimal associated public law proceedings.

The Instone Group itself meets its obligations under urban development contracts with local authorities as an integral part of the value chain. Our current projects include the creation of crèche places for 1,759 children and affordable housing in locations with major shortages, amounting to 3,072 subsidised homes and 74 reduced-price homes.

Significant changes currently affecting the regulatory environment or uncertainty factors that could affect the Instone Group's business model are described below.

Federal government subsidy policy

The German Federal Government that was in office at the time the annual report was prepared had described the construction of new housing as an important political goal and established a separate Federal Ministry of Construction for this purpose. The main objective is the construction of 400,000 new homes per year, 100,000 of which will be publicly subsidised. However, as in previous years, the number of newly built homes fell well short of this target in 2024 and construction completions are even expected to decline. In our view, this is due to poorer overall conditions coupled with a significant rise in loan interest rates and building costs and general macroeconomic risks, in addition to ongoing uncertainty regarding the regulatory framework.

However, improvements were also made in 2024 with regard to the subsidisation of new-build homes. A key step in this process was the introduction of the German Growth Opportunities Act, which provided an attractive incentive for investors to meet the demand for new-build homes. The act stipulates that new-build homes can now be depreciated at 5% per year using the declining balance method, which represents a significant increase in tax depreciation rates. Previously, this was based on a straight-line annual depreciation rate of 3%. This declining balance depreciation can also be combined with a special straight-line depreciation of a further 5% in accordance with Section 7 of the German Income Tax Act (EstG) if the criteria for QNG certification are met. These latest conditions of declining balance depreciation and special depreciation offer attractive tax relief and are an important yield driver for investors in new-build homes.

In addition, we believe that it is becoming apparent that the German Federal Government's funding initiative for social housing will receive greater support from individual federal states. The German Federal Government intended to invest €3.15 billion in 2024 to achieve the new construction target of 100,000 social housing units per year. The prerequisite for funding from the German Federal Government is that the federal states provide at least 30% of the funding. In total, the German Federal Government's programme has a volume of over €21.7 billion until 2028, which can be further leveraged by the federal states' share of the funding. The respective federal states are responsible for promoting and financing subsidised housing. Funding can be provided in the form of loans on preferential terms, including repayment subsidies or direct construction cost subsidies.

German Building Land Mobilisation Act implemented at federal state level

The Building Land Mobilisation Act, which came into force in mid-2021, has since been implemented to varying degrees in the individual federal states. While Baden-Württemberg, for example, primarily introduced a municipal pre-emptive right to undeveloped land in certain municipalities, Hamburg and Berlin also decided to reserve the right to approve conversion of rental homes into private property (Section 250 of the German Building Code (BauGB)).

In the real estate sector, the German Building Land Mobilisation Act is seen as a drastic market intervention and encroachment on property rights, which is expected to result in a long-term reduction in supply for purchasers of homes for sale. Thanks to the municipal pre-emptive right, local authorities have more opportunities to gain preferential access to land and housing and to create living space there themselves. The growing use of municipal pre-emptive rights can also influence the acquisition activities of private developers. The generally limited financial flexibility for many local authorities significantly limits their acquisition potential.

However, the Instone Group also believes that additional opportunities may emerge through public sector collaborations if pre-emptive purchase rights are exercised more frequently.

Municipal land regulations

In recent years, there have been political endeavours in a number of the Instone Group's core markets to further extend the requirements for the procurement of new planning permission. As well as increases in mandatory quotas for the creation of subsidised housing, there are also initiatives to regulate privately financed residential construction more heavily at local authority level, for example by using fixed quotas for homes for sale, homes for rent, reduced-rent housing or cooperative housing.

While additional regulations of this kind are likely to have negative effects on both the demand for and the supply of building land in general, the Instone Group believes it is well positioned to compete thanks to the development of a product for affordable housing construction. With our expertise in products and implementation in the area of low-cost construction, our assessment is that we are further strengthening our relative competitive position compared to other developers. Furthermore, current projects with planning permission and projects for which the process of procuring planning permission has already started are not affected by these requirements.

Strategy

The Instone Group is one of Germany's leading residential real estate developers. The strategic objective is to return to growth in the medium term, accompanied by a recovery in demand, and to continuously expand our competitive position in the long term. In doing so, we want to make greater use of the special opportunities for the purchase of projects that present themselves in the ongoing correction phase of the market. The Instone Group strategy aims to create added value for all stakeholder groups. In particular, these include our customers, employees, shareholders, local authorities and the social environment in which we operate.

This strategy comprises the following key elements:
GRI 2-22

Focus on metropolitan areas in Germany as well as B and C-tier locations

In our traditional core product – the individually planned and tailored development of homes for rent and for sale – we concentrate on inner-city locations in metropolitan areas and medium-sized cities with structural excess demand and demographic growth. With our new nyoo product in particular, we are also targeting B and C-tier locations in the vicinity of economic hubs, which are increasingly benefiting from the shortage of supply in metropolitan regions. Our projects also constantly focus on sustainable, climate-friendly neighbourhood development and the incorporation of social aspects, including the provision of subsidised housing and housing with improved accessibility. Neighbourhood developments are a mix of residential units that can be supplemented by other usage categories such as offices, retail space and social infrastructure such as daycare centres or schools. With a greater proportion of commercial developments, the Instone Group's focus is on property development. In general, project partnerships are then sought out for the subsequent realisation of the commercial element. When it comes to the traditional core product, the focus is on large projects with an average volume of €50 million or more. By contrast, the average project size at Nyoo Real Estate GmbH starts at around €20 million.

Medium-term growth driver – Nyoo Real Estate GmbH – Leveraging the competitive advantages of standardised planning and serial construction

The nyoo product supplements our existing individually planned product range with high-quality, modularly planned homes at lower price points. Production costs and project duration can be significantly reduced by combining modular planning, serial construction and product simplification. The cost advantages achieved with this product will enable the Instone Group to tap into a market in the mid-price segment, which we feel has barely been catered for to date and promises high growth potential. Following the rise in rents and prices for housing in metropolitan regions in recent years, there is high demand for affordable housing for middle income groups in particular, which this product can address. Furthermore, the nyoo product will be offered to the market as a turnkey product for third-party development projects, therefore further accelerating growth.

Project pipeline expansion

The acquisition of suitable land is essential if the Instone Group is to grow as planned. During the market downturn, the Instone Group deliberately refrained from investing in new land in order to further strengthen the balance sheet and to wait for improved purchasing conditions on the market. In 2024, we acquired our first two projects in a favourable competitive environment, in Dusseldorf and Frankfurt am Main. The Instone Group expects to achieve above-average margins and returns on these two projects in the future. The number of attractive acquisition opportunities is expected to rise in 2025. In this environment, the company anticipates a significant increase in project acquisitions and, as a result, a return to growth in the medium term. In the medium term, the aim is to expand the project portfolio both in terms of the traditional business and the nyoo product. In our view, the Instone Group is in a very favourable position to achieve further growth thanks to its strong key balance sheet figures.

Making the most of competitive advantages along the value chain

As one of the few developers in Germany focusing on residential real estate, the Instone Group has many years of extensive expertise along the entire value chain:

- When acquiring land, we prioritise off-market transactions, i.e. acquisitions outside the multi-stage public bidding process. Establishing networks over the long-term represents an important success factor in opening up attractive buying opportunities.
- For acquisitions, priority is given to land with and without planning permission. In this context, the Instone Group brings its experience in the development of economically attractive planning permission to bear. In the current market phase, we see an opportunity to acquire projects that already have planning permission at attractive terms.
- The Instone Group helps local authorities acquire planning permission, in particular by developing urban planning strategies and proposals for action, as well as drafting land use and development plans.
- In the majority of cases, the Instone Group acts as its own general contractor. Contracts are individually awarded to regional and national construction companies from our existing network based on relevant selection criteria. These criteria include the company's experience with comparable projects, the technical requirements and the level of quality required.
- Direct access to subcontractors gives us a competitive advantage, especially when contractors are working at near-full capacity. This makes it possible to ensure building capacity early on and to provide a high level of cost transparency. The value created internally has a positive overall effect on our operating margin and is therefore seen as an important factor for the high profitability.
- In marketing and sales, the Instone Group maximises its access to any relevant target groups, such as owner-occupiers, capital investors and institutional investors.

Exploiting efficiency gains through digitalisation

For the Instone Group, greater digitalisation of business processes is a critical factor in further improving efficiency and a key competitive advantage in a highly fragmented industry with relatively little digitalisation. By continuously digitalising and analysing all of our processes, we can routinely identify potential areas for improvement and therefore make our planning and construction processes more efficient in the long-term. For example, a uniform digitalisation of our entire process landscape has been implemented using proprietary software, allowing us to create an integrated planning and construction process that can make the best use of the opportunities presented by serial construction.

Sustainability

As the company scored highly among real estate project developers in a rating conducted by the rating agency Sustainalytics last year, we see ourselves as a pioneer in the field of sustainability. This is based on the conviction that the company's sustainability performance is crucial to the Instone Group's long-term commercial success and competitiveness. In the past financial year, we were able to press ahead with the implementation of this strategy. The results of internal working groups (impact groups) comprising around 35 employees, who worked intensively on various aspects of sustainability (including the selection of building materials, energy concepts and social impact), were integrated into the project planning and will continue to have a dynamic effect on planning processes in the future.

The pioneering role taken up by the Instone Group in the area of sustainability has also been recognised by international rating agencies.

New strategic initiatives

New strategic initiatives, including the development of new sales channels, are currently being investigated with a view to strengthening and expanding the business model. This also includes the potential assumption of general contractor activities in construction for third parties.

Corporate management

Instone Group's corporate management system

The goals of achieving sustainable growth while maintaining attractive project margins and ensuring successful corporate management are supported by the Instone Group's internal corporate management system.

System-based planning, reporting and controlling processes consistently form the foundations for the transparent derivation of growth opportunities and the necessary need for action. This is an important success component for further strengthening the Instone Group's competitive position.

Its internal corporate management is, in particular, based on the following elements:

- Integrated management information system
- Database-supported project management
- Structured meeting system
- Financial and real estate business key performance indicators
- Group-wide risk management

Integrated management information system

The integrated management information system (MIS) supports all management levels during planning and decision-making processes. One material element is our "bottom-up" business planning, which views the specific factors influencing property from a financial perspective.

The reporting system for the presentation of key developments relating to the real estate and financial key performance indicators is compiled on a monthly basis, supplemented by a consideration of the key project milestones and the development of liquidity.

Database-supported project management

Within the scope of its project management, the Instone Group relies on a database-supported planning and reporting system that is integrated into the wider system landscape. This supports the individual process steps for the monthly preparation of project forecasts and updates. It also serves as a central database for both operational level and higher-level corporate controlling. This makes it possible to identify potential and the need for action resulting from the updated project forecasts at an early stage with the support of tools.

Structured meeting system

The targeted exchange of information from the project teams up to Management Board level is an integral part of the Instone Group's corporate management system. These include, among other things, the monthly project team and results meetings in the branches as well as the discussions with the Management Board regarding the status of the projects.

Corporate governance key performance indicators

Financial and real estate business key performance indicators

Important corporate governance key performance indicators

For governance of our sustainable economic success, we use the profit-based key performance indicators (KPIs) of adjusted revenue, adjusted gross profit margin and adjusted earnings after tax (EAT) as financial performance indicators and the real estate business key performance indicator of volume of sales contracts as a non-financial performance indicator.

Adjusted revenue

The key indicator for the performance of the Instone Group is adjusted revenue. Thanks to the application of period-based revenue recognition in almost all project developments in the Instone Group, adjusted revenues represent a key indicator for assessing the performance of the company which is sufficient in our view. The adjusted revenue recognition includes share deals and asset deals equally in analogous application of IFRS 15 in the determination, regardless of the decision of IFRS IC to exclude share deals from the revenue recognition over time under IFRS 15. In addition, adjusted revenue recognition is calculated without the effects from purchase price allocations.

Adjusted gross profit margin

Adjusted gross profit is determined from the adjusted revenue less cost of materials, changes in inventories, material-costs related other operating income (e.g. income in connection with grants), indirect sales costs and capitalised interest, but without considering the effects from purchase price allocations and share deals. The adjusted gross profit margin as a ratio of adjusted gross profit to adjusted revenues reflects the operating result after deducting all external costs that can be directly attributed to the project and places the focus on the projects' profitability.

Adjusted earnings after tax

Adjusted earnings after tax is calculated on the basis of adjusted gross profit less platform costs, consisting of staff costs, other operating income and expenses, depreciation and amortisation, investment and other income, financial result and income taxes, but is also adjusted for the effects from purchase price allocations and share deals, as well as any non-recurring effects, where applicable.

In particular, the following significant expenses are adjusted for disposal losses from sales of tangible or financial assets or securities, unscheduled depreciation and amortisation of tangible and financial assets, one-off expenses relating to the valuation of inventories, costs for acquisitions, merger losses, contractual penalties, demands for additional taxes from previous years based on audits, severance payments to the Management Board, and personnel reductions and restructuring to a greater extent, if these do not meet the strict criteria set out in IAS 37. The adjustment of material income includes, in particular, income from capital gains arising from sales of non-current assets, compensation for damages, writeups on non-current assets, refunds of taxes from previous years based on audits, reversals of provisions for extraordinary events and merger gains.

Volume of sales contracts

Volume of sales contracts reflects the revenue-relevant volume of contracts of our projects. It mainly comprises all sales-related transactions, such as notarised real estate purchase agreements, individual orders from purchasers and rental income. In the reporting year, we adjusted the calculation of the volume of sales contracts in relation to rental income in line with the procedure for calculating real estate purchase agreements. This means that all contractually agreed rental income is now recognised in the volume of sales contracts on the basis of the contractual fixed lease term and taking into account the expected start of construction. In previous years, only the pro rata rental income for the respective reporting year was recognised.

Volume of sales contracts is also referred to as sales volume.

Other important key performance indicators

The management of the Instone Group also uses the following KPIs for analysis and reporting:

Current offer for sale

The current offer for sale is calculated on the basis of the unsold residential units in projects where sales have already started.

Project portfolio

The project portfolio value as at the reporting date is the anticipated overall volume of revenue from all projects listed in the portfolio. The Instone Group divides its project portfolio into three different groups depending on the stage of development: For projects with the status "pre-sale", the relevant land has been already purchased, secured or claimed by us in a binding offer, but marketing has not yet begun. Following sales release and the initiation of marketing, projects are transferred to a "pre-construction" status. Projects with a completed start of construction have an "under construction" status until complete handover. Once structural obligations have been met and the entire sale[1] and full handover are complete, projects are removed from the project portfolio in the next reporting month.

Volume of new approvals

The volume of new approvals reflects the Instone Group's success in acquiring new land and development projects. The project will be included in our project portfolio as of the approval date in order to secure the cash outflows that arise from the approved investment in the future. The internal approvals linked to the volume of new approvals are based on secured land access rights or such rights that have been verified by us with an offer involving a firm commitment. The volume of new approvals is measured by the volume of sales contracts expected at the time the new approval is granted.

Project gross profit and project gross profit margin

The project gross profit consists of the project proceeds included in the adjusted revenue in the income statement over the project term, reduced by the relevant external project costs.

The relationship between the project gross profit and the total revenue proceeds of the project is used to calculate the project gross profit margin.

[1] Unit sale projects in which the share of units still to be sold is less than 2% are an exception.

Sustainability report (unaudited)

General information

ESRS 2

Basis for preparation

BP-1

General basis for preparation of sustainability statements

Following the entry into force of the EU Corporate Sustainability Reporting Directive (CSRD) and the introduction of the European Sustainability Reporting Standards (ESRS), this year the Instone Group is reporting voluntarily in accordance with the CSRD and the associated ESRS. As such, this is the first year that the Instone Group is no longer reporting voluntarily in accordance with the CSR Directive Implementation Act (CSR-RUG). Based on the drafts for application of the CSRD and the ESRS dated 26 February 2025, it is currently unclear whether and from what year the Instone Group is likely to be required to report in accordance with the CSRD. Due to the dynamic situation, a decision will be made during the 2025 financial year about the reporting basis for the following year.

The scope of consolidation for sustainability reporting includes all companies that are fully consolidated in the consolidated financial statements, page 170 et seqq. For the Instone Real Estate Group SE, this includes Instone Real Estate Development GmbH and Nyoo Real Estate GmbH. All the information in this sustainability report is generally presented at Group level in accordance with the scope of consolidation which forms the basis of the consolidated financial statements and the combined management report.

As part of the sustainability activities and the assessment of sustainability impacts, both the company's own business operations and the upstream and downstream value chain are considered. For more information on the definition of the value chain, see "ESRS 2 SBM-3" on page 29 et seq.

The CSRD allows information about future developments or ongoing negotiations to be omitted, provided that the disclosure requirements of ESRS 2 are met. However, this omission is only permissible if the disclosure of such information could be detrimental to the company's commercial position and does not impair the understanding of the course of business. We did not make use of this option in the 2024 reporting year. No information has been omitted on the basis of intellectual property, expertise or innovations.

BP-2

Information relating to specific circumstances

Different time frames enable a company's sustainability strategy to be presented holistically. In this report, we use the time frames recommended by the ESRS when considering risks and opportunities, page 126 et seqq.

- Short-term time frames correspond to the period of a financial year.
- Medium-term time frames comprise periods that are longer than one financial year and can cover up to five years.
- Long-term time frames refer to all periods that extend beyond five years.

All the information relates to the financial year 2024 up to the reporting date of 31 December 2024. In the event that primary data was unavailable or only partially available on the reporting date (e.g. energy bills), extrapolations were made for the year as a whole on the basis of data points already known. This procedure is explained in detail in the relevant sections of the report. In addition, any corrections and/or changes to the methodology and to the results of previous years are documented at the point at which the adjustments were made.

The Instone Group's reporting is based on recognised standards and reporting initiatives, including the Global Reporting Initiative (GRI) guidelines, which have been mandatory since 1 January 2023 (see GRI table). The Instone Group also takes into account the recommendations published in September 2023 by the Task Force on Nature-related Financial Disclosures (TNFD) and the Task Force on Climate-related Financial Disclosures (TCFD, 2017). The climate target was reviewed by the Science Based Targets initiative (SBTi) at the start of the financial year 2022. In addition, every material topic has been assessed with regard to its contribution to achieving the Sustainable Development Goals (SDGs) of the United Nations, page 272. All the information reported and the accompanying data points have been prepared with care and to the best of our knowledge.

In addition, the Instone Group reports voluntarily in accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the "EU Taxonomy Regulation") and the delegated acts adopted in this respect. For details, see the section "EU taxonomy" on page 68 et seqq.

Governance

GOV-1

The role of the administrative, management and supervisory bodies

GRI 2-9, 2-10, 2-11, 2-12 TCFD Governance TNFD Governance A, B

The Instone Real Estate Group SE is a European listed company (SE) that, in accordance with its articles of association, has a dual management system consisting of the Management Board and Supervisory Board. While the Management Board is responsible for managing the company, the Supervisory Board has an advisory and monitoring function vis-à-vis the Management Board.

Detailed information on corporate governance and the principles of corporate governance at the Instone Group, particularly the cooperation between the Management Board and Supervisory Board, the composition of both boards and compliance with the recommendations of the German Corporate Governance Code (GCGC) by the Management Board and Supervisory Board of the Instone Group is available in the corporate governance declaration, which can be found in the combined management report on page 152 et seqq.

The composition of the Management Board and Supervisory Board, the tasks and responsibilities of both boards and their access to expertise and competences in relation to sustainability matters are described below.

The Management Board is currently made up of three male members. As a collegiate body, it possesses extensive experience in relation to the sectors, products and branch locations of the Instone Group. It is therefore able to fulfil its specific obligations with regard to sustainability and, in particular, to deal with industry- and company-specific sustainability matters, for example along the value chain, and also to take account of regional particularities. For further information on the professional experience of the individual members, please refer to the CVs of the individual members of the Management Board, which are published on the Instone Group website ↗ Instone Group.

The Supervisory Board is currently made up of six members and is not subject to the statutory provisions on representative participation. Accordingly, there are no employee representatives on the Supervisory Board.

The proportion of female members is one third, two thirds of the members are male. With the exception of Stefan Mohr as the representative of the company's largest single shareholder, whose membership – in line with good corporate governance – also reflects the current shareholder structure of the Instone Group on the Supervisory Board, all members of the Supervisory Board are independent as defined in the ESRS reporting standards. On the one hand, their memberships of other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises and, on the other, their professional experience ensure that the Supervisory Board as a whole possesses relevant sector-, product- and location-specific experience. A detailed overview of the relevant experience and additional expertise of the members of the Supervisory Board can be found on page 157 et seqq.

Responsibility for sustainability lies with the entire Management Board. The member of the Management Board responsible for this area is the Chair of the Management Board and CEO Kruno Crepulja. Accordingly, the Sustainability & Transformation department, which is responsible for sustainability issues, is also assigned to Mr Crepulja and reports directly to him. The Management Board is ultimately responsible for defining the sustainability objectives, establishing rules and principles of conduct with regard to aspects of sustainability in guidelines and setting up appropriate vertical and horizontal organisational structures at the level of Instone Real Estate Group SE and its two operating subsidiaries Instone Real Estate Development GmbH and Nyoo Real Estate GmbH within the scope of its delegation authority, so that effective company-wide measures for achieving these objectives can be developed, implemented and at the same time monitored by the Management Board.

The Supervisory Board, which is chaired by Stefan Brendgen, also deals extensively with the topic of sustainability as part of its statutory monitoring and advisory mandate, which is specified in its internal regulations. Overarching sustainability matters and the relevant advice provided to the Management Board are initially the subject of the work of the Audit Committee, one of currently three committees of the Supervisory Board. The Chair of the audit committee is Dr Jochen Scharpe. The audit committee also monitors the findings of the risk management system, which also takes sustainability issues into account. In addition, the remuneration committee deals with sustainability matters in the course of incorporating sustainability-related benefits. Last but not least, the nomination committee also considers sustainability-related competences when making proposals to the Annual General Meeting. The Supervisory Board also regularly deals with sustainability issues in plenary sessions. For one thing, it decides on the sustainability-related resolutions prepared by the committees, for example in the context of setting the strategic and sustainability targets and the long-term ESG target for Management Board remuneration. The same applies to the candidates proposed to the Annual General Meeting for election to the Supervisory Board or the monitoring of the Management Board's sustainability strategy and the measures derived from this. In addition, sustainability matters are the subject of its decision-making process when approving the Management Board's investment proposals for site purchases. The Supervisory Board monitors the measures introduced by the Management Board with regard to sustainability matters and assists the Management Board with its expertise in an advisory capacity. A comprehensive description of the respective reporting obligations and other responsibilities and tasks of the Management Board and Supervisory Board can be found in the respective internal regulations. The Instone Group has integrated the management of impacts, risks and opportunities into all internal functions relevant to aspects of sustainability, in particular the internal control system page 129.

The Management Board of the Instone Group appoints a sustainability committee to discuss the overarching goals and strategic direction for sustainability and define them together with the Management Board. The sustainability committee is made up of representatives from all Instone Group departments and function holders responsible for the ESG strategy. At these meetings, proposals for new or adjusted targets are discussed and developed, the feasibility and effectiveness of measures are assessed and the progress made in reaching the defined sustainability targets is regularly reviewed.

Composition of the sustainability committee FIGURE 004

The Supervisory Board has adopted targets for its composition, skills profile and diversity concept in order to determine and ensure the availability of skills and expertise, including with regard to sustainability matters. Accordingly, the members of the Supervisory Board as a whole should also possess knowledge, skills and professional experience in the field of sustainability. First of all, this ensures that when selecting suitable candidates for the Supervisory Board, care is taken to ensure that the necessary skills and expertise are available to monitor sustainability matters. Moreover, the Supervisory Board regularly reviews its targets regarding its composition and skills profile to ensure that they are up to date or to identify any need for adjustment, and records the knowledge, skills and professional experience of the individual members in a skills matrix. A detailed description of this can be found in the "corporate governance declaration" on page 152 et seqq.

Sabine Georgi and Stefan Brendgen, the Chair of the Supervisory Board, have specialist knowledge of the field of sustainability. As Executive Director of the globally active Urban Land Institute (ULI) for the DACH region, Sabine Georgi works full-time on issues relating to the sustainable development and utilisation of cities. She holds the sixth seat on the Supervisory Board, which was newly created in 2023 at the Annual General Meeting. The Supervisory Board deliberately appointed a female member with core expertise in the area of sustainability to further strengthen its own expertise profile.

Given her expertise and experience in this field, Sabine Georgi devotes herself to the topic of sustainability in her role on the Supervisory Board and is on hand to advise the company. She is also in regular dialogue with the Sustainability & Transformation department, enabling her to contribute further expertise to the Supervisory Board. Dr Jochen Scharpe, Chair of the audit committee and member of the Supervisory Board, also has specialist knowledge on the subject of sustainability reporting and how it is audited. In light of this, the Supervisory Board as a collegiate body has strong skills and broad expertise with regard to sustainability matters and sustainability monitoring. If the Supervisory Board deems it necessary, it can also commission experts for specific tasks to complement the expertise already available on the board.

Finally, the company supports the members of the Supervisory Board with personalised training and further education measures on Supervisory Board-specific topics relating to sustainability matters, for example by covering the necessary costs incurred.

When appointing and monitoring the members of the Management Board, the Supervisory Board ensures on an ongoing basis that the members have appropriate expertise relating to sustainability. As a collegiate body, the Management Board itself possesses suitable expertise relating to sustainability, including the appropriate skills to monitor sustainability matters, as the Instone Group has been voluntarily reporting on non-financial and sustainability matters for several years now. The Management Board is also able to consult the Sustainability & Transformation department and acquire relevant knowledge on sustainability matters. The Sustainability & Transformation department is also in close contact with external consulting firms specialising in sustainability, whose expertise benefits not only the department itself, but ultimately also the Management Board of the Instone Group. Finally, the Chair of the Management Board has the opportunity to gain sustainability-related expertise at meetings of the Sustainability Committee.

The Management Board of the Instone Group also bears the initial responsibility for developing ethical standards, integrating them into the corporate policy and culture and for further developing, promoting and monitoring them. The Management Board defines the basic values, rules and principles and sets these out in binding guidelines page 77 et seq. The many years of experience that the entire Management Board has at management level, including in the area of governance, means it is in a position to fulfil its responsibility with regard to shaping an ethical corporate policy. The Supervisory Board supports the Management Board in establishing and developing corporate policy and has extensive expertise in this area due to the expertise of its members page 157.

Given the skills and expertise of the Management Board and Supervisory Board described above, they are highly capable of recognising and managing the company's material impacts, risks and opportunities with regard to sustainability matters. As a result, the Management Board is able to use its own expertise and the expertise available within the company, particularly that of the Sustainability & Transformation department, to determine the strategic direction of the company with regard to sustainability matters, formulate sustainability goals and integrate these into the corporate strategy. The Management Board's experience in implementing efficient structures and processes is particularly useful in this respect. Sustainability-related skills and expertise also play a decisive role when it comes to risk management because this enables the Management Board to align the risk management and internal control system with the requirements for identifying sustainability-related risks at an early stage and take appropriate measures to minimise their impact. Furthermore , the Management Board has the opportunity to promote the development of sustainable products and innovative ideas in a targeted manner in order to gain a competitive advantage and tap into new target groups. A detailed description of how the Management Board's knowledge of establishing, promoting and refining a sustainable corporate policy and culture is linked to the company's impacts, risks and opportunities can be found in section "G1-1" on page 95 et seqq.

The Supervisory Board's extensive knowledge of sustainability means it is also very well positioned to monitor the measures taken by the Management Board in a targeted manner. As part of its advisory mandate, the Supervisory Board also provides valuable impetus for the continuous development of the Instone Group's sustainability strategy and the measures derived from it by the Management Board. Given its profile of expertise, the Supervisory Board is able to constructively discuss specific aspects of sustainability with the Management Board and – where it considers this to be useful and necessary – formulate expectations. This constructive and high-quality dialogue helps to avoid or reduce sustainability-related financial risks, for example when deciding on investment applications for the purchase of sites. Finally, the current profile of expertise enables the Supervisory Board to properly assess the Management Board's sustainability reporting in the interests of all stakeholders.

GOV-2

Information and sustainability matters dealt with by the company's administrative, management and supervisory bodies

GRI 2-12, 2-13, 2-14, 3-3 TNFD Governance A, B, C

The Instone Group attaches great importance to sustainability and demonstrates this by systematically embedding sustainability considerations into the structure of its organisation. This central topic is managed by the Sustainability & Transformation department, which reports directly to the Chair of the Management Board and CEO, Kruno Crepulja. Fortnightly jour fixes are attended by both the CEO and the CFO and ensure that the company management is always up to date on all relevant overarching impacts, risks and opportunities. GRI 2-16

In addition, as a collegiate body the Management Board receives detailed monthly reports on all Instone Group real estate projects from the responsible branch in a structured process. Where relevant, project-specific sustainability maters are also reported and discussed jointly.

This flow of information to the Management Board is backed up by regular meetings, usually also on a fortnightly basis, between the individual Management Board members and their respective direct reports from the Group headquarters and the management of the two operating subsidiaries. These meetings address and discuss sustainability-related topics. Finally, the Management Board receives quarterly reports from the Controlling & Risk Management department in a formal risk report on sustainability-related risks, which are recorded and evaluated throughout the company in a structured process.

The Sustainability & Transformation department acts as a central interface between the corporate and project levels. It coordinates the flow of information across all levels of the company and centralises ESG issues. The materiality analysis forms the basis for the department's work page 35 et seqq.

To systematically collect, manage and evaluate relevant ESG data, the Instone Group has pressed ahead with the development of an ESG platform that enables structured and systematic collection and evaluation of sustainability data. It is fed with data from the various branches and divisions, which is then managed centrally by the Sustainability & Transformation department. By formalising and standardising the data collection processes, data is collected in a consistent and quality-assured manner. At the same time, the platform ensures standardised and complete verification, guaranteeing full traceability and fulfilling regulatory and internal requirements. Practical concepts and measures for implementing the ESG strategy are developed together with the relevant central departments (e.g. Human Resources, Legal, Purchasing) and in close cooperation with the operating units at the branches. This takes place in the course of regular meetings with the central departments and the IMPACT Working Groups[1] (operational business) as well as topic-specific workshops. One key area of focus in the reporting year was the regulatory requirements of the CSRD and ESRS, which involved organising full-day workshops.

Specific concepts and standards are being developed for the company-wide implementation of the ESG strategy in construction projects. These concepts and standards will serve as guidelines for cross-branch application. These concepts are developed by the IMPACT Working Groups and form the basis for practice-oriented integration of sustainability considerations in all projects. Every six months, the results and measures are presented to the investment committee[2] at a meeting attended by the members of the Management Board, the management of the operating subsidiaries and the branch managers. The close involvement of all relevant stakeholders at project and company level ensures smooth operational implementation at the individual branches. The sustainability committee also meets on a quarterly basis. The composition and working methods of the sustainability committee are set out under "ESRS 2 GOV-1" page 18 et seqq. and the meetings are also attended by the CEO, who makes the final decisions on measures and how they are implemented.

[1] The Instone Group's IMPACT working groups are made up of more than 35 colleagues who work together on central ESG focus topics across all locations. These include sustainable construction, timber hybrid construction, district infrastructure, district IMPACT, ESG Inside, cradle-to-cradle, biodiversity and DGNB. The objective of the working groups is to develop practical solutions that enable ESG (environmental, social and governance) aspects to be integrated into Instone Group processes and projects at an operational level. As such, the IMPACT working groups make a significant contribution to the future viability of the company and the sustainable design of its projects.
[2] The investment committee consists of all members of the Management Board and the management of the Instone Group's operating subsidiaries. It acts as an exchange and decision-making committee on topics relating to the Instone Group's project business.

The Supervisory Board is regularly informed by the Management Board about sustainability matters as part of its reporting in accordance with the law, the Articles of Association and the Management Board's internal regulations. On the one hand, this applies to primary sustainability-related topics, including the outcome of the materiality analysis, the decisions derived from it and the respective implementation status, but also the company's CSRD reporting readiness. In the area of social issues, for example, this relates to employee diversity, particularly with regard to progress in promoting gender equality in management positions. On the other hand, sustainability-related matters are the standardised content of project-specific Management Board reporting, for example in the form of environmental information and the social district infrastructure envisaged for new projects, for which Supervisory Board approval is required. The same applies to the sustainability-related content of the risk report submitted on a quarterly basis. Finally, the audit committee deals extensively with the sustainability report prepared by the Management Board in preparation for the full Supervisory Board.

The management and supervisory bodies of our company systematically incorporate sustainability considerations into their strategic monitoring and decision-making processes. The impacts, risks and opportunities are carefully analysed and taken into account in key corporate decisions.

ESG criteria are incorporated into the internal approval process for each investment application as soon as the decision to purchase new sites is made. During the investment review, a comprehensive climate risk analysis is carried out to identify potential risks to the site at an early stage page 55 et seqq. In addition, expert opinions, such as soil surveys, are obtained in order to create a sound basis for the committees to make decisions. The evaluation is also based on the EU taxonomy criteria, which serve as a benchmark for the sustainability standard of the planned investment even at this early stage. In addition, the specialist departments of Instone Real Estate Group SE review and comment on each investment application and can therefore also address sustainability-related factors. The final decision on the investment application, taking these and other ESG parameters into account, rests with the Management Board and, if the projected total sales volume exceeds €120 million, with the Supervisory Board. To ensure the best possible information basis for decision-making, the Management Board discusses each investment application in detail in the investment committee, which is made up of members of the Management Board and the management of the two operating subsidiaries. GRI 201-2

In the subsequent planning process, the approval of service phase 2 (in accordance with HOAI) and the sales approval are key milestones at which the sustainability matters are formally reviewed and ratified once again by the management. In service phase 2, an evaluation of key ESG criteria is carried out, such as the sustainability concept, the planned energy concept and the proposed sustainable building certification. During the sales approval process, the product concept is reviewed in detail to ensure that it meets the Instone Group's ESG requirements. This not only takes into account environmental aspects, but also the social impact, such as the added value that the district development offers for the surrounding area and neighbourhood. GRI 203-1, 305-5

Monthly dialogue with project managers and the Management Board, the management teams of the operating subsidiaries and other management personnel about ongoing projects ensures that risks and sustainability matters are regularly discussed and evaluated.

During the reporting period, the Management Board and Supervisory Board, as the management and supervisory body, addressed a large number of material topics that encompass both opportunities and risks in the context of the corporate strategy and sustainability targets, most notably the following topics:

OVERARCHING TOPICS

Sustainable building certifications:

- Fulfilment of the requirements of the "Sustainable Building" quality seal (QNG)
- Selection of suitable sustainable building certifications to further increase sustainability quality

ESG data management:

- Development of an ESG platform for the systematic collection, management and evaluation of relevant ESG data

ENVIRONMENT

EU taxonomy:

- Use of the EU taxonomy as a benchmark for categorising and evaluating the sustainability quality of projects and investments

Sustainable construction:

- Optimisation of planning processes to promote sustainable construction
- Use of more sustainable building materials with a focus on CO_2 reduction and reusability in line with the cradle-to-cradle principle

Energy issues:

- Discussions on energy standards, in particular EH40/55
- Development of efficient energy and heating concepts, including the use of waste heat, for example from data centres

Biodiversity:

TNFD Governance A, B, C

- Consideration of biodiversity criteria in planning in order to further minimise the ecological footprint of projects and support local flora and fauna

SOCIAL

Creating affordable living space:

- Development of concepts for the provision of affordable living space, in particular through modular construction methods such as the nyoo concept
- Construction of subsidised housing

Sustainable district development:

- Development and implementation of innovative mobility concepts

GOVERNANCE

Regulatory requirements:

- Preparation for the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)
- Analysis of the impact of these requirements on internal processes and data collection for ESG indicators

GOV-3

Inclusion of sustainability-related performance in incentive systems

GRI 2-19, 2-20 TNFD Governance A

In the 2021 financial year, achievement of sustainability targets was formally introduced as a key component of variable Management Board remuneration in the Management Board remuneration system in order to lend further weight to the remuneration-related incentivisation of Management Board members in this regard. To this end, 25% of the short-term variable Management Board remuneration is allocated to the achievement of strategic and sustainability targets and 30% of the long-term variable Management Board remuneration is allocated to a multi-year non-financial ESG target. Detailed information on the inclusion of sustainability-related performance can be found in the remuneration report page 239 et seqq.

GOV-4

Due diligence declaration

GRI 2-23, 2-24 TNFD Governance C

The following overview provides insight into how the Instone Group applies the core elements of due diligence and where this is outlined in the sustainability report.

Due diligence declaration TABLE 002

Core elements of due diligence	Sections of the sustainability report
Due diligence included in governance, strategy and business model	ESRS 2 GOV-2, p. 22 et seqq. ESRS 2 GOV-3, p. 25 ESRS 2 SBM-1, p. 27 ESRS 2 SBM-3, p. 29 et seqq. ESRS 2 SBM-3-E1, p. 46 ESRS 2 SBM-3-E4, p. 59 ESRS 2 SBM-3-E5, p. 65 ESRS 2 SBM-3-S1, p. 77 ESRS 2 SBM-3-S2, p. 85 ESRS 2 SBM-3-S3, p. 90 ESRS 2 SBM-2-S1, p. 27 et seq.
Involvement of the stakeholders concerned	ESRS GOV-2, p. 22 et seqq. ESRS SBM-2, p. 27 et seq. ESRS IRO-1, p. 34 et seqq. ESRS MDR-P: p. 99 et seq. E1-2, p. 47 S1-1, p. 77 et seq. S2-1, p. 86 S3-1, p. 90 et seq. S1-2, p. 78 S2-2, p. 86 et seq. S3-2, p. 91
Determination and evaluation of negative impacts	ESRS 2 IRO 1, p. 34 et seqq. ESRS 2 SBM-3, p. 29 et seqq. ESRS 2 SBM-3-E1, p. 46 ESRS 2 SBM-3-E4, p. 59 ESRS 2 SBM-3-E5, p. 65 ESRS 2 SBM-3-S1, p. 77 ESRS 2 SBM-3-S2, p. 85 ESRS 2 SBM-3-S3, p. 90 ESRS 2 SBM-3-G1, p. 94
Measures to counter these negative impacts	ESRS E1-3, p. 48 et seq. ESRS E4-3, p. 62 ESRS E5-2, p. 66 ESRS S1-4, p. 79 ESRS S2-4, p. 87 et seq. ESRS S3-4, p. 92
Tracking the effectiveness of these measures and communication	ESRS E1-4 to 9, p. 50 et seqq. ESRS E4-4 to 6, p. 62 et seqq. ESRS E5-3 to 6, p. 67 ESRS S1-5 to 15, p. 80 et seqq. ESRS S2-5, p. 88 ESRS S3-5, p. 92

GOV-5

Risk management and internal controls for sustainability reporting

GRI 201-2, 2-22 TCFD Risk Management TNFD Governance A

Unless otherwise stated, the issue of sustainability is fully integrated into our overarching risk management and internal control systems in accordance with the binding risk management system guidelines adopted by the Management Board. The materiality analysis agreed with the Management Board forms the basis for the recording and evaluation of risks with regard to sustainability reporting.

Risks relating to the sustainability reporting process are prevented or minimised by means of a continuously refined internal control system, which is closely linked to the risk management system and for which the Finance and Accounting department is responsible in terms of content, and whose management function reports directly to the CFO. Risk management is the responsibility of the Controlling department, which also reports directly to the CFO. The results of the risk assessment with regard to the sustainability reporting process are also part of the regular reports submitted to the Management Board and the Supervisory Board. As the highest decision-making body, the Management Board acknowledges and approves the documented risks. The Audit Committee also examines the effectiveness of the internal control system and the risk management system. Finally, as the highest decision-making body with ultimate responsibility, the Management Board also approves the annual Sustainability Report and the Audit Committee assesses its content as part of its preparations for the decision of the full Supervisory Board on the approval of the annual and consolidated financial statements.

In terms of risk management and the related internal control procedures, sustainability reporting is also based on elements that essentially correspond to those of the Instone Group's overarching risk management system and internal control system. In addition to the company-wide use of software and a database for collecting and processing project-specific data relevant to sustainability reporting, these include approval requirements and processes at various decision-making levels, the application of the dual control principle and regular – often interdisciplinary – meetings on topics and decisions relevant to sustainability reporting. Furthermore, sustainability reporting risk management is also embedded in the Instone Group's overarching risk management system and internal control system. For further information, please refer to the detailed description of the scope, main features and components of the procedures and systems of risk management and the internal control system as well as the "Risk and Opportunity Report" section regarding the integration of the risk assessment results in relation to sustainability matters page 126 et seqq. The main financial risks, including those relating to sustainability reporting, as well as avoidance and mitigation strategies with regard to sustainability-related risks, can also be found in the "Risk and Opportunity Report" and the Sustainability Report under "G1-1" on page 95 et seqq.

Strategy

SBM-1

Strategy, business model and value chain

GRI 2-2, 2-24 TCFD Governance, Strategy
TNFD Risk and Impact Management A(ii)

The Instone Group does business in the ESRS construction sector. As a project developer, the Instone Group focuses on the development, planning and implementation of residential real estate projects in Germany. In this sector, the Instone Group plays a central role in the design of urban living spaces, with the company focussing on new builds. The Company's primary goal is to position itself as one of the leading neighbourhood developers in terms of sustainability and social impact and to achieve climate neutrality by 2045. The Instone Group pursues its sustainability goals at both company and project level. Further information on the specific sustainability targets in the individual topic areas can be found in the individual sections under Environment, Social Issues and Governance.

Detailed information on the business model is presented in the section "Foundations of the Group" page 5 et seqq. Our value chain is explained in the section "ESRS 2 SBM-3", page 29 et seqq. Information on total sales and other financial figures can be found in the "Economic Report" starting on page 101 et seqq. and in the "Consolidated Financial Statements" starting on page 170 et seqq.The interplay between the corporate strategy and the sustainability strategy in relation to the information and decision-making processes is illustrated in "GOV-2", page 22 et seqq.

SBM-2

Stakeholders' interests and viewpoints

GRI 2-29 TNFD Governance C

Stakeholder involvement is a key component of the Instone Group's sustainability strategy and is firmly anchored in the principles of our actions. We attach particular importance to informing all relevant stakeholders and interest groups about our strategic objectives and progress in the area of sustainability in a transparent manner. This creates the basis for constructive dialogue based on partnership. We aim to ensure broad participation by regularly obtaining feedback and incorporating the results into the continued development of our sustainability strategy. This approach enables us to work together towards a sustainable future and ensure that our actions meet the needs and expectations of our stakeholders. Internal stakeholders can become actively involved through regular communication channels and opportunities, thereby ensuring employee participation. The feedback received and the resulting findings are analysed and incorporated into strategic planning and decision-making processes. We take the perspectives of both our internal and external stakeholders into account, particularly in our materiality analysis, page 34 et seqq.

The following table provides further details on external stakeholder engagement. Further information on the involvement of our internal stakeholders can be found in the section ESRS S1 "The company's workforce", page 76 et seqq.

Stakeholder engagement

TABLE 003

Important external stakeholders (Selection not final)	Organisation of stakeholder engagement	Purpose and result of stakeholder engagement	Examples of results of stakeholder engagement
End users	– Support during the purchase process – Digital customer portal – Personal dialogue – Anonymous satisfaction surveys	– Collection of expectations and requirements – Improvement in satisfaction and further development of the range of products and services	– Adaptations to apartment furnishing lines
Institutional investors	– Personal dialogue – Dialogue on regulatory requirements (EU taxonomy, sustainability certifications)	– Identification of future market developments and expectations – Further development of the range of products and services	– Implementation of DGNB sustainability certification
Banks	– Personal dialogue – "Banking Day" – meeting with representatives of the banks to discuss the economic situation and strategy (see also: ESG topics)	– Strengthening cooperation based on trust – Transparency regarding the economic situation and strategic objectives – Dialogue on sustainability topics and requirements	– Positive credit and financing decisions with attractive terms
Shareholders	– Annual General Meeting – Investor/analyst presentations in quarterly reporting – Personal dialogue/roadshows/conferences	– Strengthening trust and investor relations through transparent communication – Impulses for strategic decisions – Management of expectations	– Minimising volatility in the share price – Safeguarding shareholder relations – Acquisition of new shareholders
Public/media	– Personal dialogue – Press releases – Media posts (podcast, interviews etc.)	– Strengthening public perception – Transparent communication and provision of information	– Expert article on the implementation of mobility concepts (Mobility Preview Heusenstamm)
Rating agencies	– Dialogue on rating criteria – Communication of rating results	– Transparency of risk parameters – Creation of a trustworthy valuation basis for investors – Identification of optimisation potential	– Rating partly a prerequisite for access to bond or credit markets
Cities & communities	– Intensive dialogue in the context of building law creation processes – Innovative dialogue and participation procedures – Urban development agreements	– Needs-based district development – Comprehensive location analysis – Creation of added value beyond project development	– Nursery school construction – Participation in school construction – Implementation of cross-district mobility concepts
NGOs	– Research – Project-related dialogue	– Consideration of societal and environmental interests – Early identification of risks, e.g. with regard to environmental violations	– Resettlement of protected flora/fauna
Real estate associations	– Active participation on committees – Regular participation in exchange and network meetings	– Dialogue on the development of industry-specific regulations – Knowledge transfer and exchange of best practises – Implementation of joint pilot projects – Implementation of marketing activities for industry-specific public relations work	– (Further) development of a social scoring model for real estate companies
Suppliers	– Regular dialogue (e.g. on regulatory requirements) – Framework agreements – Code of Conduct – Supplier Relationship Management	– Strengthening cooperation based on trust – Ensuring occupational health and safety in the supply chain – Transparent award processes	– Process optimisation

SBM-3

Material impacts, risks and opportunities and their interaction with the strategy and business model

GRI 2-6, 2-22, 3 TCFD Strategy TNFD Strategy A, B, Risk and Impact Management A(ii), Metrics and Targets B

Impacts along the entire value chain

FIGURE 005

Impacts, risks and opportunities

TABLE 004

		ID shown	Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
E1	**Adaptation to climate change**									
	Adaptation of buildings to climate risks	1	Negative		●					●
	Consideration of climatic conditions (in planning)	2	Positive		●	●				●
	Additional costs due to climate-adapted construction methods			Risk	●	●				●
	Climate protection									
	GHG emissions from extraction of raw materials and production of building materials	3	Negative		●			●		
	GHG emissions from the production, transport and disposal of building materials	4	Negative		●		●	●	●	
	GHG emissions in use phase	5	Negative				●	●		
	Increased costs due to higher contractual partner requirements			Risk	●					●
	Energy									
	Energy requirement in the use phase	6	Negative				●	●		
	Increased costs due to higher energy prices at contract partners			Risk	●				●	●
E4	**Direct causes of biodiversity loss**									
	Habitat changes due to construction activities	7	Negative		●			●	●	●
	Impacts and dependencies of Ecosystem services									
	Habitat changes due to raw material extraction	8	Negative		●			●		
	Financial risks due to a shortage of resources			Risk	●					●
	Financial risks due to threats to flora and fauna			Risk	●	●		●	●	●

Our company

Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

Other disclosures

Consolidated financial statements

Independent auditor's report

Supervisory Board report

Remuneration report

Other information

Impacts, risks and opportunities

TABLE 004

					Position in the Value chain			Time frame		
		ID shown	Impact (positive/ negative)	Risk/ opportunity	Upstream	Own business area	Downstream	current	medium term	non-current
E5	**Resource inflows, including resource utilisation**									
	Resource requirements for the production of building materials and construction activities	9	Negative		●			●	●	
	Financial risks due to shortage of building materials			Risk	●					●
	Waste									
	Waste from construction activities	10	Negative		●			●	●	
S1	**Working conditions**									
	Working conditions for own workforce	11	Negative			●		●	●	●
	Increased shortage of skilled labour due to reputational damage			Risk		●				●
	Equal treatment and equal opportunities for all									
	Equal treatment within the company's own workforce	12	Negative			●		●	●	●
	Increased shortage of skilled labour due to inadequate equal treatment			Risk		●				●
S2	**Working conditions**									
	Working conditions of employees in the value chain	13	Negative		●			●	●	●
	Other work-related rights									
	Labour rights of employees in the value chain	14	Negative		●			●	●	●
	Reputational damage due to forced or child labour			Risk	●					●
S3	**Economic, social and cultural rights of communities**									
	Active district development	15	Positive		●	●		●	●	●
	Mixed districts	16	Positive		●	●		●	●	●
	Needs-based development of real estate and districts		Positive			●		●	●	●
	Financial risks due to municipal regulations			Risk	●	●		●	●	●

Impacts, risks and opportunities

TABLE 004

					Position in the Value chain			Time frame		
		ID shown	Impact (positive/ negative)	Risk/ opportunity	Upstream	Own business area	Downstream	current	medium term	non-current
G1	**Corporate culture**									
	Corporate culture within the company's own workforce	17	Positive			●			●	●
	Increased shortage of skilled labour due to poor corporate culture			Risk		●		●	●	●
	Management of relationships with suppliers, incl. payment practices									
	Relationship with suppliers	18	Negative			●		●		
	Poorer conditions due to poor relationship management			Risk		●		●	●	●
U1	**Affordable living**									
	Affordable housing through subsidies	19	Positive			●				●
	Affordable living space through modular and serial construction	20	Positive			●			●	●
	Cost reduction through modular and serial construction			Opportunity		●				●
	Financial support for project development			Opportunity		●		●		

The construction sector plays a central role in global sustainability, as it has both a profound environmental and social impact. At the same time, it opens up numerous opportunities to press ahead with sustainable developments. The Instone Group's materiality analysis has identified key sustainability issues that are closely linked to the business model and the value chain. It highlights the environmental and social impacts, risks and opportunities of our business activities as well as the influencing factors of external developments on our corporate success. For ease of understanding, the entire value chain, including upstream and downstream activities, is illustrated graphically on page 29. The diagram illustrates how the main impacts, risks and opportunities interact with the Instone Group's business model, value chain, strategic orientation and decision-making. A detailed explanation of the value chain is provided below, while detailed explanations of the impacts, risks and opportunities in connection with the Instone Group's strategy and business model can be found in the topic-specific standards (E1, E4, E5, S1, S2, S3, G1 and U1).

As a project developer, the Instone Group plays a decisive role in the construction process. It initiates and manages new projects on purchased sites, which are later realised by contractual partners (construction activity). The Instone Group is responsible for the planning, coordination and compliance with sustainability standards. Building law is often established in close cooperation with cities and municipalities in order to promote and implement needs-based district development at the respective location. GRI 413, 413-1

The planning phase forms the basis for the realisation of a construction project. External specialists such as architects, engineers and consultants are brought in to work out the feasibility, design and technical details. This phase is part of the upstream value chain, with the exception of Nyoo Real Estate GmbH, which provides planning services using its own team. When considering the upstream value chain, we also take into account the extraction of raw materials and the subsequent production of building materials, as this forms the basis for our construction projects.

Once the construction projects have been completed, the residences are sold. In the downstream value chain, we therefore consider the operation and disposal of the property, which are beyond our direct control. Particular emphasis is placed on GHG emissions and energy consumption during the use phase. GRI 302, 305

The resilience analysis in relation to climate change is already addressed to some extent in the climate scenario analysis. The plan for the 2025 financial year is to further develop the analysis in line with ESRS into a fully fledged resilience analysis of the Instone Group's business model and strategy.

Management of impacts, risks and opportunities

IRO-1

Description of the procedures for determining and evaluating the material impacts, risks and opportunities

GRI 2-29, 3, 3-1, 3-2 TCFD Risk Management and Strategy
TNFD Governance B, Strategy A, D, Risk and Impact Management A(i), A(ii), B, C

In the reporting year, we carried out a comprehensive materiality analysis based for the first time on the guidelines of the European Financial Reporting Advisory Group (EFRAG) and the ESRS. In the previous year, we based our materiality analysis on the requirements of the CSR Directive Implementation Act (CSR-RUG) and the provisions of the German Commercial Code (HGB). This year's new basis enables us to assess sustainability matters with even greater precision and fully align our reporting with the requirements of the CSRD/ESRS.

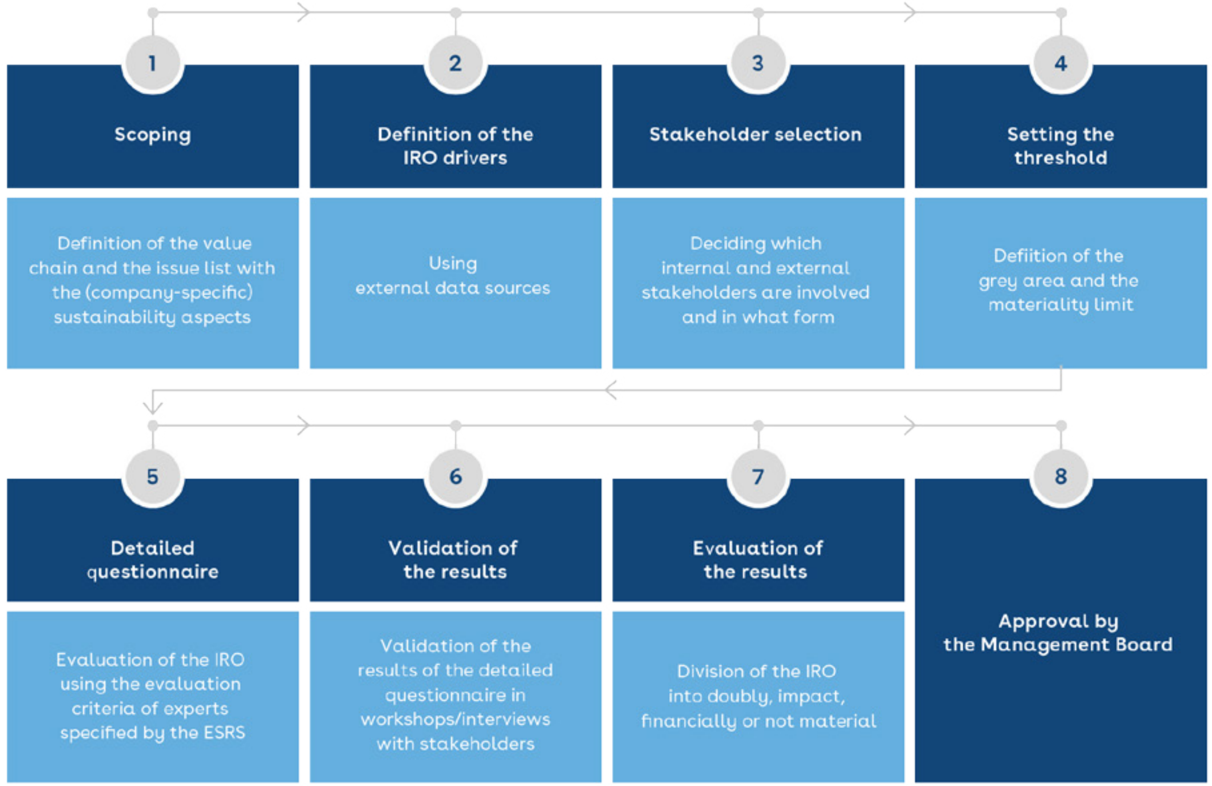
The principle of dual materiality is at the core of the CSRD. This concept considers sustainability matters from two different perspectives:

- Impact materiality refers to the company's activities that have a significant impact – be it positive or negative – on people, society or the environment.
- Financial materiality covers topics that have a significant impact or a significant risk for the company, its value or its business activities.

The aim of the materiality analysis is to identify the sustainability matters that are material to the Instone Group's business activities. The entire materiality analysis process can be divided into eight steps, which are described in detail below, figure 006.

Materiality analysis procedure

FIGURE 006



GRI 2-29

The process begins with scoping (1), during which the value chain (including upstream/downstream) is defined and the ESRS topic list and the company-specific sustainability issues are drawn up. In the second step, company-specific IROs (2) (impact, risk, opportunity) are defined for each sub-topic in the defined list of topics along the entire value chain. The basis for this is provided by external data, which also serves as a preliminary initial assessment of materiality. The defined IROs form the basis for the stakeholder surveys in step (6). A stakeholder selection (3) is then made, whereby it is decided which stakeholder groups are to be included in the process and in what form. For the Instone Group, internal stakeholders include the management or branch management as well as internal specialist colleagues. External stakeholders include institutional investors, banks, suppliers etc. An overview of the relevant external stakeholders can be found in section “ESRS 2 SBM-3” (Stakeholder Engagement). Next, the threshold (4) is determined, in which a grey area and the materiality threshold for the IRO evaluation are defined.

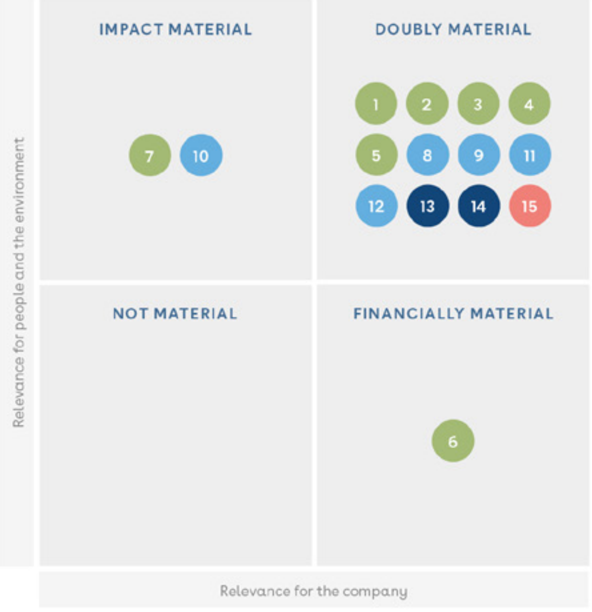
The next step is to have the IROs evaluated by experts in accordance with the evaluation criteria specified by the ESRS on the basis of a detailed questionnaire (5). The materiality of impacts is evaluated on the basis of four criteria: extent, scope, irreversibility (only for negative impacts) and probability of occurrence (only for potential impacts). The extent, scope and irreversibility represent the degree of severity. It should be noted that according to the ESRS, the severity of negative impacts that are of relevance to human rights takes precedence over the probability of occurrence. In terms of financial materiality, only two criteria, extent/scope and probability of occurrence, are evaluated. The evaluations are carried out one after the other in order to include the results from the impact perspective in the evaluation of financial materiality and thus take into account the connections between impacts and risks/opportunities.

The consolidated results of these questionnaires are then validated in workshops or interviews with stakeholders (6). The role of external stakeholders is assumed by colleagues from the Instone Group who are in regular contact with them and can therefore represent their perspectives in a well-founded manner. Validation by stakeholders ensures that the results of the materiality analysis are comprehensive, well-founded and realistic and that all perspectives have been taken into account in the evaluation.

The Sustainability & Transformation department examines the reasons for deviations from the questionnaire result in qualitative terms and adjusts the result in the event of plausible deviations. Special consideration is given to how much expertise and familiarity the stakeholders have with the topic. In the course of evaluating the results (7), the identified topics are then assigned to one of the categories "doubly material", "impact material", "financially material" or "not material". Finally, the results are reviewed and ratified by the Management Board (8) so that they can be included in the annual report.

The result forms the basis for this report and the standards it contains. In each of the topic-specific standards, you will find a detailed explanation of the impacts, risks and opportunities as well as how they interact with the strategy and business model. Building on this, the management approaches are described on the basis of specific concepts and measures, supplemented by the corresponding objectives and KPIs.

Materiality matrix FIGURE 007



Environment

E1 Climate change
1 Adaptation to climate change
2 Climate protection
3 Energy

E2 Pollution
Air pollution
Water pollution
Soil contamination
Pollution of living organisms and food resources
Substances of concern
Substances of very high concern
Microplastics

E3 Water and marine resources
Water
Marine resources

E4 Biodiversity and ecosystems
4 Direct causes of biodiversity loss
Impacts on the state of the species
Impacts on the extent and state of ecosystemsn
5 Effects and dependencies of ecosystem services

E5 Resource use and circular economy
6 Resource inflows, including resource use
Resource outflows relating to products and services
7 Waste

Social

S1 Employees of the company
8 Working conditions
9 Equal treatment and equal opportunities for all
Other work-related rights

S2 Workers in the value chain
10 Working conditions
Equal treatment and equal opportunities for all
11 Other work-related rights

S3 Affected communities
12 Economic, social and cultural rights of communities
Civil and political rights of communities
The rights of indigenous peoples

S4 Consumers and end-users
Information-related impacts
Personal safety
Social inclusion

Governance

G1 Business conduct
13 Corporate culture
Protection of whistleblowers
Animal protection
Political engagement and lobbying
14 Management of supplier relationships, including payment practises
Corruption and bribery

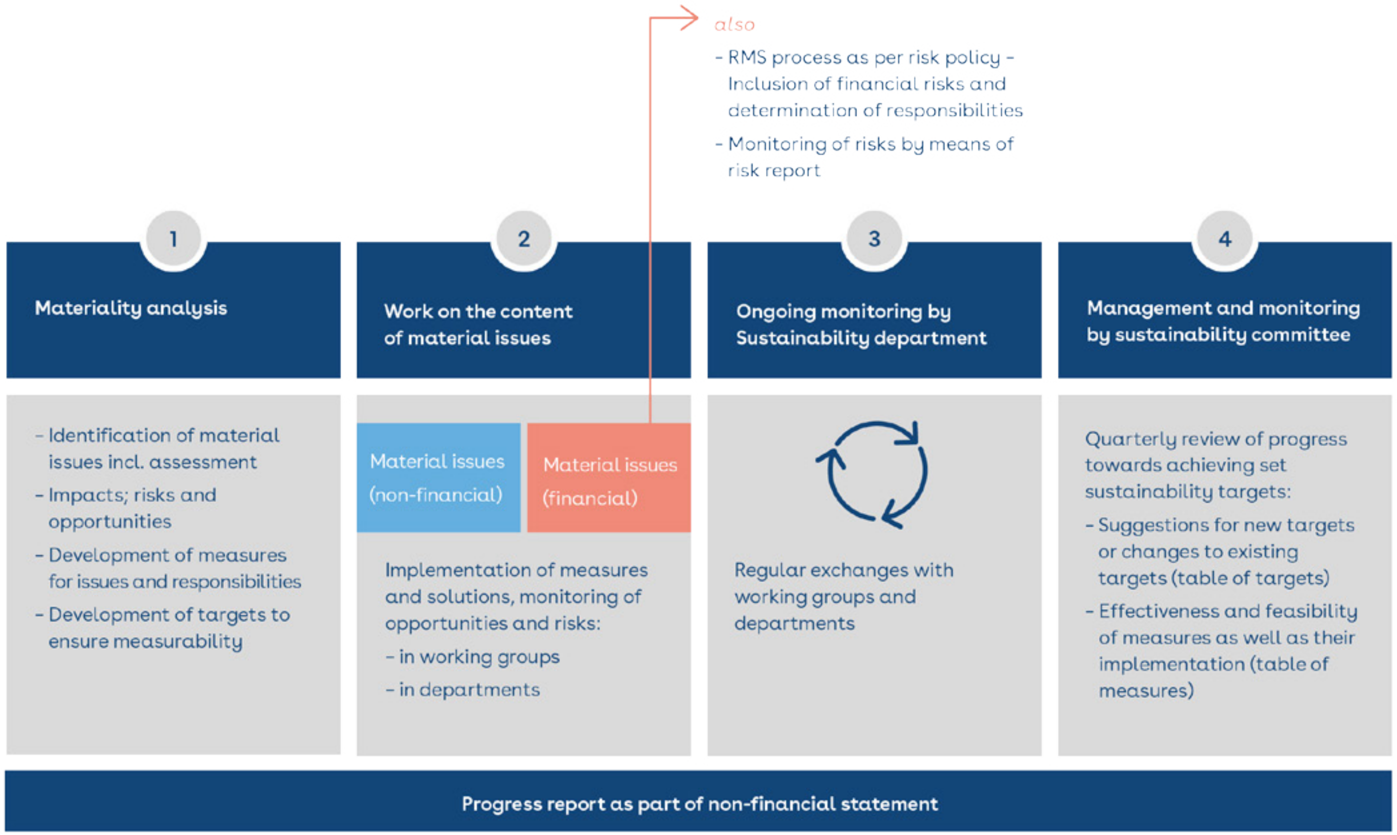
Company-specific

U1 Company-specific
15 Affordable living

Based on the materiality analysis, the Instone Group has defined processes in place to ensure risk management and ongoing due diligence. Internal controls as part of the company-wide risk management system and a quarterly review by the Sustainability Committee ensure activities are conducted in the proper manner. An example of the process is illustrated in the following graphic. The materiality analysis forms the basis for the content processing work carried out on the key topics by the IMPACT Working Groups and the relevant specialist departments. Material financial issues are included in our company-wide risk management system. The Sustainability & Transformation department monitors all the key topics on an ongoing basis. This is done in close cooperation with the IMPACT Working Groups and the specialist departments. The Sustainability Committee is then responsible for overall management and control, figure 004.

Ensuring due diligence

FIGURE 008



IRO-2

Disclosure requirements covered by the Company Sustainability Declaration included in ESRS

GRI 3-3 TCFD Risk Management, Metrics and Targets, Strategy

Based on the materiality analysis, the Instone Group is subject to the following disclosure requirements, table 005. Full compliance with all requirements has not yet been achieved in the current reporting year. We find ourselves in an ongoing process of adapting and expanding our reporting in order to comprehensively fulfil the requirements of the CSRD and ESRS in the coming years.

Disclosure requirements

TABLE 005

Disclosure requirement		Section/report	Page
ESRS 2 · General information			
BP-1	General principles for the preparation of the sustainability declaration	CFS, SR	17
BP-2	Information relating to specific circumstances	SR	17 et seq.
GOV-1	The role of the administrative, management and supervisory bodies	CGD, SR	18 et seqq.
GOV-2	Information and sustainability matters dealt with by the company's administrative, management and supervisory bodies	MR, SR	22 et seqq.
GOV-3	Inclusion of sustainability-related performance in incentive systems	REM, SR	25
GOV-4	Due diligence declaration	SR	25
GOV-5	Risk management and internal controls for sustainability reporting	ROR, SR	26
SBM-1	Strategy, business model and value chain	MR, REM, CFS, SR	27
SBM-2	Stakeholders' interests and viewpoints	SR	27 et seq.
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	SR	29 et seqq.
IRO-1	Description of the procedure for determining and evaluating the material impacts, risks and opportunities	SR	34 et seqq.
IRO-2	Disclosure requirements covered by the Company Sustainability Declaration included in ESRS	SR	39 et seqq.

Environment

TABLE 005

Disclosure requirement		Section/report	Page
ESRS E1 · Climate change			
ESRS 2 GOV-3	Inclusion of sustainability-related performance in incentive systems	SR	25
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	SR	46
E1-1	Transition plan for climate protection	SR	47
ESRS 2 IRO-1	Description of the procedures for determining and evaluating the material climate-related impacts, risks and opportunities	SR	34 et seqq.
E1-2	Concepts related to climate protection and adaptation to climate change	SR	47 et seq.
E1-3	Measures and resources related to climate concepts	SR	48 et seq.
E1-4	Objectives related to climate protection and adaptation to climate change	SR	50 et seq.
E1-5	Energy consumption and energy mix	SR	52
E1-6	Gross GHG emissions in the categories Scope 1, 2 and 3 and total GHG emissions	SR	52 et seqq.
E1-7	Removal of greenhouse gases and projects to reduce greenhouse gases, financed via CO_2 certificates	SR	55
E1-8	Internal CO_2 pricing	SR	55
E1-9	Expected financial effects of material physical and transition risks and potential climate-related opportunities	SR	55 et seqq.
ESRS E4 · Biodiversity and ecosystems			
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	SR	59 et seq.
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	SR	59
ESRS 2 IRO-1	Description of the procedures for determining and evaluating the material impacts, risks and opportunities relating to biodiversity and ecosystems	SR	34 et seqq.
E4-2	Concepts relating to biodiversity and ecosystems	SR	60 et seqq.
E4-3	Measures and resources related to biodiversity and ecosystems	SR	62
E4-4	Objectives relating to biodiversity and ecosystems	SR	62 et seq.
E4-5	Key indicators for impacts related to biodiversity and ecosystem changes	SR	63
E4-6	Expected financial effects from impacts, risks and opportunities related to biodiversity and ecosystems	SR	63

Environment

TABLE 005

Disclosure requirement		Section/report	Page
ESRS E5 · Use of resources and circular economy			
ESRS 2 IRO-1	Description of the procedures for determining and evaluating the material impacts, risks and opportunities relating to use of resources and circular economy	SR	34 et seqq.
E5-1	Concepts related to resource use and circular economy	SR	65 et seq.
E5-2	Measures and resources related to resource use and circular economy	SR	66
E5-3	Objectives related to resource use and circular economy	SR	67
E5-4	Resource inflows	SR	67
E5-5	Resource outflows	SR	67
E5-6	Expected financial effects due to impacts, risks and opportunities in connection with resource use and the circular economy	SR	67

Social

TABLE 005

Disclosure requirement		Section/report	Page
ESRS S1 · The company's workforce			
ESRS 2 SBM-2	Stakeholders' interests and viewpoints	SR	27 et seq.
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	SR	77
S1-1	Concepts related to the company's workforce	SR	77 et seq.
S1-2	Procedures for involving the company's workforce and employee representatives in terms of impact	SR	78
S1-3	Processes to improve negative impacts and channels through which the company's workforce can raise concerns	CGD, SR	78
S1-4	Taking action to address significant impacts on the company's workforce and approaches to managing significant risks and exploiting significant opportunities associated with the company's workforce, as well as the effectiveness of these measures	SR	79
S1-5	Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities	SR	80
S1-6	Characteristics of the company's employees	SR	80 et seq.
S1-7	Characteristics of the company's external workforce	SR	81
S1-8	Collective bargaining coverage and social dialogue	SR	81
S1-9	Diversity indicators	SR	81
S1-10	Adequate remuneration	SR	82
S1-11	Social security	SR	82
S1-12	People with disabilities	SR	82
S1-13	Key figures for further training and competence development	SR	82

Social

TABLE 005

Disclosure requirement		Section/report	Page
S1-14	Health and safety indicators	SR	83
S1-15	Key figures for work-life balance	SR	83
S1-16	Key remuneration figures (differences in earnings and total remuneration)	SR	83
S1-17	Incidents, complaints and serious consequences related to human rights	SR	83
ESRS S2 · Employees in the value chain			
ESRS 2 SBM-2	Stakeholders' interests and viewpoints	SR	27 et seq.
ESRS 2 SBM-3	Impacts, risks and opportunities and their interaction with the strategy and business model	SR	85
S2-1	Concepts related to employees in the value chain	SR	86
S2-2	Procedures for involving the employees in the value chain with regard to impacts	SR	86 et seq.
S2-3	Procedures for improving negative impacts, and channels through which workers in the value chain can raise concerns	CGD, SR	87
S2-4	Taking action to address significant impacts, and approaches to managing significant risks and exploiting significant opportunities associated with the employees in the value chain, as well as the effectiveness of these measures and approaches	SR	87 et seq.
S2-5	Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities	SR	88
ESRS S3 · Affected Communities			
ESRS 2 SBM-2	Stakeholders' interests and viewpoints	SR	27 et seqq.
ESRS 2 SBM-3	Impacts, risks and opportunities and their interaction with the strategy and business model	SR	90
S3-1	Concepts related to affected communities	SR	90 et seq.
S3-2	Procedure for involving affected communities with regard to impacts	SR	91
S3-4	Taking action to address significant impacts, and approaches to managing significant risks and exploiting significant opportunities associated with the affected communities, as well as the effectiveness of these measures and approaches	SR	92
S3-5	Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities	SR	92

Governance

TABLE 005

Disclosure requirement		Section/report	Page
ESRS G1 · Corporate Governance			
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	CGD, SR	18 et seqq.
ESRS 2 IRO-1	Description of the procedures for determining and evaluating the material impacts, risks and opportunities	SR	34 et seqq.
G1-1	Corporate culture and concepts for corporate governance	SR	95 et seqq.
G1-2	Management of relationships with suppliers	SR	97
G1-6	Payment practices	SR	97

Company-specific information

TABLE 005

Disclosure requirement		Section/report	Page
ESRS U1 · Affordable living			
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	SR	99
ESRS 2 MDR-P	Concepts related to affordable living	SR	99 et seq.
ESRS 2 MDR-A	Measures and resources related to affordable living	SR	100
ESRS 2 MDR-T	Objectives related to affordable living	SR	100

SR Sustainability Report
MR Management Report
REM Remuneration Report
CFS Consolidated Financial Statements
CGD Corporate Governance Declaration
ER Economic Report
ROR Risk and Opportunities Report

Environment

ESRS E1

Climate change

Material topics:

- **Climate change adaptation**
- **Climate change mitigation**
- **Energy**

Our company
Combined management report
Foundations of the Group
Sustainability report
Economic report
Risk and opportunities report
Outlook
Other disclosures
Consolidated financial statements
Independent auditor's report
Supervisory Board report
Remuneration report
Other information

Climate change

TABLE 006

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
E1	**Climate change adaptation**								
	Adaptation of buildings to climate risks The construction sector is a high CO_2 emitter and can contribute to the unsustainable use of land. Buildings are vulnerable to climate hazards and must be adapted accordingly.	Negative		●					●
	Consideration of climatic conditions (in planning) When implementing new construction projects, the increase in extreme weather events and changing climatic conditions such as heat waves, floods and storms can be taken into account as early as the planning stage with appropriate measures.	Positive		●	●				●
	Additional costs due to climate-adapted construction methods Climate-adapted construction of buildings can result in additional costs.		Risk	●	●				●
	Climate change mitigation								
	GHG emissions from extraction of raw materials and production of building materials High greenhouse gas emissions can occur during the extraction/production of construction materials.	Negative		●			●		
	GHG emissions from the production, transport and disposal of building materials Large quantities of CO_2 are emitted during the construction of buildings when building materials are manufactured, transported and disposed of.	Negative		●		●	●	●	
	GHG emissions in use phase Supplying energy to buildings during the use phase results in greenhouse gas emissions (CO_2).	Negative				●	●		
	Increased costs due to higher contractual partner requirements Increased costs resulting from stricter climate change mitigation requirements may be passed on to the Instone Group by suppliers.		Risk	●					●
	Energy								
	Energy requirement in the use phase During the use phase, properties have a high energy requirement (kWh), particularly for electricity and electricity-based heating and cooling.	Negative				●	●		
	Increased costs due to higher energy prices at contract partners Increased costs resulting from rising energy prices may be passed on to the Instone Group by suppliers.		Risk	●				●	●

Strategy

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

TCFD Strategy

As part of our sustainability strategy, we continuously address the impacts, risks and opportunities of climate change. We focus in particular on the following aspects:

- **Climate change adaptation:** Buildings are increasingly exposed to extreme climatic risks such as storms, rising temperatures and changing precipitation patterns. These challenges call for resistant construction methods that ensure long-term use and preservation. Therefore, climate-adapted planning is essential. As project developers, we can take climatic conditions into account at an early stage using appropriate countermeasures.

- **Climate change mitigation:** The building sector is one of the main sources of CO_2 emissions. These are generated along the entire value chain, particularly in two key areas:

  - Manufacture, transport and disposal of construction materials: Energy-intensive materials such as concrete and steel in particular contribute to climate change due to high GHG emissions during the manufacturing process. The extraction of the requisite raw materials also causes considerable emissions as energy-intensive processes such as the mining and processing of ore, sand or rock are often necessary. Transportation and disposal of the materials can also lead to GHG emissions.

  - Use phase: Over the entire life cycle of a building, greenhouse gas emissions are mainly caused by energy consumption during the use phase.

- **Energy:** In the use phase, the negative impact is particularly evident in the energy demand, which is primarily characterised by the consumption of electricity and the operation of electricity-based heating and cooling systems.

- **Additional costs due to climate-adapted construction methods**: The construction industry plays a key role in discussions about achieving the climate targets set by the German government and the EU. The requirements for climate-friendly construction have already become more stringent in the past, and this development is expected to continue. More stringent requirements could lead to additional costs for the Instone Group, both for adapting the construction methods to climate conditions and for sustainable planning and implementation.

- **Increased costs due to more stringent contractual partner requirements:** The continuously more stringent requirements relating to climate change mitigation can also lead to an increase in production and delivery costs for our contractual partners. These cost increases are often the result of adapting processes, materials and technologies in order to comply with stricter environmental standards and legal requirements. That is why the Instone Group is increasingly confronted with this development as contractual partners pass on some of the additional financial burden of complying with climate change mitigation requirements to their business partners.

- **Increased costs due to higher energy prices at contractual partners:** The rising energy prices faced by our contractual partners represent a further risk. Contractual partners pass on some of the potential additional costs to their business partners, meaning that the Instone Group may also be affected by rising energy prices and the associated financial burdens.

The Instone Group can actively contribute to climate change mitigation by taking climate conditions into account during the planning stage, testing innovative energy policies at an early stage and consistently reducing greenhouse gas emissions over the entire life cycle of a building. The underlying policies and measures are explained in more detail below.

E1-1

Transition plan for climate change mitigation
TCFD Strategy TNFD Metrics and Targets C

The aim is to get the entire company actively involved in the sustainable transformation process and to clearly communicate and practise responsibility. Back in the 2021 financial year, the Instone Group announced a climate strategy as part of its sustainability strategy. This included the publication of the company's long-term climate target: achieving net zero emissions along its entire value chain by 2045. The detailed objectives can be found in section “E1-4”, page 50 et seq.

Actively addressing the decarbonisation levers of our new construction activities is a key building block for us on the path to a sustainable future. We are working intensively on this topic and are continuously analysing it in our IMPACT working groups. The aim is to develop well-founded strategies and measures to minimise CO_2 emissions throughout the entire life cycle of buildings (from manufacture to disposal). See “E1-3” for further details, page 48 et seq.

The requirements for the transition plan are currently being reviewed so that we can then assess when implementation can take place.

Management of impacts, risks and opportunities

E1-2

Concepts related to climate change mitigation and adaptation

Numerous activities are currently underway at the Instone Group to actively promote climate change mitigation. To make these activities even more effective, we are working on a holistic, overarching climate policy. This policy will help us to strategically combine our existing approaches to climate change mitigation, utilise synergies and define clear goals for the future.

We act in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by taking measures to systematically identify, assess and transparently report climate-related risks and opportunities. For this reason, the climate scenario analysis drawn up in 2022 was updated in the 2024 financial year to shed light on transitory and physical risks and opportunities in line with these recommendations. We have also continued to work on embedding and implementing the climate strategy as part of our general business strategy. GRI 201-2

In addition to reducing our Scope 1 to Scope 3 emissions, we plan to carry out a resilience analysis in future. This constitutes a refinement of the existing climate scenario analyses and will be integrated into a comprehensive, standardised policy. The financial consequences of the transition to a 1.5°C-compliant, low-carbon economy have already been systematically analysed. The aim of this refinement is to assess climate-related risks and their impact more precisely and to analyse and sustainably improve our company's resilience so that we are able to respond flexibly to future challenges. This will also include a definitive transfer to CapEx/OpEx plans. The resilience analysis is mentioned here as an example as numerous other activities are being pursued simultaneously, which are also incorporated into the policy. This policy will create the basis for holistically managing climate-related risks and opportunities and sustainably aligning our strategic orientation with the requirements of climate change.

Below, the focus is on describing the existing guidelines and declarations that are implemented consistently at the Instone Group:

Guideline for conducting the materiality analysis

The materiality analysis supports the Instone Group's climate change mitigation endeavours by identifying the relevant sustainability issues that are influenced by the company's business activities and have an impact on the company itself. By prioritising these issues, the Instone Group is able to develop targeted measures to minimise its impact on climate change while effectively managing risks and opportunities in relation to sustainability. This guideline is the responsibility of the Sustainability & Transformation department and is consistently adapted to regulatory requirements.

Company car policy

The updated company car policy places particular emphasis on reducing CO_2 emissions by focusing on electric and hybrid models in order to help achieve the company's environmental goals and reduce Scope 1 emissions over the long term. The policy is binding for all employees who are entitled to a company car. Our fleet management is responsible for the policy.

Environment policy

The sustainability mission statement, which is enshrined in the Instone Group's internal environment policy, covers the analysis and continuous improvement of the environmental footprint both in the company's own business activities and in the buildings it constructs. The focus is on CO_2 reduction, resource conservation, the circular economy, energy efficiency and recycling management. The Instone Group is pursuing the goal of achieving CO_2-free, resource-saving operations by 2045 and implementing the goals of the Paris Climate Agreement and the EU taxonomy.

E1-3

Measures and resources in relation to climate change policies

Our role as a project developer gives us the opportunity to take climate requirements for the building into account right from the planning stage – either in the course of our own planning (Nyoo Real Estate GmbH) or together with external planning offices. To gain a comprehensive picture of potential climate scenarios, we carry out a physical climate risk analysis for every project. The resulting findings are incorporated into our planning and implementation processes. Buildings that are adapted to climatic conditions can not only be used more efficiently, but also offer greater resistance to environmental influences. This increases their service life, reduces costs in the long term and offers our buyers greater security and a guarantee for the future.

Our climate activities to reduce GHG emissions take a holistic approach that encompasses both the GHG emissions from our own business activities (Scope 1 and Scope 2) and the GHG emissions from our construction projects (Scope 3). These topics are one of the focal points of our operational IMPACT working groups, which are made up of more than 35 colleagues.

Measures for our own business activities (Scope 1 and Scope 2)
GRI 305-1, 305-2

In our internal processes, we use specific means to carry out our climate activities in a consistent manner:

- Scope 1 – Company car fleet: We have revised our company car policy in order to reduce direct emissions. New CO_2 limits and additional requirements promote environmentally conscious behaviour. Examples include preferential use of low-emission vehicles and promotion of alternative mobility solutions.

- Scope 2 – Energy consumption in office spaces: Sustainability is a key criterion when leasing new office space. A specially developed checklist ensures that all relevant sustainability criteria are taken into account, enabling a reduction in energy consumption and Scope 2 GHG emissions.

- Scope 2 – Energy consumption on construction sites: To reduce GHG emissions on construction sites, the Instone Group has concluded a framework agreement that ensures the nationwide supply of green power for on-site consumption. This makes electricity consumption on construction sites more climate-friendly.

The GHG balance is presented in detail in section "E1-6", page 52 et seqq.

Measures for construction projects (Scope 3) GRI 305-3

As our construction projects account for the largest share of our GHG emissions, we place particular emphasis on reducing CO_2 emissions during building construction, the use phase and the disposal phase. We focus on the following areas of activity:

- GHG emissions from the extraction of raw materials and production of building materials: We opt to use low-emission materials and optimised construction methods in order to minimise the environmental footprint in the upstream value chain.

- Sustainability in the use phase: Innovative energy policies enable us to significantly reduce emissions during the use phase. This includes taking alternative energy sources into consideration, such as the use of waste heat from data centres, in order to cover heating requirements in a sustainable manner. The aim is both to increase efficiency and to meet the remaining energy requirements in a climate-neutral way.

- GHG emissions from the production, transport and disposal of building materials: Recycling and reusing building materials can help to reduce CO_2 emissions in the disposal of buildings.

As a major player in the new-build sector, the Instone Group has the opportunity to create environmentally friendly, long-lasting buildings. We therefore attach great importance to sustainable planning and construction. We are always investigating new possibilities and taking specific measures to gradually achieve further optimisation. A large number of internal technical experts are involved in the IMPACT working groups, working intensively on the topics from different perspectives. We also keep a close eye on market developments and analyse which new technologies and solutions can be implemented. One example of this is timber construction, which we are continuing to research as a sustainable alternative for the construction industry as we seek to utilise the potential for more climate-friendly construction methods. We can minimise CO_2 emissions by using innovative construction methods and more sustainable materials. These topics are at the heart of every project.

In addition to reducing CO_2 emissions, our aim is to construct sustainable and energy-efficient buildings ("green buildings"). As a rule, we strive to achieve the German Sustainable Building Quality Seal (QNG) certification for our newly launched projects. This includes renowned sustainability certificates such as DGNB, NaWoh or BiRN. This fundamental approach ensures that we are not only significantly reducing CO_2 emissions but also factoring in and implementing other parameters for sustainable construction. Based on the German Quality Seal for Sustainable Buildings (QNG) and the associated requirements, such as a maximum GWP value (maximum greenhouse gas emissions in the QNG-PLUS residential building life cycle of 24 kg CO_2 equ./m² a) and the energy standard (Efficiency House 40), we analyse potential CO_2 savings and develop policies aimed at undercutting the required guideline values. We work closely with our contractual partners to jointly develop innovative solutions for a wide range of requirements. Environmental aspects such as climate change mitigation, environmental pollution and the circular economy are considered and agreed upon at an early stage in the planning process.

Measures for construction projects (energy reduction in the use phase)

- Reducing energy consumption and intensity: As early as the planning phase, we develop site-specific energy policies with the aim of minimising the energy consumption of our buildings and improving the carbon footprint.

Metrics and targets

E1-4

Objectives related to climate change mitigation and adaptation

TCFD Metrics and Targets

To minimise GHG emissions in the extraction of raw materials and production of construction materials during the development of buildings and in the use phase, thereby counteracting the negative effects, the Instone Group has set various targets aimed at achieving a sustainable reduction in emissions in all phases of the construction process.

These targets are outlined below. Detailed quantitative evaluations and analyses can be found in section "E1-6", page 52 et seqq., where target achievement is comprehensively documented.

Back in the 2021 financial year, the Instone Group announced a climate strategy as part of its sustainability strategy. It included the publication of the long-term climate target: achieving net zero emissions along the value chain by 2045. The Instone Group also presented a medium-term target to reduce Scope 1 and Scope 2 emissions by 42% by 2030 and had it validated by the Science Based Targets initiative (SBTi). Moreover, the Instone Group is currently looking into developing a medium-term reduction target for Scope 3 emissions in order to further strengthen the company's sustainability claim. As a result, the company is pressing ahead with the relevant action plans and validation by the SBTi will be stepped up in the coming years.

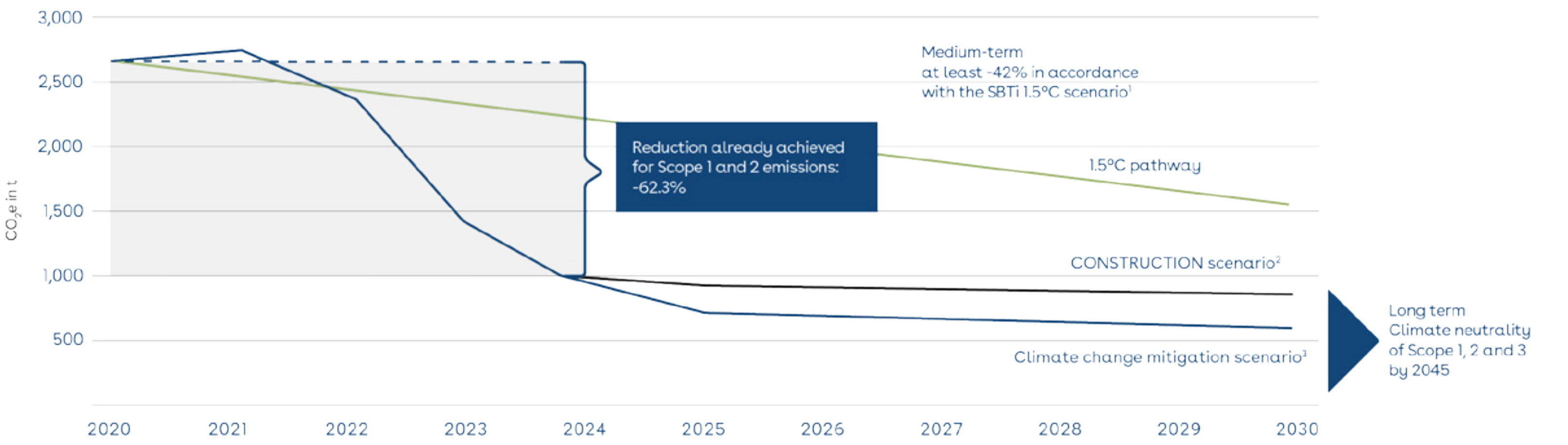
At the Instone Group, Scope 1 comprises the company car fleet emissions, while Scope 2 is based on electricity and heat consumption by offices and branches as well as electricity consumed at construction sites. Our Scope 3 emissions include those generated during the various life cycle phases of a building, such as the production of building materials and their transport to the construction site, as well as their use and disposal. Our Scope 3 emissions also include those caused directly by the Instone Group, including business travel, employee commuting and emissions from rented buildings before the start of the project.

In the context of target achievement, GHG emissions as the sum of Scope 1 and 2, which account for 0.6% of total emissions, fell by 62.3% in absolute terms compared to the base year of 2020 and by 85.4% in terms of GHG intensity/m^2 compared to the base year of 2020. This means that last year the Instone Group met (exceeded) its annual reduction target, which was reviewed by the SBTi and provides for decarbonisation in line with the 1.5°C pathway, figure 009. The improvements in Scope 2 were essentially achieved through the ongoing gradual conversion of offices and construction sites to green electricity. The ongoing replacement of fleet vehicles with more fuel-efficient as well as electric models had further positive effects on Scope 1 emissions. There is also potential for reduction in the areas of energy and Scope 1 and 2 emissions in the coming year. In addition to Scope 3 emissions resulting from project development, there is also a share from employees' travel and commuting activities, which accounted for around 0.1% of Scope 3 emissions in the 2024 financial year. These rose by 6.2% compared to the previous year, which, given the increase in the number of trips, is primarily due to the internal one-day Instone Group Conference[1] with overnight accommodation. In contrast, the lower number of employees also resulted in lower emissions from commuting. The comparison of Scope 3 emissions shows an increase in GHG intensity of 4.7% compared to the previous year (2023). Although there was a reduction in absolute Scope 3 emissions in 2024, sales also fell at the same time. As the decline in emissions was not proportional to the decline in sales, the overall GHG intensity increased.

[1] The Instone Group Conference plays a central role in ensuring social cohesion within the company as it strengthens togetherness and promotes cooperation. It also provides a valuable platform for exchanging ideas, experiences and best practices. At the same time, because new knowledge is shared and common goals are developed, it also serves to provide further training for employees, which contributes to the long-term development of the company.

Projected versus actual climate targets

FIGURE 009



[1] The course of Scopes 1 and 2 is based on projects involving planned measures and takes into account planned growth.

[2] BAU scenario: This calculation for Scope 2 is based on the assumption that the decarbonisation of the energy sector is progressing only moderately (according to the German Federal Ministry for Economic Affairs and Climate Action, 2021).

[3] Climate change mitigation scenario: This calculation of Scope 2 is based on the assumption that the decarbonisation of the energy sector will result in climate neutrality by 2045 (based on Agora et al., 2021).

E1-5

Energy consumption and mix

GRI 302, 302-1, 302-2, 302-3

Energy consumption and mix TABLE 007

	Unit	2024	2023
Coal and coal products	MWh	0	n/a
Crude oil and crude oil products	MWh	0	n/a
Natural gas	MWh	201	n/a
Other fossil sources	MWh	0	n/a
Purchased or acquired electricity, heat, steam or cooling from fossil sources	MWh	559	n/a
Total energy consumption from fossil sources	MWh	760	n/a
Total energy consumption from nuclear sources	MWh	5	n/a
Renewable energy sources such as biomass, biofuels, biogas, hydrogen from renewable sources etc.	MWh	0	n/a
Purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	2,809	n/a
Self-generated, non-fuel-related energy from renewable sources	MWh	0	n/a
Total energy consumption from renewable sources	MWh	2,809	n/a
Total energy consumption	**MWh**	**3,574**	**5,842**
Proportion of energy from fossil sources in total consumption	%	21.3	n/a
Proportion of energy from nuclear sources in total consumption	%	0.1	n/a
Proportion of energy from renewable sources in total consumption	%	78.6	n/a
Non-renewable energy generation	MWh	0	n/a
Renewable energy generation	MWh	0	n/a
Energy intensity (total energy consumption in relation to net revenue)	**MWh per million EUR**	**6.78**	**9.48**

The energy intensity results from activities in an area with strong climate impacts. The Instone Group operates in the construction/building sector, which is one of the climate-intensive sectors in accordance with Section F of Regulation (EC) 1893/2006.

The energy used in our office locations, in our showrooms and on our construction sites comes from various sources. These include natural gas, district heating and grid power.

The total energy consumption and energy mix are recorded annually and are based on the calculation data of the respective energy suppliers. In cases where the energy data were unavailable or available only in part, projections for the full year have been made on the basis of known data points or data from the previous year. Manual controls and automated projections ensured that data collection was carried out as comprehensively and precisely as possible.

While only total energy consumption and energy intensity were reported last year, a detailed breakdown of energy consumption by energy source has been carried out for the first time this year. In 2024, total energy consumption was also reduced by approximately 38.8% compared to the previous year (2023: 5,842 MWh). Energy intensity also fell by approximately 28.5% (2023: 9.48). This success is the result of targeted measures. As part of the IMPACT working group ESG Inside, a catalogue of measures was developed last year to reduce energy consumption in office spaces and on construction sites. Inter alia, an internal survey and interviews were conducted to capture the broadest possible opinion and to generate ideas. The results form the basis for the further implementation of specific measures.
GRI 302-4, 302-5

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

GRI 305, 305-1, 305-2, 305-3, 305-4, 305-5 TCFD Metrics and Targets

GHG emissions are recorded based on a standard internal process. This includes both the balance sheet and life cycle perspectives for Scope 3 and covers all energy consumption in Scopes 1 to 3 within the scope of our business activities, which ensures comprehensive coverage of all impacts of our activities. We divide our GHG emissions into two different approaches. On the one hand, we use the standard classification according to Scope 1, 2 and 3 as described in the GHG Protocol. From this perspective – the overall perspective – the emissions are recorded in the year they are produced. The downstream Scope 3 emissions of products that have been sold are an exception. They are fully reported once they are sold in the year when they are handed over. In our case, this means that the emissions from the entire use phase (50 years) and the dismantling of our buildings completed in the 2024 financial year are taken into account in the same year. The life cycle perspective – the second form of presentation – which we present in this report, allocates all emissions of all projects completed during the period under review to the corresponding life cycle phases (production, use, disposal).

The calculation of Scope 1 emissions is based on the annual contractually agreed performance of all company vehicles, the data of which is provided by Fleet Management. A projection is carried out, which includes all vehicles in the vehicle fleet as at the reporting date – 31 December of the respective financial year.

Scope 2 emissions include the electricity and heat consumption of the offices and branches, as well as the construction power required for the construction sites. A detailed description of the methodology for calculating this consumption can be found in "E1-5", page 52.

The calculations for both Scope 1 emissions and Scope 2 emissions are based on the emission factors made publicly available by the Federal Environment Agency.

In relation to our Scope 3 emissions, which make up 99.4% of total emissions, the calculation method has been specified in contrast to previous years. Scope 3 greenhouse gas accounting, in accordance with the GHG Protocol, records the upstream and downstream emissions that occur throughout the entire life cycle of the residential buildings developed by the Instone Group. These include emissions that occur during the manufacture of materials, during use of the buildings and during the disposal phase. Since the planning and construction of external companies are carried out and the Instone Group has no direct influence on the use of materials, accounting is carried out by estimating the use of materials over the construction period.

For accounting, a prototype process of one of our projects is defined, taking into account the construction phases, assembly, duration of activity and the associated costs as parameters. The manufacturing emissions of the respective trades are then allocated to the trades (e.g. concrete to shell construction) and compared with the proportional costs. This means that the manufacturing emissions can be allocated proportionally to the project progress (in relation to construction costs). For example, around 90% of emissions have been generated by the time a project is nearing the 60% completion stage.

This developed prototype can be used to allocate proportional production emissions to each cost-based project step, regardless of costs and project duration.

Assumptions:

- A construction project is considered completed if the level of completion is 98% or higher.
- Projects are included in accounting from the start of construction. Leasing and development projects are not included.

Required baseline values:

- CO_2 emissions from the manufacturing phase (A1–A3), use phase (B4, B6) and disposal phase (C3, C4).
- Completion status, calculated on the basis of the ratio of current costs to plan costs.

Accounting steps:

- The completion status of the projects will be reviewed as at the reporting date (e.g. 31 December).
- For completed projects, the downstream emissions (emissions from the use phase (B4, B6) and the disposal phase) are also taken into account.

The method enables a consistent, standardised calculation of emissions and is flexibly applicable to different project conditions.

Gross GHG emissions in the Scope 1, 2 and 3 categories and total GHG emissions

TABLE 008

	Unit	2024	2023	Target (if applicable)
GHG emissions				
Absolute value of Scope 1 greenhouse gas emissions	tCO_2e	717	855	Net zero climate neutrality by 2045
Absolute value of the reduction in Scope 1 greenhouse gas emissions compared to the previous year	tCO_2e	-138	n/a	
Intensity value of Scope 1 greenhouse gas emissions	tCO_2e per million EUR	1.36	1.39	
Intensity value of the reduction in Scope 1 greenhouse gas emissions compared to the previous year	tCO_2e per million EUR	-0.03	n/a	
Scope 2 GHG emissions for electricity	tCO_2e	87	364	
Scope 2 GHG emissions for heating	tCO_2e	198	219	
Absolute value of Scope 2 greenhouse gas emissions	tCO_2e	285	582	Net zero climate neutrality by 2045
Absolute value of market-based reduction of Scope 2 greenhouse gas emissions compared to the previous year	tCO_2e	-298	n/a	
Intensity value of Scope 2 greenhouse gas emissions	tCO_2e per million EUR	0.54	0.95	
Intensity value of the reduction in Scope 2 greenhouse gas emissions compared to the previous year	tCO_2e per million EUR	-0.41	n/a	
Absolute value of Scope 1 and 2 greenhouse gas emissions	tCO_2e	1,001	1,437	Net zero climate neutrality by 2045
Percentage of market-based reduction in Scope 1 and 2 greenhouse gas emissions (based on emissions of the base year SBTi)	Percentage	62.3	46.1	At least -42% by 2030 (1,546 tCO_2e; base year 2020) in line with the 1.5°C global warming pathway of the International Energy Agency (IEA)
Scope 3 greenhouse gas emissions – upstream value chain	tCO_2e	27,400	65,126	
6 business trips	tCO_2e	87	48	
7 commuting	tCO_2e	108	135	
13 rented properties before the start of the project	tCO_2e	796	1,138	
2 buildings under construction – manufacturing phase	tCO_2e	25,577	62,985	
2 completed buildings – manufacturing phase	tCO_2e	832	820	
Scope 3 greenhouse gas emissions – downstream value chain	tCO_2e	149,773	132,531	
11 completed buildings – use phase	tCO_2e	145,292	128,065	
12 completed buildings – disposal phase	tCO_2e	4,480	4,465	
Absolute value of Scope 3 greenhouse gas emissions	tCO_2e	177,172	197,657	Net zero climate neutrality by 2045
Absolute value of the reduction in Scope 3 greenhouse gas emissions compared to the previous year	tCO_2e	-20,485	n/a	
Intensity value of Scope 3 greenhouse gas emissions	tCO_2e per million EUR	336.06	320.87	
Intensity value of the reduction in Scope 3 greenhouse gas emissions compared to the previous year	tCO_2e per million EUR	15.19	n/a	
Absolute value of Scope 1 to 3 greenhouse gas emissions	tCO_2e	178,174	199,094	Net zero climate neutrality by 2045
Absolute value of the reduction in Scope 1 to 3 greenhouse gas emissions compared to the previous year	tCO_2e	-20,920	n/a	
Intensity value of Scope 1 to 3 greenhouse gas emissions	tCO_2e per million EUR	337.96	323.21	
Intensity value of the reduction in Scope 1 to 3 greenhouse gas emissions compared to the previous year	tCO_2e per million EUR	14.76	n/a	

E1-7

GHG removals and GHG mitigation projects financed through carbon credits

The Instone Group does not carry out any projects to reduce or eliminate greenhouse gases that are financed by CO_2 certificates.

E1-8

Internal carbon pricing

The Instone Group does not carry out internal carbon pricing as other policies are being pursued to achieve climate neutrality page 47 et seq.

E1-9

Expected financial effects from material physical and transition risks and potential climate-related opportunities

GRI 201-2 TCFD Governance, Strategy, Risk Management and Metrics and Targets

As part of the climate strategy, the analysis of transitory risks and opportunities was updated in the year under review, taking into account two 1.5°C scenarios and a 2.6°C scenario. The analysis of transitory climate risks was revised last year to take into account current material prices and emissions factors. In this case, too, the quantitative calculations show specific results in terms of costs, revenue and profitability. These were calculated factoring in market changes, regulations and changes in energy prices. The source of the scenarios – the Network for Greening the Financial System (NGFS) – was supplemented where necessary with current material prices, macroeconomic data and internal information (detailed description of the scenarios and procedure in the 2022 annual report).

The following results showed no significant changes from the previous year. All the scenarios include much higher increases in the costs of energy and emissions from 2023 to 2030 compared with the period between 2030 and 2050. In the 1.5°C scenario, this is mainly due to the energy sector's transition to a higher proportion of renewable energies and to a faster phase-out of fossil fuels, including gas, which is reflected in a correspondingly steep rise in energy prices. From 2030 onwards, energy prices in particular will stabilise, while the carbon price will continue to increase slightly.

The 2.6°C scenario is based on a lower level of transformation activity, with a less dramatic rise in energy prices primarily as a result of the expansion of gas and, to some extent, renewable energies in response to the current energy crisis. Fossil fuels will remain in the energy mix in the long term. The carbon price will remain at a level that has no impact on our activities.

Using the scenario assumptions, we were able to develop chains of effects consisting of climate risk drivers and climate opportunity drivers for business activities and for the upstream and downstream value chain in terms of both costs and revenue.

Risk and opportunity assessment for manufacturing costs in the 1.5°C and 2.6°C scenarios as at 31 December 2023

TABLE 009

		Net zero 2050 (1.5°C) – Instone Group		Net zero 2050 (1.5°C) – all industrial sectors		NDC (2.6°C)	
Drivers	**Affected metrics**	**2030**	**2050**	**2030**	**2050**	**2030**	**2050**
Costs			**Cost increase**				
Construction site equipment	Transport price	Low	Low	Low	Medium	Low	Low
Excavation and foundations	Concrete price	High	Medium	High	Not available	High	Low
Shell construction	Concrete price, Steel price, Sand-lime brick price, Timber price, Brickwork price, Brick price	High	High	High	Not available	High	Low
Insulation	Insulation material price	Medium	Low	Medium	Not available	Medium	Low
Windows	Glass price	Low	Low	Low	Low	Low	Low
Sanitary fittings and accessories	Ceramic price	Medium	Low	Low	Not available	Low	Low
Heating systems	Steel price Plastic price	Medium	Low	Medium	Not available	Medium	Low

On the cost side, price developments for materials relevant to the Instone Group's business model were calculated using the scenario assumptions. The most important materials were identified and allocated based on an overview of construction costs by trade. The materials analysed comprise a total of 70% of construction costs, while the rest is below the materiality limit of 5%. Each trade's share of the total amount of costs was examined in the reporting year. Despite some changes in material prices, there were no significant changes in this respect. Risk ratings changed in a few cases due only to shifts in the trades' shares of the costs.

The results show that, in the 1.5°C scenario, the highest cost rises can be expected up to 2030 and up to 2050. In the 1.5°C scenario, this is due to the falling emission and energy intensity of the material manufacturing processes. This reduction in intensity from 2030 onwards can be achieved in the main by improved efficiency, the use of carbon capture and storage (CCS) and the introduction of green hydrogen into the manufacturing processes for steel, concrete and bricks, for example. This is expected to lead to an increase in costs.

Rising prices in the context of persistently high energy prices and the associated faster transition to renewable energies are the main reasons behind the very similar cost increase in the period up to 2030 in the 2.6°C scenario. On the other hand, the lower cost increases in the scenario up to 2050 are justified by the fact that, in the 2.6°C scenario after 2030, less restrictive emission and energy requirements are assumed and, therefore, a lower increase in the price of carbon and energy can be achieved.

Risk development and opportunity assessment of the revenue driver in the 1.5°C and 2.6°C scenario as at 31 December 2023

TABLE 010

Revenue drivers	Affected metrics	Risk and opportunity assessment
Growth in space	Growth in living space (apartments)	Opportunity
Subsidies	Subsidies	Low
Passing on costs	Margins	Low
Sales prices	Margins	Opportunity

The trade most affected by transition risks is shell construction. This is due on the one hand to the predominant use of materials with high emission and energy intensities, such as steel and concrete, and on the other hand to the high proportion of total construction costs, which is about 34%.

On the revenue side, it was possible to identify chains of effects of climate risks and opportunities, but these could not be quantified in a comparable way because there is a lack of scenario assumptions. To determine the possibility of passing on price increases, sales price developments of energy-efficient buildings or subsidies for sustainable construction, studies and articles were analysed on the basis of publicly available sources and compared with internal information in order to arrive at a qualitative assessment of the results. Accordingly, on the revenue side, the two climate scenarios could not be considered separately.

The qualitative assessment of the revenue highlights two opportunities in particular. Even from the perspective of a 1.5°C scenario, there is nothing to stand in the way of the corporate growth strategy. Here, too, an increase in space is still required in new apartment buildings. Another opportunity is that the Instone Group is already building CO_2- and energy-efficient buildings, which could potentially fetch higher prices than conventional ones.

The current subsidy situation carries only a low risk because expiring subsidies for completed projects account for only a small single-digit percentage of revenue. The main focus of funding programmes such as the "Klimafreundlicher Neubau" (climate-friendly new construction) programme is currently on supporting buyers, while incentives for investors or developers are given less priority.

A low risk was attributed to a decreasing possibility of cost sharing. Therefore, it is not possible to predict how this situation will develop. However, it is a factor that should not be ignored when assessing whether the projected increases in building construction costs could become a risk for the Instone Group. The Instone Group will regularly review this development in order to develop measures at an early stage.

Since 2022, the physical climate scenario analysis has been carried out using the Munich Re Climate Risk Assessment Suite, using three scenarios with a range of <2°C, 3°C and >4°C. Since the middle of 2022, this process has involved evaluating each project site in the portfolio for potential physical risks. The responsibility for the analysis process in terms of the physical climate scenario analysis lies with the acquirer. This means the results of the analysis can be factored into the purchase decision and included in planning and construction changes.

The analysis of physical climate risks was also carried out in the 2024 financial year using the Munich Re Climate Risk Assessment Suite. All of the portfolio's projects that were either in the course of construction or completed during the calendar year were analysed.

High risks are to be expected in four projects in four different locations. Baden-Württemberg, Bavaria North, Hamburg and North Rhine-Westphalia each have a project with increased risk. Flooding and storm risks are to be expected, particularly in Hamburg and Bavaria North. The locations in Baden-Württemberg and North Rhine-Westphalia have an increased risk with regard to hail and storms. Out of 16 projects covered, four projects (25%) have a high risk of at least two hazards. Corresponding reduction measures were taken into account in the planning.

Measures were successfully implemented in 2024. Examples of this include robust construction methods in accordance with static requirements to increase the resistance to storms, the absence of glass roofs and glass ceiling lights to protect against hail, and the levelling out of the plot to prevent floods. Other measures for managing high risks associated with certain physical hazards will be continually reviewed and implemented over the coming years.

In summary, the Instone Group uses the methodology of climate scenario analysis at project level for proactive transition management and to develop targeted measures in good time in the case of high risks. However, from today's analysis, the Instone Group's business model is resilient to climate risks.

In order to ensure the long-term resilience of our buildings, the existing analysis will be further expanded in the 2025 financial year. In particular, the context of the planning and the specific risks resulting from future physical dangers will be discussed.The vulnerability assessment, which enables us to carry out a site-specific or project-specific assessment, is a central component of this extended analysis.

ESRS E4

Biodiversity and ecosystems

Material topics:

- **Direct causes of biodiversity loss**
- **Impacts and dependencies of ecosystem services**

GRI 304, 304-2, 304-3, 304-4 TCFD Strategy

Biodiversity and ecosystems

TABLE 011

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
E4	**Direct causes of biodiversity loss**								
	Habitat changes due to construction activities Construction activities can lead to the destruction, degradation and fragmentation of habitats, resulting in a loss of biodiversity natural capital on the construction sites and in the surrounding areas.	Negative		●			●	●	●
	Impacts and dependencies of ecosystem services								
	Habitat changes due to raw material extraction The extraction of raw materials during the production of building materials and the sealing of surfaces during construction activities lead to changes in habitats and the natural environment.	Negative		●			●		
	Financial risks due to a shortage of resources Construction activity is dependent on natural resources and services such as sand, timber and iron ore. A shortage of these resources entails financial risks due to increased costs that may be passed on.		Risk	●					●
	Financial risks due to threats to flora and fauna Due to the threat to flora and fauna, the site cannot be built on as planned. The consequences of this are additional costs, for example due to further expert opinions or regulatory requirements.		Risk	●	●		●	●	●

Strategy

ESRS 2 SBM 3

Material impacts, risks and opportunities and their interaction with the strategy and business model

TCFD Strategy
TNFD Governance C, Strategy A, B, C, D, Risk and Impact Management A (ii)

The Instone Group has recognised the increasing importance of biodiversity and is already an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD). This is also reflected in the proactive implementation of new regulatory requirements such as the disclosure obligations of the CSRD and the associated ESRS, which oblige companies to take biodiversity and ecosystems into account in line with ESRS E4. These requirements are particularly important for sectors identified by the TNFD as "priority sectors", such as construction and the building materials industry. The Instone Group is facing up to these challenges and systematically integrating biodiversity considerations into its business processes in order to promote the long-term conservation of natural resources and fulfil regulatory requirements.

In the materiality analysis, the topic of "biodiversity" was rated as "doubly material". This assessment underscores its central importance for our corporate strategy and the need to implement targeted measures to promote and conserve biodiversity.

In our sustainability strategy, we continuously analyse the impacts, risks and opportunities in relation to biodiversity and ecosystems. The drivers for identifying, evaluating and managing material topics as part of the impact risk opportunity (IRO) approach are explained below.

- Construction activities can have a significant impact on natural habitats, as they lead to the destruction, degradation and fragmentation of these areas. Such interventions contribute significantly to the loss of biodiversity and impair the natural capital both on the construction sites in question and in the neighbouring areas. Over the long term, these changes can endanger the ecological functions and resilience of the affected ecosystems.
- What's more, the extraction of raw materials for the production of building materials and the sealing of surfaces associated with construction activities can result in changes to the natural environment. These processes can affect the habitats of animal and plant species and potentially exacerbate environmental problems such as soil erosion, water scarcity and the loss of fertility in the affected regions.
- Construction activity is heavily dependent on natural resources and services such as sand, timber and iron ore. A shortage of these raw materials can result in financial risks in the form of rising costs that could potentially be passed on.
- There is a risk of rising costs if the site cannot be built on as planned due to the threat to flora and fauna. This risk stems in particular from the additional costs for the requisite expert opinions, stricter regulatory requirements and possible delays in the construction process.

In the 2022 financial year, specific due diligence was carried out to identify the greatest risks to biodiversity in the course of business activities. This analysis was expanded in 2023 through a pilot study in line with the recommendations of the TNFD, and updated in 2024. At the same time, the measures already taken to protect biodiversity and the need for additional action were analysed. The measures already implemented, as well as the planned measures and the underlying concepts are described in detail below.

E4-1

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

TNFD Strategy B

In the fourth quarter of 2024, the IMPACT Working Group "Biodiversity" was set up to specifically address the challenges and opportunities relating to biodiversity. The working group brings together experts from the fields of project development, project coordination and project management to ensure that a strategic approach is taken to the topic. At the first workshop, fundamental topics were discussed and initial task packages defined. More workshops will be held in 2025, where tasks, responsibilities and deadlines will be finalised in order to press ahead with the sustainable and practice-oriented integration of biodiversity into all relevant processes.

In 2025, the Instone Group will analyse how the company discloses information on biodiversity and ecosystems. In addition, topics such as the resilience of the corporate strategy and the business model in relation to biodiversity and ecosystems will be central themes. In the process, the mandatory information from a resilience analysis will be scrutinised in detail.

In 2025, we will also begin to develop a transition plan to align the corporate strategy and business model. This will take into account the visions of the Kunming-Montreal Global Biodiversity Framework, the EU Biodiversity Strategy for 2030, and respect for planetary resilience boundaries, particularly with regard to the integrity of the biosphere and the change in the land system. This company-specific action plan will be backed up with targets and actions for the future.

Management of impacts, risks and opportunities

E4-2

Concepts relating to biodiversity and ecosystems

TCFD Strategy

TNFD Governance C, Strategy B, Risk and Impact Management B

The Instone Group is currently pursuing a strategy of assessing potential projects for biodiversity risks prior to acquisition and consistently taking into account the relevant EU taxonomy requirements. The strategy also includes a six-monthly review of dependencies, risks, impacts and opportunities associated with nature and biodiversity.

To identify site-related impacts and risks, all project sites are assessed during the construction phase as part of the TNFD analysis, figure 010. The WWF Biodiversity Risk Filter is used as an analysis tool that provides a structured overview and assessment of potential nature and biodiversity-related risks. A detailed breakdown of the sites is presented, categorised according to the identified impacts/risks and dependencies and the ecological status of the areas concerned.

The analysis provides the following key findings:

- High-risk impacts: Changes in land use, loss of trees, pollution and degradation of protected areas, degradation of local communities
- Dependencies with high risk: Forest productivity and potential criticism from public perception
- Reputational risk

These risks pose not only ecological but also financial challenges for us as a company.

Potential project-specific risks to nature and biodiversity (excerpt from overall analysis)

FIGURE 010

Based on this analysis and the results of the WWF Biodiversity Risk Filter as well as the requirements of the EU taxonomy of the DNSH criterion for the protection of ecosystems and biodiversity, the IMPACT Working Group "Biodiversity" will examine in the 2025 financial year whether a separate guideline for the promotion of biodiversity and strengthening of ecosystems should be created or whether the topic should be integrated into a general sustainability guideline.

In 2025, the IMPACT Working Group "Biodiversity" will develop key aspects relating to biodiversity and ecosystem concepts based on standard industry strategies and guidelines. The aim of the biodiversity and ecosystem concepts being developed is to avoid negative impacts within the business activities and along the value chain or, where this is not possible, to minimise them. At the same time, strategies are being developed to restore degraded ecosystems and promote biodiversity. This way, the Instone Group is actively contributing to the conservation of ecological and social resources and reinforcing the company's focus on sustainability.

The IMPACT Working Group "Sustainable Construction" has developed guidelines that focus on the responsible procurement of raw materials. Specific measures have been defined, such as not using natural stone from China in order to minimise the potential for environmental pollution, child labour and long transport routes. At the same time, a decision was taken that wood may only be sourced from certified sustainable forestry in order to promote the protection of global forest resources and biodiversity. These measures emphasise the company's commitment to resource-conserving construction methods, support for environmentally friendly supply chains and the protection and promotion of biodiversity. GRI 204, 408, 408-1

E4-3

Measures and resources related to biodiversity and ecosystems
TCFD Strategy TNFD Governance C, Strategy B, C

At present, before any sites are acquired, an assessment is carried out to determine the presence of any endangered species, in compliance with EU taxonomy guidelines and based in particular on the EU LUCAS database and the EU Red List. The careful use of natural resources also plays a central role. This includes measures such as minimising the sealing of surfaces and using environmentally friendly materials. These assessments will, for example, serve as measures in the transition plan. Taking these aspects into consideration in a consistent manner will not only promote the protection of habitats, but also effectively curb the loss of biodiversity.

The results of the TNFD pilot analysis are used to perform a detailed review of the identified risks so that measures and processes can be developed. The IMPACT Working Group "Biodiversity" is therefore currently working on developing targeted measures for each medium or high-risk indicator identified by the WWF Biodiversity Risk Filter in order to effectively address these risks. These measures include specific courses of action aimed at minimising the impact on biodiversity and ecosystems, reducing potential negative impacts and promoting sustainable solutions. Both internal and external perspectives are taken into account in order to ensure an effective mitigation strategy and minimise the long-term impact on nature.

A selection of potential measures for addressing approaches that promote, reduce and minimise biodiversity is presented below:

- A mitigation hierarchy is applied to the measures, starting with avoidance, then minimisation and restoration/rehabilitation and finally compensation or offsetting.
- Compensation measures are used as a strategy to ultimately promote biodiversity in a targeted manner.
- Actively promoting early dialogue with the most important stakeholders, such as landscape architects, species conservation experts, municipalities and other stakeholders.
- Checking what alternative building materials could be considered in place of natural resources.
- In addition, the scope of the objectives of the EU Taxonomy: Environmental Objective 6 is assessed and disclosed transparently.

The topic "state of the water" is used as a concrete example to illustrate the use of the TNFD pilot. Relevant factors such as the use of water-saving technologies in buildings, the reduction of water consumption on construction sites and the use of grey water and rainwater are taken into account. Potential measures include the integration of the relevant taxonomy requirements into the planning process. The recording and monitoring of the fulfilment of the taxonomy criteria is already taking place, while progress is being aggregated by the IMPACT "Biodiversity" working group. GRI 303, 303-1, 303-2, 303-3

Metrics and targets

E4-4

Biodiversity and Ecosystem Objectives
TCFD Metrics and Targets TNFD Strategy B, Metrics and Targets C

In the 2025 financial year, the Instone Group will examine which targets related to biodiversity and ecosystems can be developed. It will examine how specific, measurable and time-bound objectives can be developed to specifically address the company's material impacts on biodiversity and ecosystems. On this basis, we want to define clear action frameworks and progress indicators that meet the requirements of CSRD reporting and enable a transparent assessment of actions to promote and preserve biodiversity.

In the context of the review in accordance with the EU Taxonomy for the 2024 financial year, it was confirmed that no significant adverse impacts were identified on the specific requirements for the protection of ecosystems and biodiversity. With the exception of one project, all of the other 42 projects fully meet the requirements of the EU Taxonomy (DNSH 6) with regard to the protection of ecosystems and the promotion of biodiversity.

E4-5

Key indicators for impacts related to biodiversity and ecosystem changes
TNFD Strategy C, Metrics and Targets B

The Instone Group is currently working on the development of key figures that are based on the specifications of the Task Force on Nature-related Financial Disclosures (TNFD). These indicators take into account the requirements of EU standards for the disclosure of significant business impacts on biodiversity and ecosystems. The aim is to create a clear picture of the company's performance in this area and thus contribute to transparent and sustainable corporate management.

For example, we are already integrating green roofs into our projects in order to design important impact parameters in connection with biological diversity and ecosystem changes. In this way, we promote the creation of habitats for species, the retention of rainwater and the sustainable improvement of the microclimate.

E4-6

Expected financial effects from impacts, risks and opportunities related to biodiversity and ecosystems
TCFD Strategy TNFD Strategy B, Metrics and Targets A

Financially, there are generally two drivers of potential consequences:

- Firstly, actively shaping biodiversity at project level brings with it both financial risks and opportunities. For example, raising biodiversity standards as part of construction projects affects their implementation costs. In particular, the biodiversity-friendly design of green roofs and other areas on the plots to be used for construction land lead to an increase in costs. In addition, the decision to either plan and design more open spaces than required by law or to build the building site with as much living space as possible has an impact on the sales of the Instone Group.
- Secondly, dependencies on natural resources have a financial impact. For this purpose, the analysis with the WWF Biodiversity Risk Filter provides location-specific information. This enables the Instone Group to better detail the effects of potential risks on the company, development projects in particular and thus qualitatively also on financial performance.

ESRS E5

Use of resources and circular economy

Material topics:

- **Resource inflows, including resource utilisation**
- **Waste**

TCFD Strategy

Use of resources and circular economy

TABLE 012

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
E5	**Resource inflows, including resource utilisation**								
	Resource requirements for the production of building materials and construction activities The production of building materials and construction activities use very large quantities of natural and artificial resources.	Negative		●			●	●	
	Financial risks due to shortage of building materials The production of building materials uses very large amounts of natural resources. Shortage of these resources means financial risks due to costs that can be passed on.		Risk	●					●
	Waste								
	Waste from construction activities Construction activities generate large amounts of solid waste.	Negative		●			●	●	

Strategy

ESRS 2 SBM-3

Impacts, risks and opportunities and their interaction with the strategy and business model

TCFD Strategy

The responsible use of natural and artificial resources is becoming increasingly important in the construction and real estate sectors. The Instone Group is also aware of this responsibility. For this reason, the effective use of resources and the transition to a circular economy are central components of the Instone Group's sustainability strategy.

The significance of this issue for the Instone Group is underlined by the results of the materiality analysis. This shows that the topics of resource use and circular economy are doubly important. A key indicator of this is not least the fact that around one third of the Instone Group's total carbon footprint comes from the manufacturing phase of our buildings.

As part of our sustainability strategy, we are continuously looking at the impacts, risks and opportunities in the area of resource use and circular economy. The drivers for identifying, evaluating and managing material topics as part of the impact risk opportunity (IRO) approach are explained below.

- The production of building materials and construction activities requires considerable resources, as large quantities of both natural and artificial materials are needed. This intensive consumption of resources poses a challenge to sustainability, particularly given the limited supply of natural resources and the increasing demand for building materials.
- The production of building materials uses very large amounts of natural resources. Shortage of these resources means financial risks due to costs that can be passed on.
- In addition, significant amounts of solid waste are generated in the course of the construction activities, for example through construction and demolition work, by packaging materials or by surpluses during the use of materials.
- This waste not only has a negative impact on the environment, but also poses a challenge in terms of disposal and recycling.

However, the reduction of resource consumption and the minimisation of construction waste offer great potential for a more sustainable construction industry. With the help of measures such as the use of resource-saving technologies, the reuse of materials and efficient waste management, the Instone Group can significantly reduce the environmental impact. The corresponding concepts, measures and objectives are presented below. GRI 306, 306-2

Management of impacts, risks and opportunities

E5-1

Concepts related to resource use and circular economy

TNFD Strategy B, Risk and Impact Management B

The Instone Group has already developed concrete approaches and implementable measures to meet this central concern. In addition, it will be examined in future to what extent corresponding specifications can be integrated into existing guidelines or supplemented with additional guidelines.

Within the framework of the company's own environmental policy, the Instone Group is expressly committed to sustainable action. In particular, the focus is on the resource-saving use of materials in the sense of the circular economy, the development of innovative concepts for efficient waste and recycling management, and the consistent implementation of the objectives of the EU taxonomy. GRI 306-1

In Germany, as much non-hazardous waste and rubble as possible is already sent for recycling or reuse under the Circular Economy Act (KrWG). Nevertheless, this topic and the provision of the corresponding evidence were included in the supplementary agreement for disposal (by Purchasing department) as an appendix to the negotiation minutes/work contracts. GRI 306-3, 306-4

E5-2

Measures and resources related to resource use and circular economy
GRI 301 TCFD Strategy TNFD Strategy B

As for the other environmental aspects, the Instone Group also analysed this topic in a due diligence review to identify where the biggest potential for the optimal use of resources and circular economy lies within the scope of our business activities. Building on these findings, the following topics in particular were examined in more detail and further explored in an ongoing process.

- Reduction in the use of CO_2-intensive building materials (e.g. concrete, steel) through resource-optimised design
- Increase in the proportion of building materials made of renewable raw materials (e.g. wood) GRI 301-2
- Increase in the proportion of recycled, reusable and reused building materials GRI 301-2, 301-3

The particular importance of this topic to the Instone Group is reflected in the creation of two IMPACT working groups ("Sustainable Building", "Hybrid timber" and "Cradle-to-Cradle"), which work closely on measures relating to this area. These working groups identify potential for optimisation and develop concrete approaches for practical implementation.

The IMPACT "Sustainable Building" working group focuses on assessing and classifying building materials and products with regard to material sustainability aspects such as CO_2 reduction, ingredients, supply chains and demolition. With the help of a building product matrix, the key building materials have been identified and specific alternative products named. One example of this is recycled concrete as an alternative to conventional concrete. Solutions to reduce material use, for example through structural optimisation measures, as well as recommendations for sustainable building are also being developed.

The IMPACT "Hybrid Timber" working group specifically investigates the extent to which embodied carbon can be reduced by substituting structural components with timber solutions. As part of this research, the group conducted an LCA variant comparison[1] using a specific example in order to calculate various designs (solid construction (standard), frame construction and 100% timber construction) and compare them with one another. This further analysis included not only global warming potential and non-renewable primary energy but also specific considerations in relation to building costs and potential regarding serial production, living space and construction time.

The newly established IMPACT "Cradle-to-Cradle" (C2C) working group at Instone Group underlines the growing importance the company attaches to sustainable and circular construction. Its aim is to systematically integrate the principles of the circular economy into construction and corporate processes, thereby ensuring that buildings are resource-conserving for their entire life span. A first milestone of the working group is the implementation of a pilot project with a software tool that creates automated building resource passports and evaluates the circularity and separability of installed materials. The findings are evaluated. Further measures are derived and will follow.

The results of IMPACT working groups are continuously collected, analysed and integrated into existing processes. Through continuous review and adaptation, the insights gained are continuously incorporated into the optimisation of the work processes in order to ensure the sustainable improvement of the efficiency and quality of Instone Group projects. In addition, we constantly monitor technological progress with a view to modifying building materials and continuously review implementation options to ensure that we achieve our climate neutrality target.

[1] "LCA" stands for life cycle assessment. It is sometimes also called "life cycle analysis".

Metrics and targets

E5-3

Objectives related to resource use and circular economy

TCFD Metrics and Targets TNFD Strategy B

The main target for "Consumption of natural resources and recycling" is to meet the requirements of the Taxonomy Regulation for each topic[1] for all Instone Group projects by complying with legal obligations. Our target is also to make a significant contribution to CO_2 reduction by using sustainable building materials and reducing the use of materials in general as well as implementing this target in economically viable solutions.

E5-4

Resource inflows

TNFD Metrics and Targets B

We are currently optimising our data collection processes and will report on resource inflows in the future.

E5-5

Resource outflows

TNFD Metrics and Targets B

We are currently optimising our data collection processes and will also report information on the outflow of resources in the future.

E5-6

Expected financial effects due to impacts, risks and opportunities in connection with resource use and the circular economy

TNFD Strategy B, C, Metrics and Targets A

The most important aspect for assessing the financial materiality of resource use and the circular economy is building materials.

The costs/savings for the Instone Group associated with any switch to recycled, reused and/or alternative natural building materials cannot be quantified at this time. This is due on the one hand to the volatility of prices for conventional as well as natural building materials, and on the other hand to the fact that products made from recycled, reusable or natural raw materials are not available on the market in sufficient quantities, if at all. In some cases, such as for cement, the right technology for unleashing the full potential of the use of resources and the transition to a circular economy, does not yet exist. Based on the findings of the Climate-Neutral Germany 2045 study[2], the Instone Group does not expect to have access to a low-emission product until the early 2030s at the earliest. The IMPACT "Sustainable Building" working group continually monitors developments and examines them for feasibility. There is currently, no data available to collect.

Resource-optimised designs can help to further reduce the use of CO_2-intensive building materials in the future. As a result, costs can be reduced, and at the same time, economic benefits can be sustainably realised over the entire life cycle of a building.

[1] The Taxonomy Regulation specifies for the economic activity "Construction of buildings" (NACE: 41) the following DNSH criteria in the "Circular Economy" field of action:
- At least 70% of non-hazardous rubble/waste and demolition is sent for reuse or recycling.
- Observance of best practices for the handling of hazardous substances and sorting of materials.
- The design of the buildings and the construction techniques support the circular economy.

[2] Prognosis; Institute for Applied Ecology; Wuppertal Institute: Climate-Neutral Germany 2045. How Germany can reach its climate targets before 2050. Full paper commissioned by the Climate Neutrality Foundation, Agora Energiewende and Agora Verkehrswende: AGORA, 2021. – 231/05-S-2021/DE | Version 1.0, June 2021.

EU taxonomy

Preparation principles

The reporting obligations under Article 8 of the Taxonomy Regulation are linked to the existence of a non-financial reporting obligation under the Non-Financial Reporting Directive (NFRD) and, in future, to the requirements of the Corporate Sustainability Reporting Directive (CSRD). Accordingly, the Instone Group is not required to submit any report on EU taxonomy this reporting year, although it has voluntarily disclosed its economic activities under the applicable Taxonomy Regulation.

Under Article 8 (1) and (2) of the Taxonomy Regulation, companies are required to disclose their taxonomy-eligible and taxonomy-aligned revenue, CapEx and OpEx. This requirement is substantiated by delegated acts both in content (Delegated Act on climate change mitigation and adaptation; Complementary Delegated Act on climate change mitigation and adaptation; Complementary Delegated Act to determine sustainable activities for the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems) and formally (Delegated Act on Article 8 of the Taxonomy Regulation, including corresponding annexes; Delegated Act on disclosure requirements and amendments thereto in complementary delegated acts).

Potential taxonomy-eligible revenue, as well as CapEx and OpEx, fall below the defined materiality threshold of 3%. The Instone Group's interpretation is that information is only to be included if it is necessary for an understanding of business operations, situation and anticipated development. This is in line with the interpretation of the Accounting Standards Committee of Germany (ASCG) in its submission to the European Commission on various issues related to the application of Article 8 of the EU Taxonomy Regulation of 7 December 2021.

In order to determine the relevance of the economic activities and related revenue, as well as CapEx and OpEx, to the Instone Group, it was necessary when preparing this report to evaluate the taxonomy disclosure of the Instone Group with regard to these three items – revenue, CapEx and OpEx – as follows:

a. Revenue from project development is recognised in the IFRS consolidated financial statements of the Instone Group mainly using the "revenue recognition over time" method in accordance with IFRS 15. However, some of the technical screening criteria (e.g. "blower door test") and the DNSH criteria can only be finally tested/documented after a new building is completed.

In order to present taxonomy-aligned revenue for the appropriate period and also to position it in relation to the total annual revenue and thus develop a meaningful statement on the matter, it is essential to define criteria that indicate taxonomy alignment even before the completion of construction and whereby the revenue is recognised according to the "revenue recognition over time" method. In this respect, too, the time-related recognition of revenue is congruent with the taxonomy assessment and already assumes the contractual fulfilment of the specification before final inspection once construction is complete.

b. In the IFRS consolidated financial statements of the Instone Group, capital expenditure therefore comprises, according to Annex I to the Delegated Act on Article 8 of the Taxonomy Regulation, the costs accounted for based on the following standards:

a) IAS 16 Property, Plant and Equipment, § 73 (e) (i) and (iii)

b) IAS 38 Intangible Assets, § 118 (e) (i)

c) IAS 40 Investment Property, § 76 (a) and (b) (for the fair value model)

d) IAS 40 Investment Property, § 79 (d) (i) and (ii) (for the cost model)

e) IAS 41 Agriculture, § 50 (b) and (e)

f) IFRS 16 Leases, § 53 (h)

Only non-significant balance sheet items fall under this definition at the Instone Group. This is due to the nature of the business model. Intangible assets and right of use assets that are accounted for in accordance with IAS 38 and IFRS 16 and thus fall under the taxonomy-aligned categories mentioned account for less than 1% of the Instone Group's total assets and are therefore immaterial in terms of their informative value for the taxonomy-enabled or taxonomy-aligned reporting on the business model of the Instone Group under the activity "Construction of new buildings".

c. In the taxonomy, OpEx refers to direct, non-capitalised costs related to research and development, building refurbishment, short-term leasing, maintenance and repair, and all other direct expenses related to the day-to-day maintenance of property, plant and equipment by the Company or third parties to whom activities are outsourced which are necessary to ensure the continuous and effective functioning of these assets. This OpEx must be related to activities that are taxonomy-aligned.

The EU taxonomy requires the introduction of an operational process for reviewing and checking the taxonomy criteria. Under the Taxonomy Regulation, an activity is considered to taxonomy-aligned if it makes a significant contribution to at least one of a total of six environmental objectives without running counter to the others (DNSH). Minimum requirements must also be met. The taxonomy's environmental objectives are: 1) Climate change mitigation, 2) Climate change adaptation, 3) Sustainable use and protection of water and marine resources, 4) Transition to a circular economy, 5) Pollution prevention and control, and 6) Protection and restoration of biodiversity and ecosystems.

The business model of the Instone Group is to develop residential properties. This is a taxonomy-eligible activity, "Construction of new buildings", for which there are technical screening criteria on the environmental objectives of climate change mitigation and adaptation as well as DNSH criteria in order to assess a potential alignment. With the activity "Construction of new buildings", Instone Real Estate Group SE is currently making a significant contribution to (1) climate protection, as around 100% of projects are examined for their contribution to this environmental objective and climate change mitigation is the company's strategic priority. The Instone Group identified this relationship in its operational review of projects, since the environmental objective of climate change mitigation is directly applicable through the technical screening criteria and can be influenced in all Instone Group projects. Following a review of all other possible environmental objectives, the Instone Group has decided to continue to focus on the "climate protection" environmental objective and therefore does not subject its economic activities to any further review with regard to the other environmental objectives.

Under the environmental objective 1) Climate change mitigation, the derived technical screening criteria are the energy efficiency (primary energy demand) of the new building (exceeding the national NZEB requirements established in the German Building Energy Act of 2021 by at least 10%), air-tightness and thermal integrity. Where the total area exceeds 5,000 m^2, life-cycle greenhouse gas emissions are also recorded. In addition, the specific DNSH criteria for the environmental objectives of (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems are also checked.

The DNSH criteria are checked as follows:

- (2) Climate change adaptation: Physical climate risk analysis based on a building life of about 55 years and summary of the analysis (list of hazards with high risk, time and climate scenario). For buildings with high risk: Summary of planned measures.

- (3) Sustainable use and protection of water and marine resources: proof of water efficiency for commercial spaces in the tender and product description of sanitary facilities. Further proof is supplied from notifications of water rights and statements from the competent water authorities.

- (4) Transition to a new circular economy: binding agreement with contractual partners to comply with Section 14 (2) KrWG as well as with the annotations in the EU's Draft Commission Notice of 19 December 2022 and to consider standard building elements in accordance with DGNB TEC 1.6.

- (5) Avoidance and reduction of environmental pollution: binding agreement with contractual partners to avoid the use of toxic building materials and proof using material data sheets. Investigation of the land, compilation of soil surveys and documentation of any necessary measures. GRI 416, 416-1

- (6) Protection and restoration of biodiversity and ecosystems: proof using, for example, wildlife surveys for flora and fauna as well as key fertility figures for arable land.

To assess taxonomy alignment, the Instone Group uses a standardised taxonomy form including the relevant technical screening criteria along with information on where to find proof and the results of the assessment. The implementation of the assessment process at the building level is led by the Sustainability & Transformation department in coordination with project managers in the individual branches. The Finance department is responsible for implementation at the accounting level.

The EU taxonomy requirements for minimum safeguards and the associated review of the

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights, including the Core Labour Standards of the International Labour Organisation (ILO), and
- International Convention on Human Rights with related due diligence

are covered by the Instone Group through its generally implemented process for reviewing directives, work materials/resources and policies at Group level. This also includes, inter alia, compliance with legal regulations, statements addressing human rights, for example via the Code of Conduct for employees and contractual partners, occupational health and safety, the environment, combating bribery and corruption, and taxes, for example via corporate policies. The review is conducted on a regular basis and is coordinated between the responsible Legal department and the responsible departments at Group level, and is broken down into the subsidiaries if necessary.

Metrics and targets

The Instone Group is pursuing the strategic goal of reviewing all new projects for alignment with the EU Taxonomy Regulation on climate protection. In the 2024 financial year, a rate of 94.7% (previous year: 90.0%) of the project revenues can be achieved as being in line with the taxonomy. In 2024, all projects and subprojects relevant to revenue were analysed. Likewise, 124 of the 137 (previous year: 152 of 167) buildings relevant to revenue achieved taxonomy alignment. The taxonomy rate has improved, because we have consistently paid attention to compliance with the taxonomy criteria. The organisation's increased awareness of the strategic relevance of this topic showed immediate positive effects in this regard. In addition, old projects that do not comply with the taxonomy have been omitted from the calculation, as they have been successfully completed. This leads to an optimised quota and underlines our continuous focus on sustainable and taxonomy-compliant projects.

Taxonomy objectives TABLE 013

Sales-relevant properties in 2023 and 2024	2024	2023
Taxonomy-eligible	137 buildings	167 buildings
Taxonomy-aligned	124 buildings (90.5%)	152 buildings (91.0%)

Reporting forms in accordance with the EU Taxonomy Regulation (EU Tax Regulation)

Reporting of the EU taxonomy figures is done in tabular form using specified reporting forms. A distinction is made here between sales, CapEx and OpEx.

For better readability, you will find a short legend below:

Legend for the reporting forms according to the EU Taxonomy Regulation (EU Tax Regulation)

Abbreviation	Meaning
Y	Yes, taxonomy-compatible activity that complies with the relevant environmental objective
N	No, taxonomy-compatible activity, but not taxonomy-compliant with the relevant environmental objective
N/EL	"Not eligible", activity that cannot be taxonomy-enabled for the respective environmental objective
EL	Activity eligible for taxonomy for the respective objective
	The **code in (2)** is the abbreviation of the relevant objective to which economic activity can make a significant contribution and the number of the activity section in the relevant Annex that covers the target.
CCM	Climate Change Mitigation
CCA	Climate Change Adaptation – Adaptation to climate change
CE	Circular economy – transition to a circular economy

Revenue

TABLE 014

Financial year 2024		Year		Significant contribution criteria						DNSH criteria ("Do no significant harm")									
Activities (1)	Code(s) (2)	Revenue (3)	Share of revenue, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) Revenue, Year 2023 (18)	Category: enabling activities (19)	Category: transitional activities (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	499,420,267	94.7	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	90.0		
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		499,420,267	94.7	100.0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	90.0		
Of which enabling activities		0	0	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0	E	
Of which transitional activities		0	0	-						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	21,558,387	4.1	EL	EL	N/EL	N/EL	EL	N/EL								7.4		
Revenue from taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		21,558,387	4.1	0%	0%	0%	0%	0%	0%								7.4		
A. Revenue from taxonomy-eligible activities (A.1+A.2)		520,978,654	98.8	100.0%	0%	0%	0%	0%	0%								97.4		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue from taxonomy-non-eligible activities		6,236,477	1.2																
Total		**527,215,131**	**100**																

Our company
Combined management report
Foundations of the Group
Sustainability report
Economic report
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CapEx

TABLE 014

Financial year 2024		Year		Significant contribution criteria						DNSH criteria ("Do no significant harm")									
Activities (1)	Code(s) (2)	CapEx (3)	CapEx Share, Year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) CapEx, Year 2023 (18)	Category: enabling activities (19)	Category: transitional activities (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	0.00	0	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0		
CapEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		0.00	0	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0		
Of which enabling activities		0.00	0	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0	E	
Of which transitional activities		0.00	0	-						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	0.00	0	EL	EL	N/EL	N/EL	EL	N/EL								0		
CapEx for taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		0.00	0	0%	0%	0%	0%	0%	0%								0		
CapEx for taxonomy-eligible activities (A.1+A.2)		0.00	0	0%	0%	0%	0%	0%	0%								0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx for taxonomy-non-eligible activities		1,608,475	100																
Total		**1,608,475**	**100**																

OpEx

TABLE 014

Financial year 2024		Year		Significant contribution criteria						DNSH criteria ("Do no significant harm")									
Activities (1)	Code(s) (2)	OpEx (3)	OpEx Share, Year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx, Year 2023 (18)	Category: enabling activities (19)	Category: transitional activities (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	0.00	0	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0		
OpEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		0.00	0	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0		
Of which enabling activities		0,00	0	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0	E	
Of which transitional activities		0,00	0	-						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Activity 1: 7.1. Construction of new buildings	**CCM 7.1,** CCA 7.1, CE 3.1	0.00	0	EL	EL	N/EL	N/EL	EL	N/EL								0		
OpEx for taxonomy-relevant but not environmentally sustainable activities (non-taxonomy-compliant activities) (A.2)		0.00	0	0%	0%	0%	0%	0%	0%								0		
A. OpEx for taxonomy-eligible activities (A.1+A.2)		0.00	0	0%	0%	0%	0%	0%	0%								0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx for taxonomy-non-eligible activities		1,521,509	100																
Total		**1,521,509**	**100**																

Scope of taxonomy capability and compliance for each environmental objective

TABLE 015

	Revenue Share/Total Revenue		OpEx percentage/total/OpEx		CapEx percentage/total CapEx	
	Taxonomy-aligned per target	Taxonomy-eligible per target	Taxonomy-aligned per target	Taxonomy-eligible per target	Taxonomy-aligned per target	Taxonomy-eligible per target
CCM (Climate Change Mitigation)	94.7%	4.1%	0%	0%	0%	0%
CCA (Climate Change Adaptation)	0%	0%	0%	0%	0%	0%
WTR (Water)	0%	0%	0%	0%	0%	0%
CE (Circular Economy)	0%	0%	0%	0%	0%	0%
PPC (Pollution Prevention and Control)	0%	0%	0%	0%	0%	0%
BIO (Biodiversity and ecosystems)	0%	0%	0%	0%	0%	0%

Social

ESRS S1

Employees of the company

Material topics:

- **Working conditions**
- **Equal treatment and equal opportunities for all**

Employees of the company

TABLE 016

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain			Time frame		
				Upstream	Own business area	Downstream	current	medium term	non-current
S1	**Working conditions**								
	Working conditions for own workforce Poor working conditions have a negative impact on the internal workforce.	Negative			●		●	●	●
	Increased shortage of skilled labour due to reputational damage A poor reputation due to poor working conditions can increase the shortage of skilled workers.		Risk		●				●
	Equal treatment and equal opportunities for all								
	Equal treatment within the company's own workforce Unequal treatment among own employees as well as the lack of equal opportunities has a negative impact on the internal workforce.	Negative			●		●	●	●
	Increased shortage of skilled labour due to inadequate equal treatment Insufficient equal treatment of employees can lead to a poor reputation and thus increase the shortage of skilled workers.		Risk		●				●

Strategy

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with the strategy and business model

As part of our sustainability strategy, we are continuously looking at the impacts, risks and opportunities of our workforce in the company. We focus in particular on the following aspects:

- The working conditions of our company have a direct influence on the well-being and performance of our employees. Poor working conditions can not only reduce motivation and satisfaction, but also negatively affect productivity and the working climate in the long term.
- Poor working conditions not only have a negative impact on the company's internal workforce, but can also impair the company's reputation and thus pose a risk for the Instone Group's recruitment. This could lead to less qualified professionals applying for positions, which would further aggravate the existing shortage of skilled workers. As a result, it would be more difficult to fill key positions in a timely manner, creating strategic challenges. In addition, insufficient availability of qualified employees can impair the transfer of knowledge within the company and endanger long-term competitiveness.
- Unequal treatment among own employees and the lack of equal opportunities can have significant negative consequences for the internal workforce. These factors can not only lead to a deterioration in the working climate and a reduction in employee motivation, but also damage trust in the company in the long term.
- Insufficient equal treatment of employees can significantly damage the company's image, which in turn leads to a negative public perception. This could deter potential specialist staff and reduce the attractiveness of the company in the labour market. In the long term, there is a risk that the company will have difficulties in attracting and retaining talented employees, which can further exacerbate the existing shortage of skilled workers.

Management of impacts, risks and opportunities

S1-1

Concepts related to the company's workforce

In order to minimise the negative impact on its internal workforce and the associated risks to the Instone Group, the Instone Group has committed itself to the principles of the Charter of Diversity, as well as to the Universal Declaration of Human Rights, and to the International Labour Standards of the International Labour Organisation (ILO). Furthermore, employees are informed of the Instone Group SE Code of Conduct at the beginning of their employment relationship. This Code of Conduct sets out the fundamental values and standards that shape the actions of every employee at Instone Group.

It also serves as a guideline for ethical behaviour and responsible decisions in day-to-day work. This Code is the responsibility of the Legal department. See "G1-1", page 95 et seqq. for more details. This Code reduces negative effects by creating pleasant and respectful working conditions that promote the well-being of employees. The Code helps to strengthen a positive working environment that increases both employee satisfaction and efficiency. This contributes to long-term employee retention and a high quality of work.

The Instone Group has also produced several statements (for example, anti-discrimination, human rights, diversity and freedom of association), which are published on its website. These supplement the existing guidelines, address central aspects of corporate policy and culture, and at the same time serve as internal work instructions. See "G1-1", page 95 et seqq. for more details.

In the 2025 financial year, the Human Resources department will develop a concept that promotes the consideration of equal opportunities in various areas. The aim is to find approaches that support equal opportunities for all employees and promote fair treatment within the company.
GRI 405, 406, 407, 408

S1-2

Procedures for involving the company's workforce and employee representatives in terms of impact

The Instone Group actively promotes exchanges with its employees using various communication formats. This gives employees the opportunity to enter into a direct dialogue with the Management team. Corporate decisions, values, innovations and developments are communicated at an early stage, which strengthens the commitment of employees and encourages them to actively participate in the company's events.

Key communication formats include "Instone in Dialogue" (the quarterly live stream with the Board of Directors), the annual employee survey and works meetings. The live stream with the Board of Directors enables a dialogue for which employees can submit questions in advance. These will be answered by the Board of Directors during the live stream. Alternatively, questions can also be asked directly in the live stream. The annual employee survey is used to record the opinions and needs of employees. The works meetings provide a platform for communicating important information to employees about company developments and strategic objectives. The involvement of employee representatives ensures that the perspectives of all employees are heard and that their interests are represented.

The involvement of employees is a central component of our corporate philosophy and is supported by the aforementioned communication procedures, which ensure transparent communication at a wide range of levels. These procedures help to create an open and fair working environment in which all employees have the same opportunities to develop their potential. Through transparent communication, we promote good working conditions and equal opportunities. We are thus counteracting negative effects on the workforce and at the same time minimising risks for the Instone Group.

S1-3

Processes to improve negative impacts and channels through which the company's workforce can raise concerns

Through transparent communication, we promote good working conditions and equal opportunities. We are thus counteracting negative effects on the workforce and at the same time minimising risks for the Instone Group. In order to support this communication, both employees and external personnel can draw attention to possible shortcomings or problems via a protected channel. Employees can use the reporting tool in the "Compliance" area on the Intranet to report their concerns. All messages are forwarded via the secure EQS server to the responsible contact persons, whereby the anonymity of the reporting persons is maintained.

The whistleblower system is an important tool for identifying and eliminating negative effects in the company. It enables all employees to express concerns anonymously and on an equal footing, thereby contributing to the promotion of fair working conditions. This process creates a confidential and proprietary way to report maladministration, supporting a positive and safe work environment. The detailed procedure of the Whistleblower System can be found in the "Corporate Governance Declaration" on page 152 et seqq.

In addition, the Instone Group complies with the framework parameters of labour law, for example in compliance with occupational health and safety or the General Equal Treatment Act (Allgemeinen Gleichbehandlungsgesetz – AGG). The Instone Group is committed to supporting all applicants and employees and treating them equally regardless of age, gender, sexual orientation, physical appearance, ethnicity, nationality, religion, beliefs or other characteristics.

S1-4

Taking action to address significant impacts on the company's workforce and approaches to managing significant risks and exploiting significant opportunities associated with the company's workforce, as well as the effectiveness of these measures and approaches

The Instone Group is actively committed to preventing or mitigating negative effects on its internal workforce. Before joining the company, employees receive the Code of Conduct and familiarise themselves with the regulations of the Instone Group. At the start of their employment relationship, employees receive individual onboarding training from their manager.

Measures to improve poor working conditions are crucial to creating a healthy and productive working environment that promotes the well-being of employees, while at the same time ensuring the long-term competitiveness of the company.

The increasing digitisation of work processes enables a more flexible design of the working environment and thus supports a better work-life balance. As an employer, the Instone Group offers its employees the opportunity to work on the move two days a week. An existing company agreement regulates the framework conditions for mobile working, protects operational processes, guarantees the security of the IT network and ensures necessary measures in occupational medicine.

The Instone Group is also actively pursuing the New Work approach. The digital workplace plays an important role in the transformation into a modern working environment. Communication, tools, processes and information are specifically digitised to enable efficient, flexible and mobile working.

Measures to promote equal opportunities are necessary to ensure that all employees, regardless of gender, origin or other personal characteristics, have equal career development opportunities.

Therefore, for the Instone Group, diversity means creating workspaces that incorporate different skills, talents, experiences, and perspectives. In accordance with the basic principles of the Charter of Diversity, the Universal Declaration of Human Rights and the International Labour Standards of the International Labour Organisation (ILO), the Instone Group is committed to diversity and respect for human rights. These values shape both internal cooperation and partnerships with external contractual partners.

The Instone Group lays the foundation for a modern and value-oriented corporate culture by establishing the uniform management principles developed in 2022 and by constantly revising them. In particular, the importance of the diversity of employees is emphasised. These principles also highlight heterogeneous team structures, a variety of personalities and skills, and the diverse strengths of employees as key success factors. With the implementation of the management principles, the Instone Group creates a binding framework and enshrines the topics of diversity and equal opportunities in the Company's culture. Responsibility for this lies with the HR department, in close coordination with the Management Board.

Another important component in promoting and retaining employees and increasing employee satisfaction is the internal mentoring programme. Young leaders follow this programme on their way to their new role by being supported by experienced mentors over a period of two years. In addition, the programme gives young managers the opportunity to expand their internal network and deepen their experience by means of introductory presentations, which at the same time strengthens their satisfaction and identification with the company.

In addition to targeted development programmes, the Instone Group offers a comprehensive range of further training and development programmes that promote both the professional and personal development of its employees. In addition to mandatory training courses on data protection, IT security and compliance (anti-corruption and antitrust law), numerous further training courses are available. These include specialist further training as well as soft skills training and individually tailored development measures. The Instone Group therefore offers its employees the optimal conditions for long-term professional development, and at the same time strengthens the company's innovation and competitiveness.

Metrics and targets

GRI 403, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404, 404-1, 404-2

S1-5

Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities

GRI 402, 402-1

In the 2025 financial year, the company will examine what further targets the HR department can develop, coordinate and adopt in close cooperation with the Management Board. This process will ensure targeted planning that takes into account both the corporate strategy and the needs and potential of the employees. A particular focus is on maintaining and continuously improving good working conditions. In addition, the issue of equal opportunities is being further developed in order to promote a fair and equal working environment. These objectives with defined measures minimise the risk of damage to reputation and specifically prevent the shortage of skilled workers. Regular meetings and close coordination ensure that the defined objectives are communicated clearly and transparently, and that all parties involved are involved in the implementation. In this way, this coordinated approach contributes to the successful further development of the organisation.

S1-6

Characteristics of the employees of the company

GRI 2-7, 401, 401-1

Employees of the company, 31/12/2024 TABLE 017

	Unit	2024	2023
Number male/female/non-binary[1]	Number	241/171/0	260/181/0
Proportion male/female/non-binary[1]	Percentage	58.5/41.5/0	59.0/41.0/0
Proportion of full-time/part-time	Percentage	72/28 (Working students account for 31% of part-time employees)	76/24 (Working students account for 31% of part-time employees)
Number Employees with fixed-term contracts	Number	56	n/a
Proportion of employees with fixed-term contracts	Percentage	13.6	12.0
Number male/female/non-binary[1] Employees with fixed-term contracts	Number	39/17/0	n/a
Number Employees with permanent contracts	Number	356	n/a
Proportion of employees with permanent contracts	Percentage	86.4	88.0
Number male/female/non-binary[1] Employees with permanent contracts	Number	202/154/0	n/a
Employees by region			
Germany	Number/FTE	412/335.18	441/351.08
Total	Number/FTE	412/335.18	441/351.08

[1] Gender according to data provided by employees.

The fluctuation rate in the year under review was 15.2%, which is 0.7% lower than in the previous year. It includes all terminations and termination agreements on the part of the employee and employer. The basis for the calculation is formed by the departures divided by the FTE average value.

S1-7

Characteristics of the company's external workforce

The Instone Group's goal is to deploy its employees in a targeted manner, according to their skills and abilities. In the 2024 financial year, no external employees were recruited by the Instone Group by way of temporary employment. Instead, temporary appointments were made by external service providers, who provided their services within the framework of individual companies.

S1-8

Collective bargaining coverage and social dialogue

GRI 2-30

Collective bargaining coverage TABLE 018

Terms of employment

	Unit	2024	2023
Collective bargaining regulations			
Employees by type of employment as of 31.12.	Unit	2024	2023
Employees covered by collective pay agreements	Number	251	285
	Percentage	60.9	64.6
Employees with individual contracts[1]	Number	161	156
	Percentage	39.1	35.4
Total	Number	412	441

[1] Employees with individual contracts are mainly managers and employees who are not remunerated under the collective bargaining agreement.

The Instone Group and its subsidiaries operate exclusively in Germany. The employees of the Instone Group and its subsidiaries are represented by the employee representatives from the regional works councils. This representation is available in the North-East (Hamburg, Berlin and Leipzig), West (Essen, Cologne and Frankfurt am Main) and South (Munich, Nuremberg and Stuttgart) regions. The employee representatives represent a total of 393 employees of Instone Real Estate Group SE and its subsidiaries.

S1-9

Diversity indicators

GRI 2-7

Diversity TABLE 019

Gender distribution at management levels

	Unit	2024	2023
First management level			
Number male/female/non-binary[1]	Number	5/1/0	4/1/0
Proportion male/female/non-binary[1]	Percentage	83.3/16.7/0	80.0/20.0/0
Second management level			
Number male/female/non-binary[1]	Number	16/8/0	18/7/0
Proportion male/female/non-binary[1]	Percentage	66.7/33.3/0	72.0/28.0/0
Third management level			
Number male/female/non-binary[1]	Number	27/5/0	22/5/0
Proportion male/female/non-binary[1]	Percentage	84.4/15.6/0	81.5/18.5/0

[1] Gender according to data provided by employees.

Employees at Instone Group are divided into three age groups: 17.2% are under the age of 30; 57.5% are between 30 and 50 years old, and 25.2% are over the age of 50.

S1-10

Adequate remuneration

The Instone Real Estate Group SE and its subsidiaries base their remuneration structures on the construction tariff of the main building trade. This ensures that the statutory minimum wage is complied with and fair remuneration is guaranteed. The connection to the collective agreement in combination with the commitment to the collective bargaining agreement forms the basis for a transparent salary structure. This helps to attract and retain employees in the long term by paying marketable salaries and maintaining their professional opportunities in order to prevent the effects of the shortage of skilled workers.

S1-11

Social security

At Instone Real Estate Group SE and its subsidiaries, the focus is on people and their well-being. In addition to the legal requirements for health and retirement provisions, certain groups of employees have access to group accident insurance that covers them in the event of disability or death. In addition, certain groups of employees can benefit from a health checkup and continued pay in the event of illness, based on their employment contract. All employees in Germany are protected by the German welfare state against the consequences of serious life events, because they work in Germany and are therefore included the social security system.

S1-12

People with disabilities

Key figures Employees with disabilities TABLE 020

Employees with disabilities by gender

	Percentage
Male	0.7
Female	0.2
Non-binary[1]	0

[1] Gender according to data provided by employees.

In the 2024 financial year, employees with disabilities elected a representative body for disabled employees, to take care of their interests and concerns.

S1-13

Key figures for further training and competence development

The innovative strength of the Instone Group is significantly shaped and continuously developed by its employees. It is therefore of great importance to continuously promote the skills and abilities of employees. Every employee has access to an annual further training budget for external training. In the 2024 financial year, employees received a total of 4,199.25 hours (previous year: 4,206.25 hours) of further training. This averages out at 10.1 hours of training per employee.

S1-14

Health and safety indicators

Health and safety

TABLE 021

	Unit	2024	2023
First-aiders (total/newly or retrained)	Number	60/34	65/22
Number of deaths due to work-related injuries	Number	0	0
Number of work-related injuries	Number	0	0
Rate per thousand people	Percentage	0	0
Number of work-related illnesses[1]	Number	n/a	n/a
Number of working days lost as a result of work-related illnesses and deaths	Number	n/a	n/a

[1] For data protection reasons, data on work-related illnesses is not collected by employers in Germany.

S1-15

Key figures for work-life balance

GRI 401-3

Reconciliation of work and private life

TABLE 022

	Unit	2024	2023
Share of employees who were entitled to take support time	Percentage	100	100
Number of employees who took support time	Number	26	31
Days off in lieu pursuant to Section 616 BGB	Number	1,293	2,168

S1-16

Remuneration parameters (salary differences and total remuneration)

GRI 405-2

Differences in earnings

TABLE 023

	Unit	2024	2023
Unadjusted ratio of basic salaries and remuneration of men and women as a percentage	Percentage[1]	110/85	112/84
Ratio of the percentage increase in the total annual remuneration of the highest-paid person in the company to the median percentage increase in the total annual remuneration of all employees (excluding the highest-paid person)[2]	Percentage	145	56

[1] 100% is the total of all salaries divided by the number of employees.

[2] Median increase divided by highest-paid person increase.

S1-17

Incidents, complaints and serious consequences related to human rights

GRI 406, 406-1

For fiscal year 2024, Instone Group is not aware of any work-related incidents, complaints or other serious human rights implications. Accordingly, there have been no corresponding complaints about relevant discrimination or harassment via the communication channels maintained by the Instone Group for this purpose – for example via the digital whistleblower system, or by contacting the Group Compliance Officer, the HR department or the direct line manager. Nor were there any fines, damages or other sanctions in the reporting period.

ESRS S2

Employees in the value chain

Material topics:

- **Working conditions**
- **Other work-related rights**

Employees in the value chain

TABLE 024

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
S2	**Working conditions**								
	Working conditions of employees in the value chain In the value-added chain of the construction sector, there is the potential for low and irregular incomes, for little or no social and health protection, for inadequate social benefits and for undeclared work.	Negative		●			●	●	●
	Other work-related rights								
	Labour rights of employees in the value chain In particular, when purchasing raw materials for the production of building materials in countries with inadequate labour rights, there may be negative effects on workers, such as forced or child labour.	Negative		●			●	●	●
	Reputational damage due to forced or child labour Forced or child labour in the value chain (for example in the procurement of natural stone from China) can lead to damage to the reputation of the Instone Group.		Risk	●					●

Strategy

ESRS 2 SBM-3

Impacts, risks and opportunities and their interaction with the strategy and business model

Within the scope of our project development, we work in partnership with our contractors. Inter alia, the Instone Group awards the implementation of its construction projects to contractual partners, who take over the various construction activities under the coordination of the Instone Group Project Management team. Our contractual partners' employees therefore play a key role in that they complete our projects successfully and to a high level of quality. The contractual partners working on the construction site include general and construction companies, as well as contractual partners from individual trades (subcontractors).

In addition to the employees on the construction site, the other contractual partners can be divided into the following categories:

- brokers who have access to our clients;
- consultants who provide assistance during the purchase and sale processes;
- property management service providers;
- planning teams comprising architects and professional planners;
- experts;
- supplier companies for so-called C parts (office supplies, tools, IT materials etc.)

In connection with this, the Instone Group has a great responsibility for all employees along the value chain. The company is aware of this responsibility and has firmly anchored it in its sustainability strategy.

In the materiality analysis, the topic of "Employees in the value chain" was rated as "doubly material". This assessment illustrates the need to take targeted measures to promote constructive and trusting cooperation.

At the same time, as part of our sustainability strategy, we are continuously looking at the impacts, risks and opportunities in the workforce in the value chain. The drivers for identifying, evaluating and managing material topics as part of the impact risk opportunity (IRO) approach are explained below.

- Working conditions along the (upstream) value chain (VC) of the construction sector represent a significant challenge. In this area, in particular, there are negative effects such as low and irregular incomes, inadequate social and health protection, and a lack of social benefits. Moreover, undeclared work is a problem that can endanger fair competition.

- Another serious negative effect concerns the respect of labour rights, particularly in the procurement of raw materials for the production of building materials in countries with poor labour regulations. In such cases, serious violations, such as forced or child labour, could occur, which raise ethical and legal problems. GRI 408-1, 409, 409-1

- The negative impact described above also represents a significant risk for the Instone Group. For example, forced or child labour in the value chain, such as when natural stone is purchased from China, could result in serious damage to the company's reputation. Such practices could jeopardise the trust of customers, business partners and the public and, in the long term, could negatively affect the brand image and relationships with business partners.

Responsible management of these negative impacts and risks is therefore essential to ensure the integrity and competitiveness of the Instone Group. At the same time, the improvement of working conditions and the protection of labour rights along the entire value chain are essential factors for the sustainable development of the industry. Clear standards, transparent supply chains and cooperation with responsible suppliers can minimise negative effects and promote fair working conditions.

Management of impacts, risks and opportunities

S2-1

Concepts related to employees in the value chain

Using various concepts, the Instone Group aims to systematically record the above-mentioned material impacts on the workforce along the value chain, comprehensively assess them and effectively manage them by means of targeted measures.

The Purchasing department is responsible for continuously making and checking adjustments to guidelines, contracts and tenders in close cooperation with the Legal department. This ensures that all requirements for good working conditions are met in the long term.

Code of Conduct for contractual partners

The Code of Conduct for Contractual Partners sets clear rules and standards regarding social, ethical and environmental aspects in the course of business activities. The detailed contents are shown in "S2-4", page 87 et seq. This Code of Conduct applies without limitation to all contractual partners and is to be understood as a binding component of any contract, the contents of which are acknowledged upon signing and accepted as binding. The Purchasing department is responsible for implementing the guidelines.

Site regulations

In addition, the Construction Site Regulations of the Instone Group are a fixed component of the contract when concluding contracts with general contractors and subcontractors. It includes essential regulations and codes of conduct aimed at ensuring a safe and smooth construction process and thus the safety and health of all parties involved. A central component of these regulations is the appointment of a health and safety coordinator at each construction site. The Contracting Party shall be obliged to inform its personnel deployed on the construction site and its subcontractors of the content of the Construction Site Regulations before the start of the work, and to monitor and enforce their compliance during the work. The branch management, commercial management, project management, purchasing and business people are responsible for implementing the Regulations.

Verification of contractual partners

The Instone Group is committed to working with contractors who share its values of social responsibility and fair working conditions. We therefore ensure that our contracted contractual partners and their subcontractors comply with their social security contribution obligations and pay their employees the minimum wage. For us, this responsibility is an important part of a trusting and long-term cooperation. With the aid of the Verification of Contractual Partners guideline, the legal requirements of the German Posting of Workers Act are implemented internally and the required verification of contractual partners is defined. These include, among other things, an exemption certificate, proof of business registration, a declaration of no objection, proof of business liability insurance and a minimum wage certificate. The COO, branch management and commercial management are responsible for implementing the guideline.

S2-2

Procedures for involving the employees in the value chain with regard to impacts

The Instone Group endeavours to establish lasting and dependable partnerships with its contractual partners. Once an order is initiated, sustainability topics are discussed with the contractual partners and the results documented in the minutes of the meeting in order to increase transparency and ensure these topics are included in the collaboration. This also allows us to comply with the various regulatory requirements.

The Purchasing department is primarily responsible for the management of material topics under "Employees in the value chain". The current (regulatory) requirements for sustainable cooperation, especially in construction, are addressed in regular exchanges with the Sustainability & Transformation department and translated into concrete (communication) measures. Given that legal requirements are continually changing, it is important to include contractual partners in this process and notify them of any changes at an early stage. This applies, for example, with regard to the Corporate Sustainability Due Diligence Directive (CSDDD), which came into force in 2024. Since the Instone Group is currently below the relevant thresholds, it is not currently within their scope of application. The Instone Group will continuously monitor any possible changes to these thresholds and the resulting implications and requirements, and initiate appropriate action as soon as the company exceeds the defined thresholds.

S2-3

Procedures for improving negative impacts, and channels through which workers in the value chain can raise concerns

A digital whistle-blower system is available to employees and third parties such as customers and business partners, so that they can report any wrongdoing anonymously. The detailed procedure of the whistle-blower system can be found in the "Corporate Governance Declaration", page 152 et seqq.

S2-4

Taking action to address significant impacts, and approaches to managing significant risks and exploiting significant opportunities associated with the employees in the value chain, as well as the effectiveness of these measures and approaches

The Instone Group awards construction contracts for projects as individual allocations or (partial) general contractor allocations. In cooperation with the Project Service and Project Management departments, bills of quantities are created based on planning documents, building specifications, expert reports and other documents, and invitations to tender are then sent by Purchasing on a trade-specific basis to a predefined group of tenderers.

The submitted offers are technically checked, compared and evaluated in a so-called price comparison. Depending on the requirement, the tenders are negotiated with the potential contractual partners in a process that is transparent within the company. This process is recorded and any changes, for example to the scope of work, are recorded in the contract. Every decision to award a contract is made following a standardised multiple-control verification process. This open and transparent process is a key component of any lasting, trusting cooperation and ensures fair competition. Interested new companies have the option of applying as a contractual partner of the Instone Group on the company's website at ↗ Being a Partner.

In the application process, the Instone Group places particular emphasis on the selection of contractual partners who are preferably from the region around the respective project locations. This strategy will boost the local economy, create valuable jobs and promote growth in the regions. At the same time, shorter transport routes actively contribute to the reduction of CO_2 emissions and support environmental protection. GRI 204-1

Since we want to work exclusively with responsible companies that share our high standards of compliance and social responsibility, and of which the business practices value compliance with legal and ethical requirements, we will not engage contractual partners in writing until all the necessary evidence is available pursuant to the Verification of Contractual Partners guideline. The respective Project Purchasing department is responsible for the initial reception and checking of these documents. When the payment is due, the Commercial department checks all certificates again for sufficient validity and content. GRI 204

All current and new contractual partners are recorded in the Supplier Relations Management (SRM) database and, if commissioned, assessed according to various ESG criteria at different points in the process. If these criteria are not met or not satisfactorily met, they can be adjusted before, during and after the completion of a project. In this way, we can ensure that all partners contribute to our corporate values and objectives in the long term, while at the same time maintaining the quality and integrity of the projects.

Due to our social obligation, we pay particular attention to compliance with the Code of Conduct for contractual partners and therefore to the following criteria:

- Fair pay: compliance with the statutory minimum wage applicable in Germany
- Occupational health and safety
- Compliance with the statutory working hours regulations
- Cooperation in the creation of the occupational safety concept on construction sites
- Compliance with accident prevention and insurance association recommendations on occupational health and safety, such as those in the Construction Site Regulations
- Compliance with human rights and a complete refusal to employ anyone involved in forced labour, human trafficking, child labour or illicit work

The Instone Group reserves the right to verify compliance with the Code of Conduct or to have it checked by independent third parties at any time and without notice within the scope of the applicable law. The contracting party is obliged to notify Instone Group immediately of any violations of applicable law or the Code of Conduct. If the Instone Group becomes aware of any non-compliance with the Code of Conduct, a review will be initiated and appropriate action considered. For contractual partners, the Legal, HR and Purchasing departments are responsible for reviewing these matters and deciding what action to take. The Instone Group reserves the right to terminate the Agreement in the event of any violation of applicable laws or the Code of Conduct.

In order to ensure the safety and health of all those involved in construction, the Occupational Safety & Health Coordinator (OSHC) checks at regular intervals of four to six weeks that all contractual and statutory accident prevention regulations are complied with on the construction sites. If any deficiencies are identified, the OSHC shall issue immediate instructions to rectify the deficiencies and carry out follow-up checks to ensure that the measures are implemented in a sustainable manner. In addition, the OSHC shall conduct safety training courses for employees and subcontractors, which focus on topics such as the use of personal protective equipment and general occupational safety measures.

Access control is set up on the construction sites. Access is only permitted via the marked, approved entrances and requires a valid ID card. The Site Management team shall ensure that the site is properly secured against unauthorised access.

In addition to the occupational safety measures, an internal training course on how to deal with external employees on construction sites was held in the 2024 financial year. This mandatory training was aimed at the HR, Purchasing, Legal, Commercial Project Management and Project Management departments. The plan is to repeat this training every two years.

Metrics and targets

GRI 414

S2-5

Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities

Until now, our focus has been on developing goals for our internal workforce. At the same time, we are aware of our responsibility along the entire supply chain and strive to optimise our ESG data collection in order to be able to make ecological, social and governance criteria measurable and transparent in close cooperation with our contractual partners. Our aim is to minimise negative effects and actively promote fair working conditions through clear standards, the establishment of transparent supply chains, and cooperation with responsible suppliers. GRI 308, 308-1, 308-2

ESRS S3

Affected communities

Material topics:

- **Economic, social and cultural rights of communities**

Affected communities

TABLE 025

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
S3	**Economic, social and cultural rights of communities**								
	Active district development The planning and construction of new neighbourhoods can have a significant impact on communities and avoid potential gentrification effects.	Positive		●	●		●	●	●
	Mixed districts A diverse society can be promoted through the planning and construction of mixed neighbourhoods and the involvement of different social groups.	Positive		●	●		●	●	●
	Needs-based development of real estate and districts Due to the needs-based development of housing and neighbourhoods, various user groups (for example senior citizens, students, different occupational groups, people with disabilities) and how their quality of life can be improved are specifically considered.	Positive			●		●	●	●
	Financial risks due to municipal regulations Financial risks due to municipal regulations can arise, for example in connection with the provision of subsidised housing.		Risk	●	●		●	●	●

Strategy

ESRS 2 SBM-3

Impacts, risks and opportunities and their interaction with the strategy and business model

The Instone Group consciously assumes responsibility for society and the environment and actively promotes sustainable and positive development with its projects. Our aim is to strengthen long-term successful cooperation with cities and communities, while at the same time fulfilling our social commitment to people and the environment. As property and neighbourhood developers, we create liveable spaces in numerous projects and actively shape the future of our cities.

In the materiality analysis, the topic of "Affected communities" was rated as "doubly material". This assessment highlights the central importance of this topic for our corporate strategy and illustrates the potential for taking targeted measures to promote and ensure needs-based property and neighbourhood developments.

Our sustainability strategy includes the continuous analysis of the impact and risks in relation to affected communities. Below we will explain the drivers that are critical to identifying, evaluating, and managing key issues when taking the Impact Risk Opportunity (IRO) approach.

- Active neighbourhood development contributes significantly to the creation of new residential and living spaces that have a positive impact on the community. It enables socially balanced and sustainable development of neighbourhoods, counteracting potential gentrification effects and promoting a liveable environment for all residents.

- The planning and construction of mixed neighbourhoods promotes a diverse society by involving different social groups. This integrational approach helps to strengthen social cohesion and create a balanced, inclusive living environment.

- Another significant positive impact of the Instone Group's neighbourhood development lies in the creation of diverse districts that promote diversity. A diverse society can be strengthened by the targeted inclusion of different groups of people – for example, by offering a wide range of housing options, price bands and attractive public spaces. This diversity contributes to social stability and integration, by taking into account different realities of life and promoting the creation of communities.

- Financial risks due to municipal requirements may arise for the Instone Group, for example in connection with the mandatory provision of subsidised housing, childcare places or commercial units. This parameter influences the project costing or cost effectiveness and must be taken into account at an early stage.

The challenge of neighbourhood development is to find a balance between social, economic and urban interests. In particular, contemporary plans – whether relating to development, energy supply, mobility, housing supply, local recreation or ecology – must meet the requirements of the next 20 years and beyond, in order to ensure an attractive living environment for all residents.

Management of impacts, risks and opportunities

S3-1

Concepts related to affected communities

In the 2024 financial year, the Instone Group further developed its concept, the aims of which are to ensure the greatest possible satisfaction among all the groups involved and to combine and optimally implement the diverse requirements for modern living. The basis for this is the internal social impact scoring model. Developed in-house, this plays a role in the planning process from the time the land is purchased. This model enables a comprehensive location analysis to be carried out, in order to identify potential and requirements and integrate social aspects into planning at an early stage. The following key action areas were defined:

- Mobility
- Sports & health
- Local supply & trade
- Culture & community activities
- Services & facilities
- Upbringing and education

On the basis of the six defined fields of action, all properties and the surrounding infrastructure are analysed and evaluated by our acquirers before product development, and by our project developers after product development. The social impact scoring model is used to measure the effectiveness of the project in relation to the planned measures and the resulting social impact. In addition, a modular system with best practice examples offers innovative ideas and solutions to specifically address the needs of the respective site. GRI 203, 203-1, 203-2

The respective project team is responsible for implementing and monitoring the measures.

S3-2

Procedure for involving affected communities with regard to impacts
GRI 413, 413-1

The Instone Group promotes close cooperation with cities and municipalities, initiatives, NGOs, cooperatives and citizens. We also attach great importance to the integration of the immediate environment of our projects. In this way, we create greater added value for all parties involved and strengthen the community. Direct exchanges enable valuable development impulses to be identified and the acceptance of our projects to be increased in the long term.

During the early acquisition and planning permission procurement phase, the Instone Group is in regular contact with cities and communities to establish meaningful added value and goals above and beyond the neighbourhood development agreements. Early dialogue between all stakeholders, for example through innovative participation processes and the results of a careful site analysis, forms the basis for needs-based neighbourhood development. In this context, specific agreements are often concluded with the neighbourhood.

The Instone Group is regularly involved in the specified participation procedures in building rights creation processes. In this structured process, various actors, such as citizens, public authorities, associations or companies, are involved in the planning and decision-making procedures for the creation of building rights. The aims are to promote transparency, take different interests into account and resolve conflicts at an early stage. These procedures may include, but are not limited to, public hearings or written opinions, and may take place, for example, when development plans or land use plans are drawn up. They ensure that interested parties can submit their opinions and suggestions before binding decisions are made.

In our projects, we often go beyond the usual standard participation procedures and use an interactive approach that promotes the active involvement of stakeholders throughout the planning process. A concrete example of dialogue-oriented citizen participation took place last year, as part of one of our projects, during the development phase of preparing a development plan. The aim was to mobilise the "silent majority of the population" by means of targeted information, to promote a citizens' dialogue and to get an idea of the mood. The process included a comprehensive presentation of all relevant urban development topics. A direct dialogue with citizens was at the heart of this process, in order to incorporate their opinions and perspectives. Stimulus presentations by experts provided additional insights, while a diverse framework programme – with offerings such as children's activities, an open cinema for all, and guest speakers – created a pleasant atmosphere and attracted a wide audience. Various methods such as workshops, interactive polls and feedback stations were used to give participants an uncomplicated way of expressing their opinions. This holistic concept promoted the exchange, increased the acceptance of the planned measures and actively integrated the population into the development of the neighbourhood.

S3-4

Taking action to address significant impacts, and approaches to managing significant risks and exploiting significant opportunities associated with the affected communities, as well as the effectiveness of these measures and approaches

Our social impact scoring model can be used to derive tailored measures and recommendations for action for each site. Examples of these in each field of action are described below:

- Mobility: Provision of cargo bikes and e-charging stations, implementation of mobility concepts
- Sports & health: Exercise facilities for all ages and outdoor recreation areas
- Local supply & trade: Integration of commercial units on the ground floor
- Culture & community activities: Creation of interaction areas such as community gardens, barbecue areas, accommodation areas, water fountains or inclusive play areas
- Services & facilities: Package stations, service point, Quartiers app
- Upbringing and education: Construction of day care centres, hybrid primary school

Through the citizen participation described in "S3-2", we can incorporate individual feedback and suggestions into our planning and implementation processes. This participatory approach enables us to integrate the different perspectives and needs at an early stage and therefore to develop sustainable, needs-based solutions. In order to counteract gentrification effects, we enforce targeted measures that contribute to the creation of living space that meets the diverse needs of a wide range of population groups. Through the socially balanced development of living space, we promote an integrative and harmonious coexistence and strengthen the social mix within the neighbourhoods. The creation of affordable housing also contributes to this.

We are already in the early phase of project development, in close collaboration with the cities and municipalities. This enables us to fully understand the specific requirements and requirements of the respective community and to integrate them into our planning. A key issue is the creation of affordable housing. Thanks to early consultations with the responsible authorities, we can clarify whether and to what extent subsidised housing can and should be realised. These early exchanges enable us to incorporate these requirements into our economic calculations and planning. For more information on affordable housing measures, see section "ESRS 2 MDR-A", page 100. GRI 413-1

We are committed to designing our neighbourhoods so that they are cross-generational and inclusive. The site-specific requirements are determined in advance by internal and external analyses. By creating different types and sizes of living spaces, we want to take the needs of all age and life forms into account in the best possible way. In project and product development, we place particular emphasis on:

- Accessibility: Living spaces and shared facilities will be designed to be accessible to everyone, especially people with motor, sensory and cognitive disabilities.
- Variety on offer: Different forms of living spaces – from family-friendly homes to barrier-free senior citizens' homes, to flexible multi-generation housing concepts – ensure a social mix and promote exchange between the generations.
- Services and facilities required: Services close to the neighbourhood, such as childcare, shopping aids, medical care and leisure activities, enable short distances and support an independent life in a familiar environment.

With this approach, we want to design neighbourhoods that not only meet current requirements, but are also future-proof and suitable for all generations.

Metrics and targets

S3-5

Objectives related to managing significant negative impacts, promoting positive impacts and dealing with significant risks and opportunities

The Instone Group sees it as its responsibility not only to provide housing, but also to create a positive "neighbourhood IMPACT" for the residents and the environment of a neighbourhood. Our aim is to create living spaces that meet the needs of a wide range of people and promote an integrative, harmonious coexistence.

Governance

ESRS G1

Business conduct

Material topics:

- **Corporate culture**
- **Management of supplier relationships, including payment practices**

Business conduct

TABLE 026

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain: Upstream	Position in the Value chain: Own business area	Position in the Value chain: Downstream	Time frame: current	Time frame: medium term	Time frame: non-current
G1	**Corporate culture**								
G1	**Corporate culture within the company's own workforce** A good corporate culture makes a significant contribution to employee satisfaction.	Positive			●			●	●
G1	**Exacerbated shortage of skilled labour due to poor corporate culture** A poor corporate culture could make it difficult for the Instone Group to attract qualified employees, which could in turn exacerbate the shortage of skilled labour.		Risk		●		●	●	●
G1	**Management of supplier relationships, including payment practices**								
G1	**Relationship with suppliers** Depending on their size, suppliers depend on the timely and quick settlement of invoices.	Negative			●		●		
G1	**Poorer conditions due to poor relationship management** Poor relationships with suppliers could lead to worse conditions and make it more difficult to find new suppliers.		Risk		●		●	●	●

Strategy

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

The Instone Group constantly addresses the impacts, risks and opportunities associated with sustainability in relation to its strategy and business model. As part of the materiality analysis, the following two aspects were classified as doubly material:

Corporate culture

The Instone Group has recognised the importance of a positive corporate culture both in terms of the positive impact on its own workforce and also in terms of the risks that an inadequate corporate culture could pose for the company. A good corporate culture has a positive effect on the workplace atmosphere and on employee satisfaction. It also promotes a feeling of belonging and commitment. The Instone Group is convinced that this has a positive overall impact on the quality of work and the productivity of the workforce. A good corporate culture also increases employees' loyalty to the company.

A negative corporate culture, on the other hand, can represent a material risk for the Instone Group. It could lead to an increased employee turnover and therefore to financial and non-financial stresses on the company as a result of the use of additional resources. In addition, a negative corporate culture may damage the external reputation of the Instone Group and may lead to difficulties in attracting new skilled employees.

A lack of suitable skilled employees represents a material risk for the Instone Group and the business it operates. For example, a lack of skilled employees, such as project developers, project managers or sales staff, increases the risk of delays and quality problems in the planning and implementation of the residential construction projects developed by the Instone Group, while at the same time increasing the risk of higher project costs and lower profitability. Poor planning of our complex projects because of a lack of qualified specialist staff could result in the need for extensive repairs and reworking, resulting in significant costs for the Instone Group. Furthermore, a lack of skilled employees will affect the financial success of the Instone Group and, consequently, its competitiveness if projects cannot be implemented to the highest standard of quality with the existing specialist staff. The positive corporate culture established by the Instone Group on the basis of its management guidelines and the long-term implementation of these guidelines therefore makes an important contribution to strengthening the competitive position of our company.

Management of relationships with suppliers

Most importantly, the aspects of trust and transparency in a positive corporate culture are also incorporated into the structure of our relationships with the suppliers of the Instone Group. A decisive factor in the fair treatment of our suppliers is the payment behaviour of the Instone Group and its operating subsidiaries. Late payments by the Instone Group could jeopardise the trust-based, cooperative relationship with suppliers and their own financial stability. Financial instability among suppliers may in turn lead to risks for the Instone Group within its supply chain because there is a higher risk of materials and services not being supplied. In turn, this could lead to interruptions to the construction process and, therefore, to an increase in project costs and a reduction in the profitability of the project. Late payments and the associated deterioration in the trust-based, cooperative relationship with suppliers also increase the risk of quality defects and resulting delays in the construction process. Ultimately, a poor relationship could lead to additional costs at a project level as suppliers may make less effort to comply with quality standards, for example with regard to the construction materials and the work to be performed.

Difficult relationships with suppliers, in particular as a result of late payment by the Instone Group, may also increase the risk of price disadvantages and therefore reduce the profitability of our projects. Suppliers that we have a poorer relationship with may also be less willing to react more flexibly to supply bottlenecks for construction materials and work on joint solutions. As such, this could also increase the risk of delays and additional costs in the construction process.

Management of impacts, risks and opportunities

G1-1

Business conduct policies and corporate culture

In addition to the aspects of expertise and transparency, the fundamental principles and the most important topics of the corporate culture, which are promoted and communicated by the Instone Group both internally and externally, are:

- Diversity, which is the responsibility of the HR department in close consultation with the Management Board.
- Our company's responsibility to people and the environment.
- The development of needs-based affordable housing and, therefore, the creation of genuine social added value, in particular for cities and municipalities.
- Integrity and an effective compliance organisation that promotes compliance with the principles of the Instone Group by means of appropriate measures.

Against the backdrop of what we consider to be key cornerstones of sustainable corporate governance and culture, the Instone Group has also signed the Diversity Charter and promotes diversity in line with its core dimensions. The Instone Group also maintains a non-discriminatory culture of cooperation based on our management principles of trust, appreciation and authenticity.

At the Instone Group, the practical implementation of these principles of corporate culture into specific behaviours is based, on the one hand, on the obligations for action formulated in the guidelines and supplementary declarations referred to below and, on the other hand, on the behaviour and attitudes of the Management Board and the executives, which are adapted to these principles and set a continuous example for the employees (tone from the top). Ultimately, the employees themselves play a key role in shaping this corporate culture through their day-to-day actions.

In order to promote a positive corporate culture and therefore minimise the resulting risk for our company, the Instone Group has put in place a wide range of guidelines. These have been adopted by the Management Board and are mandatory for everyone they are addressed to. They are published, permanently available and easy to find on the Intranet and on our website. Guidelines that affect contractual partners and their conduct are also made available to them when a contract is concluded or make up a formal component of the contract documentation.

When these guidelines are drawn up, the most important interest groups, such as the company's own workforce and contractual partners, are taken into account.

Code of conduct

The Management Board has adopted a code of conduct for employees and for external contractual partners. These specify existing obligations under law and also contain mandatory requirements relating to the activities of the employees of the Instone Group, its operational subsidiaries and their respective contractual partners. They convey values that the Instone Group is firmly committed to and concern, among other things, corruption, money laundering, charitable donations and sponsorship, competition and antitrust law, conflicts of interest, data protection and respect for diversity and equal opportunities. They also include regulations on the procedure in the event of infringements. The goal is to strengthen trust in the Instone Group, protect employees, prevent damage to the company and therefore to safeguard and further develop the sustainable success of the company.

Benefits

The group-wide guidelines on benefits supplement the code of conduct with special regulations and information on how to manage the giving and receiving of benefits, particularly with regard to the issue of avoiding corruption. This is intended to protect the employees of the Instone Group, the Instone Group itself and other stakeholders, such as contractual partners and public officials, from criminal prosecution, the consequences of liability and reputational damage. To this end, the guidelines also include, for example, a checklist on the management of benefits and instructions for employees, an approval procedure used by managers and the Compliance department of the Instone Group, as well as a table of value limits for permitted benefits that are given and received.

Decisions

The group-wide mandatory decision-making guidelines are an integral part of the internal control system and risk management and are therefore an important instrument, including in terms of sustainability. The purpose of the guidelines is to protect the Instone Group from potential risks by defining functional responsibilities and introducing specific integration, control and decision-making regulations. The core elements are, for example, the provision of qualitative descriptions of issues relevant to decision-making when realising residential projects, quantitative materiality limits, such as threshold values, or the four-eyes and multiple-eyes principle. By setting these criteria and applying formal procedures for decision-making and documentation – in some cases using additional digital process chains – it is possible to ensure that decisions are made transparently in accordance with the same recognised principles and therefore meet consistently high standards.

Compliance management system

The Instone Group has developed a risk-oriented, preventive compliance strategy that raises awareness of compliance issues among employees and supports a positive compliance culture within the company. The guidelines include statements about this compliance culture and the Instone Group's corporate mission statement. They also define the organisation and the objectives with regard to compliance issues and describe how they are communicated within the company. The aim is to clarify the importance of compliance with legal and internal company requirements to ensure that they are fulfilled and therefore to support and promote a positive compliance culture.

Compliance among business partners

The careful selection of business partners is a key component of the Instone Group's compliance management system. These guidelines define the procedure for auditing business partners in order to identify and prevent business relationships with untrustworthy business partners. The processes defined in the guidelines aim to offer Instone Group employees assistance with managing these requirements safely and to ensure the careful selection of business partners.

Further declarations

The Instone Group has also drawn up a number of declarations and published them on its website. In addition to the guidelines adopted by the Management Board of the Instone Group, these declarations address other key aspects of the corporate policy and culture and are considered to be internal work instructions.

The ethical principles and rules of behaviour laid down by the Management Board in the code of conduct form a core component of the corporate culture. Every employee is responsible for complying with these principles. The management have a particular responsibility. They are required to convey the meaning and content of the code of conduct to their employees, set an example in this respect for the employees and to encourage and support the employees in the implementation of the code of conduct. The code of conduct forms the basis for all the guidelines and other internal regulations. It is continuously reviewed and improved by the Management Board with the help of the specialist departments, in particular the Legal and Sustainability departments, and adapted to current changes. All employees are invited to participate in this development process and to contribute suggestions and ideas. This is possible, for example, when the annual qualitative assessment of the corporate culture is carried out as part of the employee satisfaction survey. The Instone Group strives to develop further incentives for employees to specifically promote and support the corporate culture in the future.

The Instone Group consistently complies with the code of conduct. In the event of violations, the employee concerned must therefore expect consequences that are appropriate to the severity of the violation and the other circumstances that must be taken into account in this context. The managers continuously monitor and check compliance with the rules of the code of conduct. In addition, the Compliance Officer and the Internal Audit department may carry out audits that are independent of the process. Finally, the compliance organisation ensures that the compliance culture is internalised by managers and employees as a key part of the corporate culture. As part of the process of monitoring compliance with the code of conduct, internal and external reports from stakeholders about possible violations are taken into account, in particular via the Instone Group's whistleblower system.

Finally, we carry out extensive training measures to maintain, promote and further develop the corporate culture. These relate to the key areas and principles of the Instone Group as set out in the code of conduct. Annual compulsory training courses are held on topics such as compliance, data protection and security, corruption and bribery, competition and antitrust law and occupational health and safety. These training courses are mandatory for all employees. The training is designed to be an intensive and in-depth learning programme that provides comprehensive knowledge and skills in relation to all the areas of the code of conduct. The theoretical knowledge is incorporated into practical use cases and then checked. Key figures for the training can be found under "S1-13" on page 82. GRI 205-2

G1-2

Management of relationships with suppliers

TNFD Strategy B

The management of relationships with our suppliers is a central consideration for our company and enables us to minimise the negative effects of the suppliers and also the resulting risk for the Instone Group. Fair treatment of suppliers by the Instone Group itself is of crucial importance here, in particular with regard to small and medium-sized suppliers that are more vulnerable, for example because they are financially dependent on our company. Fair treatment of this kind is made possible in particular because the Instone Group expects, promotes and reviews compliance with its code of conduct by its own employees, page 86.

In addition to transparent communication, fair treatment and the effective protection of suppliers primarily involve complying with the agreed payment terms. This also promotes long-term trust between the Instone Group and its suppliers. The Instone Group has established a structured and formalised process for the digital processing of incoming invoices, which effectively prevents late payments. Within the multi-step audit chain, the person responsible for each audit step must always check carefully whether the person responsible for the previous audit step has properly implemented and documented their audit procedures. After an invoice has been entered in the system, the cost centre auditor checks that the amount is correct and checks the due dates as part of the digital processing. The due date given in the invoice is checked on the basis of the invoice receipt date and corrected if necessary. When the cost centre auditor has finished checking the invoice, it is automatically transferred to the cost centre allocator for approval as part of the digital workflow.

The Instone Group also expects its contractual partners to take into account social, ethical and environmental standards. A detailed description of the requirements that the Instone Group places on its contractual partners and a description of the process for taking into account social and environmental criteria and the integration of local suppliers can be found under "S2" on page 84 et seqq. GRI 204-1, 308-1, 414-1

Metrics and targets

G1-6

Payment practices

As a reliable partner, the Instone Group usually undertakes to pay invoices within 14 to 30 days of receiving them, depending on the agreement. The Instone Group generally complies with the agreed payment terms and deadlines. The average number of days before invoices were paid in the reporting period was less than 14 days, which means that the Instone Group has overfulfilled its payment obligations in terms of payment periods. This is a key feature of the trust-based cooperation between the Instone Group as a client and its contractual partners. This effectively protects small and medium-sized companies in particular that are exposed to financial risks resulting from late payment.

Payment practices TABLE 027

Average number of days until the invoice is paid from the date when the calculation of the contractual or statutory payment deadline begins	11.7 days
Percentage of payments that comply with the standard payment terms	98.2%
Number of outstanding court proceedings due to late payment	0

Company-specific

ESRS U1

Company-specific topics

Material topics:

- **Affordable living**

Company-specific topics

TABLE 028

		Impact (positive/ negative)	Risk/ opportunity	Position in the Value chain			Time frame		
				Upstream	Own business area	Downstream	current	medium term	non-current
U1	**Affordable living**								
	Affordable housing through subsidies The planning and development of subsidised housing creates affordable housing for low-income families, especially in metropolitan areas with very high rental prices.	Positive			●				●
	Affordable living space through modular and serial construction Through modular and serial construction (Nyoo Real Estate GmbH), liveable apartments are created at moderate prices in attractive B- and C cities.	Positive			●			●	●
	Cost reduction through modular and serial construction Modular and serial construction (Nyoo Real Estate GmbH) reduces production costs and saves time.		Opportunity		●				●
	Financial support for project development Financial support for project development in the construction of subsidised housing is available in some federal states (for example in Baden-Württemberg).		Opportunity		●		●		

Strategy

ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with the strategy and business model

The housing situation in Germany has been a central topic of political and social discussion for several years. The lack of affordable housing is an urgent social problem, especially in the metropolitan regions of Germany. The new building gap in Germany is currently estimated at around 600,000 residential units.[1] Furthermore, there is a sustained decline in building permits.[2] This results in a dynamic of rental and sales prices, which deprives people from many income groups of the opportunity to have adequate housing. According to the Federal Government, around 100,000 new social housing units are required each year to meet the demand for social housing.[3] The supply situation with affordable housing remains tense due to the developments of inflation and interest rate, construction and energy price increases, particularly in the metropolitan regions.

As a leading housing developer in Germany, the Instone Group is aware of its responsibility to contribute to solving this social problem. With our construction projects and strategic measures, we are pursuing the goal of promoting access to affordable housing and providing sustainable impetus for housing construction. Our sustainability strategy includes a continuous analysis of the impacts, risks and opportunities in relation to affordable housing. Below we will explain the drivers that are critical to identifying, evaluating, and managing key issues when taking the Impact Risk Opportunity (IRO) approach.

- The supply of affordable yet sustainable and liveable housing is one of the most pressing social issues of our time. As a project developer, the Instone Group is aware of its responsibility and, despite the tense market situation, is making an important contribution to meeting the housing demand in Germany with the realisation of its residential housing projects. The planning and development of subsidised housing creates affordable housing for low-income families, especially in metropolitan areas with very high rental prices.
- At the same time, the modular and serial construction (nyoo concept) enables the creation of liveable homes at reduced costs. With this design, our subsidiary Nyoo Real Estate GmbH ensures that affordable housing can be offered in attractive B and C cities. Standardised processes accelerate the construction process and reduce the overall costs without compromising the quality of the homes.
- Modular and serial construction offers the opportunity to reduce both production costs (for example, through pre-fabrication options) and construction time, thereby enabling efficiency increases and cost advantages to be realised.
- Financial support for project development in the construction of subsidised housing is available in some federal states (for example, in Baden-Württemberg).

Management of impacts, risks and opportunities

ESRS 2 MDR-P

Concepts related to affordable living

In order to be able to create affordable housing in Germany, close cooperation between all actors involved in project development is required. In order for this ambitious project to be completed, the Instone Group must act as a project developer together with local authorities, the federal states and the federal government. This includes reducing bureaucratic hurdles, speeding up approval procedures and providing financial incentives for housing. In addition, the introduction of sustainable building concepts and the promotion of innovative approaches, such as modular construction and re-densification, are crucial to achieving economic and ecological goals. The Instone Group sees one way of creating affordable housing in the use of specific support programmes for subsidised or low-price housing. The funding instruments are essential levers for meeting the increasing demand for affordable housing, while at the same time promoting sustainable investment in housing. The targeted use of such programmes can make an important contribution to easing the burden on the housing market.

While we have only a limited influence on many framework conditions – such as regulatory requirements, land prices or general developments in construction costs – it is our responsibility to find new ways of creating

[1] ZIA, 2024: "Immobilienwirtschaft zum Bündnis bezahlbarer Wohnraum" ("Property sector on Alliance for Affordable Housing"), accessed at https://zia-deutschland.de/pressrelease/immobilienwirtschaft-zum-bundnis-bezahlbarer-wohnraum-es-gab-erste-fortschritte-deutschland-braucht-aber-mehr-einen-echten-durchbruch/
[2] Statista, 2024, accessed at https://de.statista.com/statistik/daten/studie/505159/umfrage/baugenehmigungen-fuer-wohn-und-nichtwohngebaeude-nach-monaten/
[3] Federal Government, 2024: "Mehr bezahlbare Wohnungen" ("More affordable homes"), accessed at https://www.bundesregierung.de/breg-de/aktuelles/sozialer-wohnungsbau-2295158#tar-1

housing more efficiently and cost-effectively. Against this background, we started developing the nyoo concept a few years ago. The aim of Nyoo Real Estate GmbH is to build more cost-effectively through serial planning and production. At the heart of this conceptual approach are digitalisation and standardisation on three levels: product, process and production. Through standardisation and digitalisation, we optimise the entire project development and construction process in order to keep production costs as low as possible – without compromising on quality, sustainability or living comfort.

ESRS 2 MDR-A

Measures and resources related to affordable living

In order to respond to the growing housing shortfall in Germany, the Instone Real Estate Group SE is continuously working with its subsidiaries, Instone Real Estate Development GmbH and, specifically, Nyoo Real Estate GmbH to optimise the entire value chain (for example, by taking the lean management approach by using Beeboard software) to be able to continue building housing even in challenging times. To do this, the Instone Group is taking two approaches.

Realisation of subsidised and price-damped living space

At the start of every project, there is a review of how many subsidised and price-controlled units can and must be constructed. There are often municipal regulations that stipulate a certain minimum proportion of housing that is subsidised or price-dampened. These specifications are manifested in the development plan. When drawing up new development plans, the Instone Group is in close collaboration with the respective city or municipality in order to coordinate the requirements together. The funding terms can also vary between federal states, cities and local authorities. On this basis, the Instone Group is evaluating economically viable solutions.

Affordable living space through modular and serial construction

The implementation of the nyoo concept is based on several targeted measures. An interdisciplinary team of planners, architects, project developers, project managers and business people takes over essential parts of the value chain through their own efforts. This reduces external interfaces, which enables efficiency gains and cost savings. A central element is serial product development. A standardised planning and floor plan construction kit is used to streamline processes, which creates synergies along the entire value chain. In addition, the consistent standardisation and optimisation of the entire project development and construction process ensures that production costs and project runtimes are minimised. These measures ensure the optimal use of all resources.

Metrics and targets

ESRS 2 MDR-T

Objectives related to affordable living

The first completed projects of Nyoo Real Estate GmbH demonstrate the successful achievement of the goal of creating affordable and sustainable housing. In addition, the first successes in urban development competitions underline the relevance of the approach. For example, in "6-Seen-Wedau", which is currently the largest urban development project in North Rhine-Westphalia, Nyoo Real Estate GmbH contributes not only to affordable housing, but also to sustainability. Energy-efficient and environmentally friendly apartments with corresponding sustainability certification are being built here, as part of the NRW Climate Quarter funding programme. Including its project in Duisburg, Nyoo Real Estate GmbH has a total of more than 1,000 residential units in the project pipeline for the next few years. The Instone Group will consistently continue the measures to optimise serial and modular construction, in order to continue the success course it has embarked upon.

Furthermore, we are pursuing our goal of continuously examining how subsidised and price-damped housing can be created in our projects. The prerequisite for this is solutions that are economically viable and sustainable. We therefore want to align our plans and projects in such a way that they meet both social and economic requirements.

Economic report

Economic conditions

Continuation of the weak macroeconomic development

The German economy remains in a period of economic and structural weakness. According to the German Federal Statistical Office, price-adjusted gross domestic product (GDP) decreased slightly by 0.2% in 2024 – the second year in a row. As a result, development in Germany fell short of the development in the EU and other major economies, such as the USA or China.

The structural problems in the manufacturing sector, which accounts for a comparatively high share of economic output in Germany, were a major adverse factor. A large part of the energy-intensive industries suffered from the comparatively high energy costs in Germany. Key industries, such as mechanical engineering and the automotive industry, were affected by the negative impacts of weak growth and increasing competitive pressure from China. Moreover, weak economic demand continued to have a negative impact on economic performance. Therefore, private consumption stagnated despite the real wage increases.

For 2025, the German Federal Bank (Bundesbank) expects a moderate recovery of the German economy and moderate GDP growth of 0.2%. A further increase in foreign demand is seen as key economic support. The Bundesbank expects German GDP growth to accelerate slightly to 0.8% in 2026.

Slight rise in unemployment

The continuing period of weakness in the German economy also weighed on the labour market last year. Both the number of unemployed and the unemployment rate rose slightly year-on-year. According to the German Federal Employment Agency, the unemployment rate in December 2024 was 6.0% (previous year: 5.7%). The Bundesbank expects the stagnation of the German economy to continue to have a negative impact on the labour market in 2025. It predicts that the number of unemployed will rise and the unemployment rate will grow slightly to 6.3%.

Significant decline of inflation

Inflation, which has been one of the most important economic parameters in recent years, fell significantly in 2024. According to the German Federal Statistical Office, the average increase in consumer prices in Germany in 2024 was 2.2% (previous year: 5.9%). The year-on-year decline in energy costs provided significant relief, with the cost of services being a major driver of inflation. The Bundesbank expects the average inflation rate for 2025 to remain broadly stable and expects it to be around 2.0% in 2026.

The ECB initiates a turnaround in interest rates, and long-term real estate loans become cheaper again

With a marked fall in inflation, the European Central Bank (ECB) has initiated a relaxation of restrictive monetary policy. Following an initial rate cut in June 2024, the ECB lowered its key interest rates (deposit interest rate) in three further steps, from 4.0% previously to 3.0% finally in December 2024. In this environment, interest rates for long-term real estate loans with a maturity of five to ten years also fell in 2024. According to the Bundesbank, the average effective interest rate fell continuously from 3.92% in November 2023 to 3.36% in November 2024.

The reduction in financing costs compared to the highest levels had a positive effect on the affordability of real estate and therefore also on the demand for real estate loans. According to the Bundesbank, the volume of new real estate loans from German banks to private households increased to around €181 billion in the first 11 months of 2024, a significant increase of around 21.7% compared with the same period last year (€149 billion).

German population continues to grow

According to the German Federal Statistical Office, 84.7 million people were living in Germany as at 30 September 2024. This corresponds to a population increase of 339,000 people (+0.2%) year-on-year. Compared to previous years, however, Germany's population growth has slowed. This positive development is driven exclusively by net immigration, whereas the surplus of deaths compared to births had a negative impact on population development. Since the early 1970s, deaths in Germany have exceeded births.

The development of the number of households is the most important determinant for demand for housing. Between 2000 and 2023, the number of one and two-person households increased significantly, especially that of one-person households. By contrast, the number of households with three or more people has fallen. Therefore, the number of households has developed significantly disproportionately in recent years in terms of population development. The increase in single-person households is influenced on the one hand by an increase in the number of pensioner households and on the other by behavioural changes, such as the earlier establishment of a household by young adults and the less frequent and later establishment of a family with children. Due to the expected development of the age structure in the population, the trend towards smaller households observed in recent years is likely to continue in the future.

Building permits and completions are declining

From January to October 2024, the number of building permits in Germany fell by 19.5% compared to the previous year, to a total of 175,800 homes. This includes both new builds and new homes in existing buildings. In the case of apartment buildings, there was a disproportionate decline of 22.2% to 92,000 apartments.

The decline in building permits is a correspondingly negative indicator for the future completion of new residential units. The target of 400,000 new homes per year set by the German Federal Government has already been consistently missed in recent years. According to estimates by the German Economic Institute (IW), the number of new residential units completed will continue to decline significantly in 2024 to around 260,000 and in 2025 to around 230,000.

Crisis exacerbates housing shortage

The rising demand for housing as a result of the positive development of households and the population as well as the continuing decline in the supply of new housing is exacerbating the housing shortage in Germany. The continued reduction in vacant housing also reflects the scarcity in the housing market. This is shown in the data from the current CBRE empirica vacancy index. At the end of 2022, the market-active vacancy rate, in other words apartment blocks that can be rented directly or capitalised in the medium-term, was 2.5% (in 2021: 2.8%). As a result, the absolute vacancy rate fell significantly year-on-year by around 53,000 to around 554,000 homes (in 2021: 607,000 homes). For the first time in 22 years, there has been no increase in one of the 400 areas analysed. The lowest vacancy rate remained unchanged in Munich at 0.1%, followed by Frankfurt am Main, Munster and Freiburg at 0.2% each.

Prices for new residential units are stabilising after a moderate decline; rents are developing dynamically.

Prices for new residential units in Germany's top seven cities fell moderately in 2024. According to data from the consultancy company bulwiengesa, the unweighted average price development in the individual cities even shows a slight increase of around 2%. According to bulwiengesa's assessment, the cities of Berlin and Cologne, among others, recorded significantly above-average price increases, while a slight price decline was still observed for Dusseldorf compared to the previous year.

A significant stabilising factor was the continuing dynamic development of rents in a market characterised by supply shortages. This shortage was exacerbated by the decline in construction activity and the positive net migration. According to bulwiengesa, first-time letting rents for new buildings in the top seven cities in Germany were on average 5.0% higher in the fourth quarter of 2024 than in the previous year, which even represents an acceleration compared to the previous year.

Overall statement on the financial year

2024 financial year: Instone Group achieves annual targets in a difficult industry environment

Overall, Instone Real Estate Group SE was able to hold its own in a challenging macroeconomic environment in 2024 and achieved all of the financial targets set for the 2024 financial year.

The market was still strongly influenced by the significant rise in interest rates, which had a negative impact on private and institutional demand for residential real estate. A fall in interest rates compared to the previous highs achieved, a stabilisation of property prices and the first positive effects of the support measures under the German Growth Opportunities Act have already led to a revival of private demand in retail sales over the course of the year, but this has not yet reached the level of the pre-crisis years. In this environment, the Instone Group continued to benefit from a high number of projects already sold. At the same time, it was able to maintain very solid profitability with an industry-leading gross margin. This margin can be attributed to the quality of the project portfolio as well as to structural competitive advantages, such as economies of scale in purchasing and the high level of vertical integration with in-house construction management.

The decrease in its project portfolio to €6,891.1 million as at 31 December 2024 (previous year: €6,972.0 million) mainly resulted from disposals due to completion amounting to €267.8 million as well as disposals due to investments not made amounting to €114.3 million. This decline was partially offset by new approvals in the amount of €261.6 million and positive changes in revenues amounting to €39.6 million. Adjusted group sales fell to €527.2 million as a result of the interest rate-induced decline in demand (previous year: €616.0 million). Adjusted earnings after tax (EAT) of €36.9 million were below the previous year's figure (previous year: €48.2 million). The decline in adjusted gross profit of €-35.3 million was only partially offset by the reduction in platform expenses and the significantly improved earnings from joint ventures. At €72.9 million, total platform expenses were slightly above our original expectations for the 2024 financial year. As expected, the adjusted tax rate fell to 27.1% (previous year: 32.4%).

Despite the decline in consolidated net income due to the positive change in net working capital before land purchases and lower tax payments, operating cash flow before payments for land acquisitions amounted to €148.0 million, (previous year: €118.1 million), which is a significant increase compared to the previous year.

Comparison of actual and forecast development

Comparison of actual and forecasted development in 2024 TABLE 029

In millions of euros

		Actual 2024	Forecast[1]
Revenue (adjusted)		527.2	500 to 600
Gross profit margin (adjusted)	In %	22.6	~ 22
Earnings after tax (EAT) (adjusted)		36.9	30-40
Volume of sales contracts		330.2	>300

[1] Summary Management Report 2023, page 175.

Results of operations, net assets and financial position

Cumulative financial key performance indicators TABLE 030

In millions of euros

		2024	2023	Change in %
Revenues adjusted[1]		527.2	616.0	-14.4
Gross profit adjusted		119.2	154.5	-22.8
Gross profit margin adjusted[1]	In %	22.6	25.1	
EBIT adjusted		57.5	86.1	-33.2
EBT adjusted		50.6	71.2	-28.9
EAT adjusted[1]		36.9	48.2	-23.4

[1] Financial performance indicators.

Results of operations

To present the results of operations, some items in the income statement are combined into new items:

- Cost of materials, changes in inventories and non-recurring expenses related to the valuation of inventories are covered by the project costs item.
- The Gross profit item is the balance of revenue and project costs.
- Other operating income, staff costs as well as other operating expenses and depreciation and amortisation are summarised under the heading Platform costs.
- The consolidated earnings from operating activities and share of results of joint ventures form earnings before interest and tax (EBIT).

The results of operations show all income as positive and all expenses as negative.

From the results of operations, the following adjustments are made to the adjusted results of operations, which are relevant from the point of view of the Management of the Instone Group:

As part of the adjusted results of operations of the Instone Group, revenue recognition continues to reflect share deals and asset deals in the same way and similarly in accordance with IFRS 15, irrespective of a decision by the IFRS IC to exempt share deals from revenue recognition over time under IFRS 15.

Adjusted earnings after tax are intended to reflect the sustained profitability and are therefore adjusted for non-recurring effects relating to other periods. In particular, the following significant expenses are adjusted: Disposal losses from sales of tangible or financial assets or securities, unscheduled depreciation and amortisation of tangible and financial assets, one-off expenses relating to the valuation of inventories, costs for acquisitions, merger losses, contractual penalties, demands for additional taxes from previous years (e.g. based on audits), severance payments to the Management Board and personnel reductions and restructuring to a greater extent, if these do not meet the strict criteria set out in IAS 37. The adjustment of material income includes, in particular, income from capital gains arising from sales of non-current assets, compensation for damages, writeups on non-current assets, refunds of taxes from previous years based on audits, reversals of provisions for extraordinary events and merger gains.

The ongoing effects from purchase price allocations following the expansion of the scope of consolidation in previous years have also been eliminated in the adjusted results of operations.

The calculation of the individual adjusted items results from the following items in the income statement and the above-mentioned consolidated items:

- Adjusted revenue is revenue adjusted for the effects from purchase price allocations, also taking into account effects from share deals.
- The adjusted project costs include the project costs adjusted for the effects from purchase price allocations, the effects from share deals, other operating income after subtracting the cost of materials (income opposed by a directly attributable item in cost of materials), indirect selling expenses and capitalised interest. They thus reflect the external costs allocated to the project developments.
- Adjusted gross profit is the result of adjusted revenue less adjusted project costs.
- Adjusted platform costs are the platform costs less other operating income after subtracting the cost of materials and indirect sales expenses allocated to project costs and adjusted for non-recurring effects.
- The adjusted share of results of joint ventures are the pro rata earnings contributions from associated company and joint venture companies which are included in the consolidated financial statements using the equity method.
- Adjusted earnings before interest and tax are the adjusted gross profit reduced by the adjusted platform costs, plus the earnings of companies consolidated at equity.
- The adjusted results from investments and financial result comprise the total of other results from investments, finance income, finance costs, and depreciation and amortisation on securities classified as financial assets less capitalised interest.

Adjusted results of operations TABLE 031

In millions of euros

		2024	2023	Change in %
Revenues adjusted		527.2	616.0	-14.4
Project costs adjusted		-408.0	-461.5	-11.6
Gross profit adjusted		**119.2**	**154.5**	**-22.8**
Gross profit margin adjusted	**In %**	**22.6**	**25.1**	
Platform costs adjusted		-72.9	-76.5	-4.7
Share of results of joint ventures adjusted		11.2	8.1	38.3
Earnings before interest and tax (EBIT) adjusted		**57.5**	**86.1**	**-33.2**
EBIT margin adjusted	**In %**	**10.9**	**14.0**	
Results from investments adjusted		0.0	0.0	0.0
Financial result adjusted		-6.9	-14.9	-53.7
Earnings before tax (EBT) adjusted		**50.6**	**71.2**	**-28.9**
EBT margin adjusted	**In %**	**9.6**	**11.6**	
Income taxes adjusted		-13.7	-23.1	-40.7
Earnings after tax (EAT) adjusted		**36.9**	**48.2**	**-23.4**
EAT margin adjusted	**In %**	**7.0**	**7.8**	

- Adjusted earnings before tax results from adjusted earnings before interest and tax less the adjusted investment and financial result.
- Adjusted income taxes correspond to income taxes adjusted for the tax effects of purchase price allocations, share deals and non-recurring effects.
- Adjusted earnings after tax are the adjusted earnings before tax less the adjusted income taxes.

Revenue

Adjusted revenue in the 2024 financial year amounted to €527.2 million (previous year: €616.0 million), in other words around 14.4% below the previous year's figure. The decline in sales is mainly due to a reduction in construction services compared to the previous year.

The adjustment of effects from purchase price allocations slightly changed the adjusted revenue by €-1.0 million (previous year: €2.6 million). The separate valuation of share deals ("Westville" project) increased the adjusted revenue by €93.6 million (previous year: €99.1 million).

Revenue TABLE 032

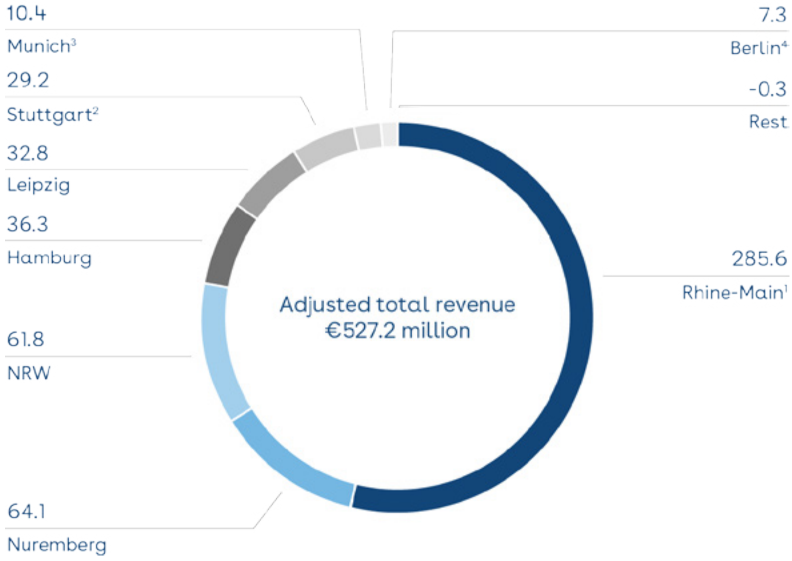
In millions of euros

	2024	2023	Change in %
Revenue	**434.6**	**514.3**	**-15.5**
+ effects from purchase price allocations	-1.0	2.6	n/a
+ effects from share deal agreements	93.6	99.1	-5.5
Revenues adjusted	**527.2**	**616.0**	**-14.4**

The adjusted revenue of the Instone Group is almost exclusively generated in Germany and is broken down across the regions as follows:

Sales (adjusted) by region 2024 FIGURE 011

In millions of euros



[1] Includes, Frankfurt a. M., Wiesbaden, Maintal and Heusenstamm

[2] Includes Rottenburg and Schorndorf

[3] Includes Augsburg and Rosenheim

[4] Includes Potsdam

Project costs

The adjusted project costs, essentially consisting of the cost of materials and the changes in inventories, also fell in the financial year to €-408 million (previous year: €-461.5 million). The reduced volume of land purchases recognised as an expense and the reduced construction activity compared to the previous year led to a reduction in the cost of materials to €-432 million (previous year: €-544.5 million). The decrease in changes in inventories to €102.3 million (previous year: €167.6 million) reflects, on the one hand, the lower volume of property purchases compared to the same period of the previous year and, on the other, the increased volume of sales contracts in the reporting period.

In the 2023 financial year, one-off expenses relating to the valuation of inventories in the amount of €17.7 million were recorded in project costs. These expenses result from the rescheduling of projects due to the persistently difficult conditions in the industry and macroeconomic environment in Germany and the need to replan individual projects. These expenses were unusual in their amount and cannot be regarded as recurring on a regular basis. For this reason, these have been adjusted as a non-recurring effect in the previous year. This effect has not been repeated in the current reporting year.

Indirect sales expenses in the amount of €-2.3 million (previous year: €-2.5 million) and other operating income from the cost of materials of €18.7 million (previous year: €15.1 million), of which €15.6 million (previous year: €13.4 million) from subsidies, were allocated to adjusted project costs as of 31 December 2024. The adjustment of the capitalised interest in the changes in inventories of €-13.0 million (previous year:€-12.2 million) added to the adjusted project costs. Effects from the amortisation of purchase price allocations reduced adjusted project costs by €11.2 million (previous year: €3.0 million). Due to the separate valuation of share deals, adjusted project costs again increased by €-92.9 million (previous year: €-88.0 million).

Project costs TABLE 033

In millions of euros

	2024	2023	Change in %
Project costs	**-329.7**	**-394.6**	**-16.4**
+ effects from purchase price allocations	11.2	3.0	273.3
+ effects from reclassifications	3.4	0.5	580.0
+ non recurring effects	0.0	17.7	-100.0
+ effects from share deal agreements	-92.9	-88.0	5.6
Project costs adjusted	**-408.0**	**-461.5**	**-11.6**

Gross profit

As a result of the heavier fall in revenue compared to project costs during the financial year and due to the lower project gross profit margin, adjusted gross profit declined year-on-year to €119.2 million (previous year: €154.5 million).

Gross profit TABLE 034

In millions of euros

	2024	2023	Change in %
Gross profit	**104.8**	**119.6**	**-12.4**
+ effects from purchase price allocations	10.3	5.6	83.9
+ effects from reclassifications	3.4	0.5	580.0
+ non recurring effects	0.0	17.7	-100.0
+ effects from share deal agreements	0.7	11.1	-93.7
Gross profit adjusted	**119.2**	**154.5**	**-22.8**

The adjusted gross profit margin – calculated from the adjusted gross profit relating to the adjusted revenue – amounted to 22.6% (previous year: 25.1%). As expected, the adjusted gross profit margin fell in the financial year, mainly due to a change in the project mix.

Platform costs

Adjusted platform expenses improved year-on-year to €-72.9 million (previous year: €-76.5 million). This is mainly due to the decrease in warranty expenses of €2.7 million and the decrease in personnel expenses of €2.9 million. In the financial year, indirect sales costs amounting to €2.3 million (previous year: €2.4 million) and other operating income from the cost of materials amounting to €18.7 million (previous year: €15.1 million) were reclassified as project expenses, and other non-recurring expenses of €1.0 million (previous year: €3.8 million) were adjusted. These mainly relate to consulting expenses amounting to €0.8 million (previous year: €1.3 million).

Platform costs TABLE 035

In millions of euros

	2024	2023	Change in %
Platform costs	**-57.5**	**-67.6**	**-14.9**
+ effects from reclassifications	-16.4	-12.7	29.1
+ non recurring effects	1.0	3.8	-73.7
Platform costs adjusted	**-72.9**	**-76.5**	**-4.7**

Staff costs at the end of the 2024 financial year were €-48.8 million (previous year: €-51.7 million), which is a year-on-year decrease of around 5.6%. Current personnel expenses, excluding the share-based remuneration of management, decreased by 10.9% compared to the same period last year due to the structural reorganisation measures introduced in the previous year. This development was partially offset by the increased additions to the provisions for share-based remuneration. GRI 2-7, 2-8

The reported other operating income was €26.4 million (previous year: €25.6 million), which is a slight increase year-on-year. This includes other operating income from the cost of materials of €18.7 million (previous year: €15.1 million), which were reclassified as project costs. This includes, in particular, income from the realisation of grants of €15.6 million (previous year: €13.4 million). Income from the reversal of personnel-related provisions and liabilities during the reporting period was below the previous year's level at €3.0 million (previous year: €3.3 million). In addition, income was realised from the reversal of provisions and project-related liabilities released in the amount of €5.6 million (previous year (adjusted): €4.6 million). In the previous year, one-off income in the amount of €2.8 million was reported from the deconsolidation of a subsidiary.

The reported other operating expenses decreased to €-30.2 million in the reporting period (previous year: €-36.5 million), mainly due to lower warranty expenses. Other operating expenses mainly include costs for warranties, consulting expenses, sales costs, IT costs, court costs, and attorneys' and notaries' fees.

The reported depreciation and amortisation was €-5.0 million (previous year: €-5.0 million), which is at the same level as in the previous year.

Share of results of joint ventures

The adjusted shares of results of joint ventures of €11.2 million (previous year: €8.1 million) during the financial year was attributable almost completely to construction activities and the sale of the Berlin joint venture Friedenauer Höhe, and reflects the expected development of this project.

Earnings before interest and tax (EBIT)

Despite the increased earnings from shares of results of joint ventures compared to the previous year and lower platform expenses, adjusted earnings before interest and tax fell slightly compared to the previous year, as planned, to €57.5 million in 2024 (previous year: €86.1 million), essentially due to the reduced gross profit.

EBIT TABLE 036

In millions of euros

		2024	2023	Change in %
EBIT		**58.5**	**60.1**	**-2.7**
+ effects from purchase price allocations		10.3	5.6	83.9
+ effects from reclassifications		-13.0	-12.2	6.6
+ non recurring effects		1.0	21.5	-95.3
+ effects from share deal agreements		0.7	11.1	-93.7
EBIT adjusted		**57.5**	**86.1**	**-33.2**
EBIT margin adjusted	**In %**	**10.9**	**14.0**	

Investment and financial result

As in the previous year, there was no materially adjusted income from investments in the reporting period.

The reported financial result improved significantly to €-19.9 million in the 2024 financial year (previous year: €-27.1 million). This improvement is primarily due to the significant increase in finance income of €6.7 million in connection with the reduction in net debt.

The adjusted financial result also improved significantly to €-6.9 million (previous year: €-14.9 million) in the reporting period. Capitalised interest from project financing before the start of sales in the amount of €13.0 million (previous year: €12.2 million) was reclassified as project costs.

Earnings before tax (EBT)

GRI 207-1

Adjusted earnings before tax fell to €50.6 million compared to the previous year (previous year: €71.2 million).

EBT TABLE 037

In millions of euros

		2024	2023	Change in %
EBT		**38.6**	**33.0**	**17.0**
+ effects from purchase price allocations		10.3	5.6	83.9
+ non recurring effects		1.0	21.5	-95.3
+ effects from share deal agreements		0.7	11.1	-93.7
EBT adjusted		**50.6**	**71.2**	**-28.9**
EBT margin adjusted	**In %**	**9.6**	**11.6**	

Income taxes

The tax rate in the adjusted results of operations in the 2024 financial year was 27.1% (previous year: 32.4%). The decrease in the tax rate is mainly due to the high earnings contributions of projects that will be realised in joint ventures.

Due to the effects mentioned above, income taxes in the reported earnings amounted to an expense of €7.1 million (previous year: €14.1 million).

Earnings after tax (EAT)

As a result of the effects mentioned above, the adjusted earnings after tax of the Instone Group totalled €36.9 million (previous year: €48.2 million). Before adjustment for effects from purchase price allocations, effects from share deals and non-recurring effects, reported earnings after tax were €31.5 million (previous year: €19.0 million).

EAT TABLE 038

In millions of euros

		2024	2023	Change in %
EAT		**31.5**	**19.0**	**65.8**
+ effects from purchase price allocations		6.6	4.0	65.0
+ non recurring effects		-1.8	16.1	n/a
+ effects from share deal agreements		0.6	9.2	-93.5
EAT adjusted		**36.9**	**48.2**	**-23.4**
EAT margin adjusted	**In %**	**7.0**	**7.8**	

Earnings after tax and after minority interests

Non-controlling interests in the earnings after tax amounted to €0.3 million (previous year: €-1.1 million). Non-controlling interests in the adjusted earnings after tax also amounted to €0.3 million (previous year: €-1.1 million).

Earnings after tax and after minority interests TABLE 039

In millions of euros

	2024	2023	Change in %
EAT after minority interests	**31.2**	**20.1**	**55.2**
+ effects from purchase price allocations	6.6	4.0	65.0
+ non recurring effects	-1.8	16.1	n/a
+ effects from share deal agreements	0.6	9.2	-93.5
EAT adjusted after minority interests	**36.6**	**49.3**	**-25.8**

Earnings per share

Adjusted earnings per share in 2024 were €0.84 (previous year: €1.14), below the value in the same period of the previous year.

Earnings per share TABLE 040

In millions of euros

		2024	2023	Change in %
Shares[1]	In thousands units	43,322.6	43,349.6	-0.1
Owners of the Company		31.2	20.1	55.2
Earnings per share	In euros	0.72	0.46	56.5
Owners of the Company adjusted		36.6	49.3	-25.8
Earnings per share adjusted	In euros	0.84	1.14	-26.3

[1] Average weighted number of shares as at 31/12/2024 and 31/12/2023.

Net assets

Condensed statement of financial position[1]

TABLE 041

In millions of euros

	31/12/2024	31/12/2023	Change in %
Non-current assets	84.5	81.4	3.8
Inventories	1,188.1	1,085.8	9.4
Contract assets	91.1	177.1	-48.6
Other current assets	149.1	111.7	33.5
Cash and cash equivalents and term deposits	426.2	383.6	11.1
Assets	**1,939.0**	**1,839.6**	**5.4**
Equity	593.4	576.0	3.0
Liabilities from corporate finance	137.2	176.8	-22.4
Liabilities from project-related financing	374.1	355.8	5.1
Provisions and other liabilities	834.3	731.0	14.1
Equity and liabilities	**1,939.0**	**1,839.6**	**5.4**

[1] Items have been adjusted: Term deposits have been allocated to cash and cash equivalents due to short- to medium-term availability, and financial liabilities allocated on the basis of their use in corporate finance or project financing.

As at 31 December 2024, the Instone Group's total net assets rose to €1,939.0 million (previous year: €1,839.6 million). This is due in particular to an increase in inventories, other current assets and cash and cash equivalents.

As at 31 December 2024, inventories rose to €1,188.1 million (previous year: €1,085.8 million). This increase in inventories is mainly due to the construction progress of the unsold projects that are currently being realised. As at 31 December 2024, acquisition costs and incidental acquisition costs for land amounting to €679.7 million (previous year: €694.3 million) were included in inventories.

As at 31 December 2024, receivables from customers for work-in-progress (gross contract assets) already sold and valued at the current completion level of development fell to €305.2 million (previous year: €603.2 million), mainly due to the higher number of residential property transfers. As at 31 December 2024, advance payments from customers amounted to €-219.0 million (previous year: €-430.1 million). This decrease also reflects the increase in the number of handovers to purchasers compared to the previous year.

Contract assets

TABLE 042

In millions of euros

	31/12/2024	31/12/2023	Change in %
Contract assets (gross)	**305.2**	**603.2**	**-49.4**
Payments received	-219.0	-430.1	-49.1
	86.3	**173.1**	**-50.1**
Capitalised costs to obtain a contract	4.8	4.0	20.0
Contract assets (net)	**91.1**	**177.1**	**-48.6**

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015 as well as the business activities of S&P Stadtbau GmbH in the 2019 financial year, as at 31 December 2024 inventories and contract assets still included writeups of €1.3 million (previous year: €11.5 million) from purchase price allocations. Based on current estimates, the Instone Group expects these effects to expire in 2028.

Trade receivables in the financial year rose to €11.7 million (previous year: €6.5 million). This increase is mainly due to the increase in project transfers in the reporting year and the associated increase in receivables from retained earnings.

In the 2024 financial year, the shares accounted for using the equity method, which also include investments in project companies, rose from €51.7 million to €64.2 million, mainly due to the sale and construction progress and transfer of project developments in joint ventures.

Non-current financial receivables amounting to €5.0 million (previous year: €10.3 million) include borrowings from joint ventures and have decreased due to repayments.

The current financial receivables amounting to €24.3 million (previous year: €23.3 million) mainly relate to a loan to a joint venture.

Non-current right of use assets amounting to €8.1 million (previous year: €11.3 million) mainly relate to rights of use for real estate and cars. Current right of use assets amounting to €3.0 million (previous year: €3.0 million) cover a leasehold plot intended for project development.

Other current receivables and other assets increased from €74.6 million to €101.2 million in 2024. This item consists largely of approved public subsidies of €59.4 million (previous year: 51.6 million) for the construction of buildings, including the subsidy for the KfW efficiency programme. The increase was due to the start of publicly subsidised projects in the reporting year. Prepayments on land for which the transfer of benefits and encumbrances takes place after the balance sheet date increased to €39.5 million in the financial year (previous year: €14.1 million) due to new investments. GRI 201-4

Cash and cash equivalents and term deposits of €426.2 million (previous year: €383.6 million) increased mainly due to the continuous inflow of funds from ongoing project developments. This includes cash and cash equivalents from subsidised loans taken out for customers in the amount of €160.0 million (previous year: €115.9 million). For more information, please refer to the group's consolidated statement of cash flows, page 176 et seq.

Non-current provisions for pensions and similar obligations remained unchanged at €1.0 million in 2024 (previous year: €1.0 million). The defined benefit obligation for pension obligations amounting to €10.8 million (previous year: €10.4 million) was reduced by plan assets of €9.8 million (previous year: €9.4 million). Plan assets amounting to €9.3 million (previous year: €8.9 million) were invested in a trust account with Helaba Pension Trust e. V., Frankfurt am Main, while €0.4 million (previous year: €0.5 million) was invested in a trust account with FNZ Bank (formerly: European Bank for Financial Services GmbH [ebase®]), Aschheim, Germany. GRI 201-3

The other remaining non-current provisions for the financial year rose to €6.0 million in 2024 (previous year: €3.4 million). This item essentially comprises provisions for long-term incentive plans amounting to €5.1 million (previous year: €2.7 million) and other long-term personnel provisions amounting to €0.8 million (previous year: €0.7 million).

The other short-term provisions for the financial year rose to €26.3 million in 2024 (previous year: €24.3 million). Project-related provisions for impending losses and warranty and litigation risks in the 2024 financial year were €20.9 million (previous year: €18.9 million).

As at 31 December 2024, non-current financial liabilities were reduced to €391.1 million (previous year: €396.6 million). In the same period, current financial liabilities also decreased to €120.2 million (previous year: €136.1 million). The total decline in financial liabilities is due to a reduced net borrowing of financial loans in the reporting period.

The decrease in leasing liabilities to €11.6 million (previous year: €14.7 million) corresponds to the development of non-current right-of-use assets.

The increase in other non-current liabilities to €47.4 million (previous year: €37.8 million) was completely related to the interest and repayment subsidy in connection with subsidised loans.

Trade payables fell during the financial year decreased to €134.2 million (previous year: €142.2 million) and mainly included the services provided by contractors. The decline corresponds to the decline in output in the financial year.

The increase in other non-current liabilities to €541.5 million (previous year: €431.9 million) resulted mainly from advance payments received for the "Westville" project in the amount of €503.3 million (previous year: €383.5 million). The decrease in liabilities from public subsidies in the amount of €25.4 million (previous year: €32.4 million) corresponds to the construction progress of the publicly subsidised projects in the reporting year.

As at 31 December 2024, deferred tax provisions amounted to €34.3 million (previous year: €44.1 million). This figure also included deferred tax liabilities of €0.1 million (previous year: €3.7 million), which were formed on the basis of the writeups from the first-time consolidation of group companies in 2014, 2015 and 2019.

As at 31 December 2024, income tax liabilities increased to €11.5 million (previous year: €9.4 million), mainly due to lower prepayments in the reporting year.

The equity ratio as at 31 December 2024 was 30.6% (previous year: 31.3%).

As at 31 December 2024, the company held an unchanged number of 3,665,761 treasury shares. This corresponds to a proportion of 7.8% of the shares. As at 31 December 2024, the number of shares adjusted for the company's treasury shares was 43,322,575 shares.

In the opinion of the management, the leverage (excluding the subsidised loans for the "Westville" project) remains at a very low level. The lower net debt reduced the leverage to 2.1 times the adjusted EBITDA. At the same time, the ratio of net debt to balance sheet inventories, contract assets and contract liabilities fell to 10.5% (previous year: 15.1%).

Net financial debt and debt-to-equity ratio TABLE 043

In millions of euros

		31/12/2024	31/12/2023	Change in %
Non-current financial liabilities[1]		278.5	318.4	-12.5
Current financial liabilities		120.2	136.1	-11.7
Financial liabilities		**398.7**	**454.5**	**-12.3**
Cash and cash equivalents and term deposits[2]		-266.2	-267.7	-0.6
Net financial debt (NFD)		**132.5**	**186.8**	**-29.1**
Inventories and contract assets/liabilities		1,258.7	1,240.8	1.4
Loan-to-Cost[3]	**In %**	**10.5**	**15.1**	
EBIT adjusted (LTM)[4]		57.5	86.1	-33.2
Depreciation and amortisation (LTM)[4]		5.0	5.0	0.0
EBITDA adjusted (LTM)[4]		**62.5**	**91.1**	**-31.4**
Leverage (NFD/EBITDA adjusted (LTM))[4]		2.1	2.1	0.0

[1] Excluding financial liabilities of €112.6 million (31 December 2023: €78.1 million) from the subsidised loan for the "Westville" project.

[2] Excluding €160.0 million (31 December 2023: €115.9 million) in restricted cash and cash equivalents from the "Westville" subsidised loan.

[3] Loan-to-cost = net financial debt/(inventories + contract assets/liabilities).

[4] LTM = last twelve months.

Financial position

In the 2024 financial year, the nominal value of corporate finance liabilities changed to €135.0 million (previous year: €175.0 million) as a result of scheduled repayments; as in the previous year, syndicated loans had not been drawn down by the balance sheet date. In December 2024, expiring syndicated loans with a volume of €120 million were replaced by a new revolving credit facility up to €100 million with a term until the end of 2027, including a two-year extension option. Utilisation of lines of project financing (excluding the subsidised loan for the "Westville" project) decreased to €244.6 million (previous year: €278.8 million), in particular through the reduction of completed project financing. The total funding available (excluding the subsidised loan for the "Westville" project), which now amounts to €719.2 million (previous year: €758.3 million) was reduced in the financial year due to the scheduled repayment of project financing and corporate financing. As of 31 December 2024, cash and cash equivalents totalling €442.6 million (previous year: €423.3 million) were available from project financing (excluding the subsided loan for the "Westville" project) and €276.6 million (previous year: €335.0 million) from corporate finance.

In the balance sheet as at 31 December 2024, the liabilities from corporate finance amounted to €137.2 million (previous year: €176.8 million) and liabilities from project-related financing (including the subsidised loan for the "Westville" project) amounted to €374.1 million (previous year: €355.8 million). Recognised total liabilities from financing operations therefore fell to €511.3 million on the reporting date (previous year: €532.6 million). The short-term project financing included in this is composed of option agreements for extension.

The individual financing of the Instone Group was negotiated with various financial institutions and other creditors and is subject to different conditions. In general, the project financing is subject to variable interest rates. With the exception of syndicated loans, the company financing is subject to fixed interest rates. Different amounts and frequencies have been agreed for the use of funds from loans with fixed interest or fixed term. The average interest margins for 2024 were at the same level as the previous year. As a result of the project financing, which is mainly subject to variable interest rates, the interest rate decreases of the European Central Bank led to lower interest rates and, as a result, to lower interest expenses. The mostly variable interest rates are between 1.75% and 2.95% (previous year: between 1.24% and 3.00%) on EURIBOR and under fixed-interest contracts at a fixed interest rate between 1.15% and 6.51% (previous year: between 1.15% and 6.51%).

Short-term funds needed for project-related payments can be obtained by means of overdraft facilities agreed with individual banks. To compensate for interest payments, all payments already received which the buyers of our properties pay into separately managed collective accounts for the purchase price payment are credited to these current account facilities. If necessary, these overdrafts can be converted into fixed-interest or fixed-term loans.

The maturities of the non-discounted repayment amounts are as follows:

Financial liabilities TABLE 044

In millions of euros

Corporate finance (promissory notes)	Due in	Credit line
Term < 1 year	2025	30.0
Term > 1 and < 2 years	2026	37.5
Term > 2 and < 3 years	2027	50.0
Term > 3 years	2028	17.5
		135.0

Corporate finance (syndicated loans)	Due in	Credit line	Utilisation 31/12/2024
Term < 1 year	2025	8.3	0.0
Term > 1 and < 2 years	2026	33.3	0.0
Term > 2 and < 3 years	2027	100.0	0.0
		141.6	**0.0**

Project financing	Due in	Credit line	Utilisation 31/12/2024
Term < 1 year	2024/2025	221.4	87.9
Term > 1 and < 2 years	2025/2026	87.3	85.3
Term > 2 and < 3 years	2026/2027	71.4	71.4
Term > 3 years	>2027	62.5	0.0
		442.6	**244.6**

Project financing (promotional loans for customers)	Due in	Credit line	Utilisation[1] 31/12/2024
Term > 3 years	2031	199.0	160.0
		199.0	**160.0**

[1] This includes interest and repayment subsidy of €47.4 million that is recognised under other non-current liabilities.

Condensed statement of cash flows TABLE 045

In millions of euros

	2024	2023	Change in %
Cash flow from operations	102.5	107.7	-4.8
Cash flow from investing activities	14.1	11.5	22.6
Free cash flow	**116.6**	**119.2**	**-2.2**
Cash flow from financing activities	-73.9	9.8	n/a
Cash change in cash and cash equivalents	**42.7**	**129.0**	**-66.9**
Cash and cash equivalents at the beginning of the period	383.6	255.6	50.1
Other changes in cash and cash equivalents	0.0	-1.0	n/a
Cash and cash equivalents at the end of the period	**426.3**	**383.6**	**11.1**

In the 2024 financial year, the Instone Group was able to achieve a positive overall cash flow from operations and therefore strengthen its position in terms of cash and cash equivalents. The operating cash flow, adjusted for payments for land in the reporting period, was significantly above the previous year's level at €148.0 million (previous year: €118.1 million). This underpins the long-term positive liquidity returns of the Instone Group from the ongoing housing project developments despite the continuing difficult industry environment.

Cash flow from operations TABLE 046

In millions of euros

	2024	2023	Change in %
EBITDA adjusted	62.5	91.1	-31.4
Other non-cash items	-2.5	-9.5	-74.2
Taxes paid	-19.1	-44.3	-56.9
Change in net working capital[1]	61.6	70.4	-12.5
Cash flow from operations	**102.5**	**107.7**	**4.8**
Payments for land	45.5	10.4	339.0
Cash flow from operations without new investments	**148.0**	**118.1**	**25.4**

[1] Net working capital is made up of inventories, contract assets and trade receivables, other receivables less contract liabilities and trade payables and other liabilities.

In the 2024 financial year, cash flow from operations in the Instone Group in the amount of €102.5 million (previous year: €107.7 million) was mainly positively influenced by the increased cash flows from customer payments for ongoing projects as well as by cash flows from handovers of projects with final payment. In addition, income tax payments amounting to €19.1 million (previous year: €44.3 million) were made in the reporting period. Liabilities to contractors for ongoing projects were reduced with simultaneous purchase price payments and land transfer tax payments for land with a total value of €45.5 million (previous year: €10.4 million).

The following were not cash-effective: depreciation and amortisation of non-current assets of €5.0 million (previous year: €5.0 million), expenses from deferred tax of €9.6 million (previous year: €5.9 million), the results from the revaluation of investments valued at equity of €11.2 million (previous year: €8.1 million), interest expenses in the amount of €19.9 million (previous year: €27.1 million), the decrease in provisions by €4.9 million (previous year: €6.0 million) as well as expenses for income taxes amounting to €16.7 million (previous year: €20.0 million). The non-cash expenses in the amount of €2,735 thousand (previous year: €0) related to the amortisation of the interest and repayment subsidy in connection with the subsidised loan in the 2024 financial year.

Cash flow from investing activities amounted to €14.1 million in the financial year (previous year: €11.5 million). This resulted mainly from interest received in the amount of €11.1 million (previous year: €5.6 million).

As at 31 December 2024, the cash flow from financing activities was €-73.9 million (previous year: €9.8 million). This was mainly due to the net repayment of new finance facilities in the amount of €-24.6 million (previous year: net borrowing €68.6 million), consisting of incoming payments from new financial loans taken out in the amount of €162.7 million (previous year: €327.3 million) and repayments for terminated financial loans of €187.3 million (previous year: €258.7 million). In the financial year, payments for interest amounting to €30.9 million (previous year: €35.1 million) and dividend payments amounting to €14.3 million (previous year: €15.2 million) were included in the cash flow from financing activities. No payments were made in the reporting year for the purchase of treasury shares (previous year: €4.5 million).

As at 31 December 2024, financial resources rose to €426.2 million (previous year: €383.6 million).

As at 31 December 2024, the Instone Group had a guarantee facility of the credit insurers in the amount of €380.0 million (previous year: €400.0 million).

Project business at a glance

Real estate business key performance indicators TABLE 047

In millions of euros

		12M 2024	12M 2023
Volume of sales contracts[1]		330.2	211.4
of which from classic determination		320.1	211.4
of which from rental income through reinterpretation		10.1	-
Volume of sales contracts	In units	702	370
		31/12/2024	**31/12/2023**
Project portfolio (existing projects)[1]		6,891.1	6,972.0
of which already sold		2,755.0	2,693.4
Project portfolio (existing projects)	In units	14,243	14,252
of which already sold	In units	6,188	6,217

[1] See definitions in the chapter "Corporate governance key performance indicators" on page 15 and 16.

The sales forecast published by the Management Board on 19 March 2024 for the 2024 financial year forecast sales of >€300 million. This was comfortably achieved with a sales volume of €330.2 million for 702 units and exceeded original expectations. The expectations of price stabilisation for new residential real estate in the metropolitan regions of Germany that are of relevance to us and the noticeable upturn in demand in the course of 2024 were confirmed in the forecast for 2024. Based on the sales value of 2023 (previous year: €211.4 million/370 units), this represents an increase in sales volume of around 56%.

The sales level of unit sales in the reporting period reflects a continuous, moderate market recovery. While a volume of €57.5 million and 115 units was realised in the first half of 2024, the sales volume in the second half of 2024 increased at €91.6 million and 153 units. The success of unit sales in the reporting period (€149.1 million/268 units) is therefore 82% above that of the same period in the previous year (previous year: €82.0 million/166 units).

This means that all the user units for the completed projects were sold by the end of 2024.

The sales speed of our unit sales projects for 2024 as a whole was not yet at the level of the long-term target set by the Management Board. On a national average, real income growth was recorded in 2023 and 2024 and there was a slight reduction in financing costs. However, the majority of potential owner-occupiers remain reluctant to purchase residential property. This is why we are increasingly focusing on the private investor side in product design, which significantly supported the sales process in 2024.

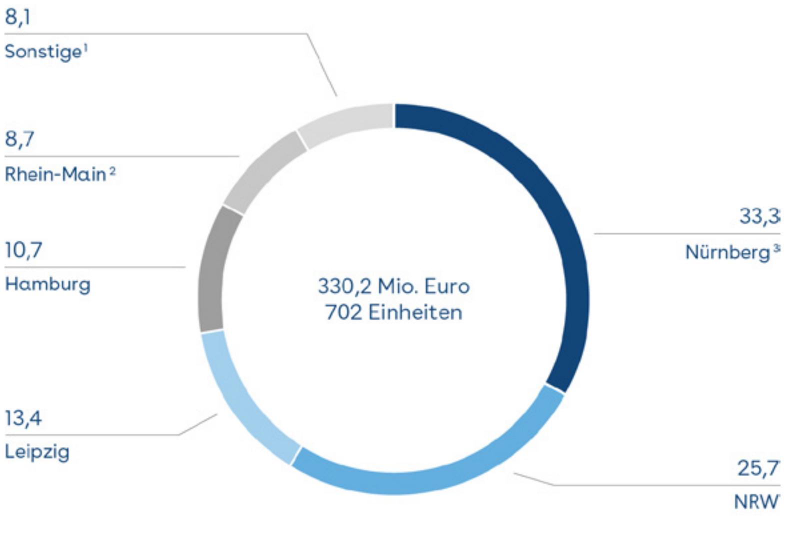
At the end of 2024, we had 375 units on offer in unit sales and expect a significant expansion of the offer in the short term with new sales starts. The product specification is already predominantly at efficiency house level 40 with the desired sustainability certification.

In addition, a total of five projects were sold to institutional investors during the 2024 reporting period. In the fourth quarter of 2024, a sub-project of the "Grafental" project in Dusseldorf, which was only acquired in 2024, was sold as part of a forward sales transaction. Nyoo Real Estate GmbH will be responsible for the turnkey realisation of the project with 167 flats in the pioneering efficiency house 40 standard for the buyer Wohnbau GmbH. In addition to further increases in revenues from projects already sold, a sales success of €16.2 million was achieved from rental income. €6.1 million of this came from revenues realised in the 2024 reporting year and €10.1 million from the reinterpretation of the sales success from rental income (see the explanations in the chapter "Governance key performance indicators" on page 15 et seq.). The volume of sales contracts of our institutional projects was therefore €181.1 million and 434 units in the 2024 financial year. This areas also saw a significant increase of 40% compared to the sales volume of 2023 (previous year: €129.4 million/204 units). Due to the continued reluctance of institutional investors to buy, we are still below the sales level of the long-term comparison.

The volume of sales contracts realised as at 31 December 2024 focused on the most important metropolitan regions in Germany.

Marketing in 12M 2024 by region FIGURE 012

In %



[1] Essentially includes Stuttgart und Berlin.
[2] Includes Frankfurt a. M., Wiesbaden, Maintal, Hofheim und Heusenstamm.
[3] Includes Bamberg und Regensburg.

The following projects mainly contributed to successful sales in the reporting period:

Real estate business key performance indicators – Volume of sales contracts 2024 TABLE 048

In millions of euros

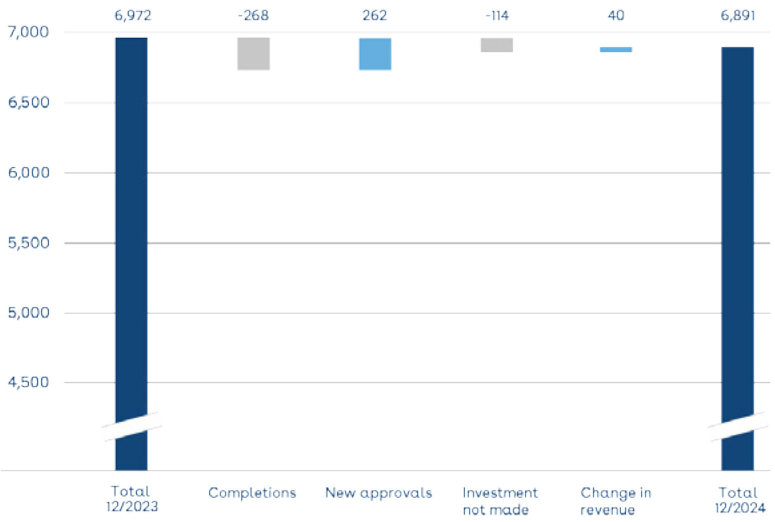
Individual sale		Volume	Units
"Urban.Isle Campus"	Hamburg	35.1	69
"Parkresidenz"	Leipzig	28.1	69
"Schönhof-Viertel"	Frankfurt a. M.	19.8	26
"Neckar.Au Viertel"	Rottenburg	16.9	39
"Fuchsgärten"	Nuremberg	12.5	25
Other	Other	36.7	40
Investor goods			
"Grafental"	Dusseldorf	n/a[1]	167
"4Living"	Nuremberg	n/a[1]	167
"Parkresidenz"	Leipzig	15.7	58
"Lagarde"	Bamberg	n/a[1]	42
Other[2]	Other	22.4[2]	0

[1] Confidentiality regarding the amount of the purchase price was agreed with the relevant contracting parties.
[2] Volume of sales contracts results (partly) from supplementary items to the purchase agreement.

The sales offer of our individual sales projects on the market as at 31 December 2024 included 375 units with an expected revenue volume of €221 million. The reduction in the sales offer compared to the 2023 year-end figure (584 units and €345 million) is due mainly to the sale of a total of 268 units in the reporting period. The start of sales of a sub-project in the "Lagarde" project in Bamberg, with 57 units still on offer as at the reporting date, enabled the offer to be expanded.

Development of the project portfolio, 31/12/2024 FIGURE 013

In millions of euros



As of 31 December 2024, the Instone Group's project portfolio comprised 42 projects with a current expected volume of sales contracts of €6,891.1 million. It was therefore slightly down on 31 December 2023 (€6,972.0 million).

The clearly formulated objective of benefiting from attractive property purchases in the current correction phase of the market was successfully implemented in the first step as early as the 2024 financial year. For example, the purchase of two project properties in Frankfurt am Main and Dusseldorf with an expected project volume of €261.6 million contributes to the increase in the portfolio value. The Management Board expects to realise further acquisition opportunities in the near to medium term, some of which are already being negotiated. This will lead to a significant expansion of investment activities.

In addition, the changes in revenue from some existing projects had an increased impact on the value of the project portfolio (€39.6 million) as part of the further specification of planning.

On the other hand, the project portfolio value was reduced by the successful completion of the "Augusta und Luca" project in Augsburg (€-143.5 million), "Fontane Gärten" in Potsdam (€-65.5 million), "Marina Bricks" in Regensburg (€-30.0 million), "Bahnhofsareal Nord" in Rosenheim (€-26.1 million) and "Kita Bult" in Hanover (€-2.6 million).

A further decline is due to the non-realised investment in the "Sportplatz Bult" project in Hanover (€-114.3 million). The option contract for the purchase of the project expired at the end of 2024. Discussions on the extension of the option contract have been stopped for the time being as the Instone Group has different ideas about the process. The Management Board of Instone Group therefore decided on 21 October 2024 to remove the project from the portfolio review.

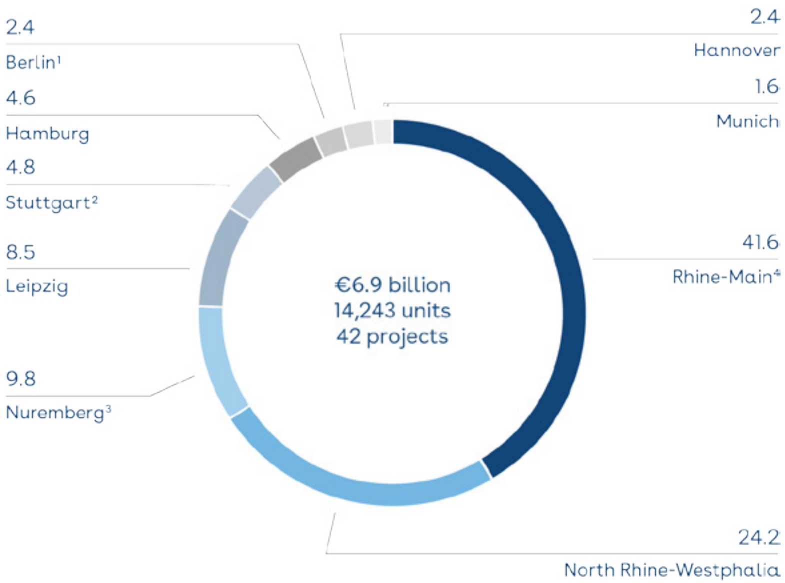
We have already realised adjusted revenue of €2,281.8 million from the current project portfolio, €1,166.2 million of which has already been handed over.

As at 31 December 2024, the expected project gross profit margin for the project portfolio is about 23.0%[1], without taking into account the "Westville" project in Frankfurt am Main. In addition to a still moderate assessment of the sales price forecasts for the projects not yet in sales, the changed assessment of future construction cost increases in particular had an impact on the earnings calculation, meaning that the project gross profit margin on the project portfolio decreased compared to the end of the previous year (31 December 2023: 24.6% excluding the "Westville" project).

[1] If the large "Westville" project is taken into consideration, the expected project gross profit margin for the project portfolio is about 22.0%.

Project portfolio by region FIGURE 014

In %



[1] Includes Nauen.
[2] Includes Rottenburg and Herrenberg.
[3] Includes Bamberg.
[4] Includes, Frankfurt a. M., Wiesbaden, Maintal, Hofheim and Heusenstamm.

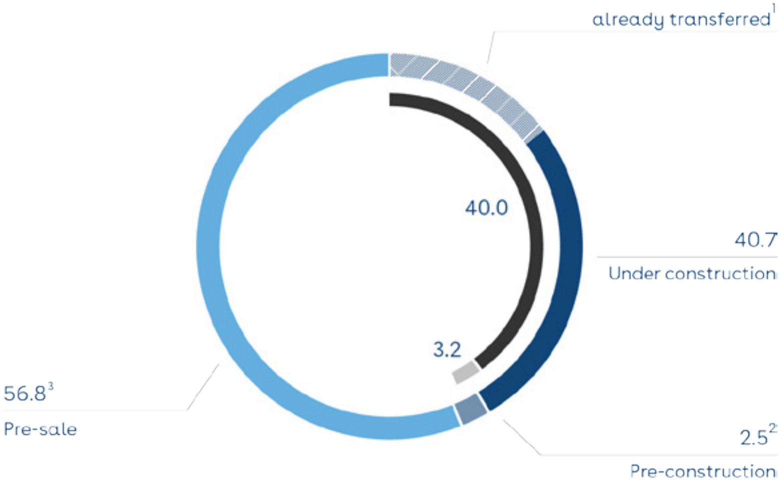
The majority – approximately 98% – of anticipated overall volume of revenue from the project portfolio as at 31 December 2024 is located in the most important metropolitan regions of Germany: Berlin, Dusseldorf, Frankfurt a. M., Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart. Around 2% is attributable to other attractive, medium-sized cities.

The 42 projects from the Instone Group's project portfolio (as shown in figure 014) will be supplemented by four further projects that will be realised in joint ventures. Overall, a total volume of sales of around €1.3 billion (Instone Group share approx. €630 million) and the development of approximately 2,100 residential units was expected for these projects consolidated using the equity method.

Project portfolio by groups; Basis: Sale proceeds

FIGURE 015

In %



Internal sector:

Sold

Unsold

[1] 16.3% of the project portfolio has already been transferred. These projects are included in "Under construction".

[2] 0.7% of the project portfolio has already been transferred. These projects are included in "pre-construction".

[3] 6.4% of the project portfolio are in the status of land acquisition. These projects are included in "pre-sale".

Given our project portfolio's continued growth up to 2022, the conscious decision to take an extremely selective approach to starting sales in the current macroeconomic environment and the on-going completion of sold projects, most of our current projects are in the "pre-sale" development stage.

Due to the consistent continuation of the building regulations and the planning phases relevant to execution, several project sections were ready for sale. This is expected to be reflected in various sales launches in 2025.

All of these categories are at a comparable level to the end of the previous year (31 December 2023: 56.3% pre-sale/42% under construction/1.8% pre-construction). The share of the portfolio of project sections already transferred (31 December 2023: 10.6%), which are included in the category "under construction", has increased compared to the previous year.

In addition, the preceding diagram shows that, as at 31 December 2024, we had already sold approximately 40% of the anticipated overall revenue volume of the project portfolio. In terms of the anticipated revenue volume from "under construction" and "pre-construction" projects, approximately 93% of projects had been sold as at 31 December 2024.

Adjusted revenue

In the reporting period, we achieved adjusted revenue of €527.2 million (previous year: €616.0 million). The following projects contributed significantly to the adjusted revenue:

Key projects revenue recognition (adjusted) 2024 TABLE 049

In millions of euros

		Revenue volume (adjusted)
"Schönhof-Viertel"	Frankfurt a. M.	142.7
"Westville"	Frankfurt a. M.	93.8
"Urban.Isle.Campus"	Hamburg	36.3
"Parkresidenz"	Leipzig	32.7
"Neckar.Au Viertel"	Rottenburg	28.8
"Literaturquartier"	Essen	25.7
"Steinbacher Hohl"	Frankfurt a. M.	23.7
"Wiesbaden-Delkenheim"	Wiesbaden	22.0
"Lagarde"	Bamberg	21.0
"4Living"	Nuremberg	15.8

The building blocks of success for realising the adjusted revenue were steady marketing progress and a further development process in the structural implementation of our projects. For this reason, in addition to the sales progress achieved, progress in the projects under construction have contributed in particular to the generation of revenue.

In the reporting period, construction work began on sub-projects of the "Parkresidenz", "Neckar.Au Viertel" and "Lagarde" projects, as well as the "4Living" project in Nuremberg, with a total of 348 units. A total of 3,543 units are currently in the construction phase at the same time.

The 2024 handovers reached a volume of around €645 million with around 1,900 units. The two sub-projects of the "Schönhof Viertel" and a sub-project of the "Urban.Isle Campus" played a significant role in this with 591 and 477 successfully handed over residential units, respectively.

All developments in the challenging market environment are closely monitored with regard to our projects. Recognisable challenges are integrated into the operational processes and the economic project forecasts are prepared in a correspondingly conservative/realistic manner.

The completed projects of the Instone Group's project portfolio continue to have a sales ratio of close to 100%.

Instone Real Estate Group SE

Operations

Instone Real Estate Group SE is the Instone Group's strategic management holding. Instone Real Estate Group SE directly owns all shares in Instone Real Estate Development GmbH and Nyoo Real Estate GmbH and indirectly all or almost all shares in the other operating subsidiaries of the Instone Group.

The annual financial statements of Instone Real Estate Group SE were prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The management report is summarised in the Group Management Report. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in accordance with Section 315e (1) HGB. Differences between the accounting and valuation methods in accordance with the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) mainly arise in accounting for receivables, leases, provisions, financial liabilities and deferred tax in the balance sheet.

Control system, future development and risk situation

As a holding company, Instone Real Estate Group SE acts directly with control functions and services for the operating activities of the subsidiaries and depends indirectly on the results and the economic performance of its subsidiaries. The management system, expected development and opportunities and risks of the Instone Group are reported in detail in the following sections of this combined management report: "Strategy", page 11 et seqq., "Corporate governance", page 14, "Risk and opportunities report", page 127 et seqq., and "Outlook" page 146 et seq.

2024 business performance

The business performance and situation of Instone Real Estate Group SE is largely determined by the business development and success of the Instone Group. This is reported in detail in the "Results of operations, net assets and financial position", page 104 et seqq., and "Project business at a glance", page 117 et seqq., sections of this combined management report.

Results of operations

Condensed income statement TABLE 050

In millions of euros

	2024	2023	Change in %
Revenue	8.0	7.8	2.6
Other operating income	5.9	5.6	3.6
Staff costs	-14.4	-14.1	2.1
Other operating expenses	-16.1	-14.3	12.6
Depreciation and amortisation	-0.6	-0.7	-14.3
Financial result	65.5	56.6	15.7
of which revenues/losses from profit and loss transfer agreements	60.9	48.5	25.6
Taxes on earnings	-9.8	-17.7	-44.6
Earnings after tax	**38.5**	**22.8**	**68.9**

The reported revenue of Instone Real Estate Group SE in the amount of €8.0 million (previous year: €7.8 million) results mainly from the provision of services to affiliated companies.

At €5.9 million (previous year: €5.6 million), other operating income stayed on the same level as the previous year and includes, in particular, income from passing on expenses to affiliated companies.

Personnel expenses amounted to €-14.4 million in the reporting year (previous year: €-14.1 million), slightly above the level of the previous year. The increase in expenses related to performance-related remuneration was largely corrected by the decrease in current personnel expenses.

Other operating expenses amounted to €-16.1 million (previous year: €-14.3 million), well above the previous year's level. In the 2024 financial year, other operating expenses mainly included expenses for organisational consulting and services amounting to €-6.2 million (previous year: €-5.5 million), other tax expenses amounting to €-2.1 million (previous year: €-1.7 million), expenses for IT services amounting to €-2.0 million (previous year: €-1.2 million), expenses for insurance premiums amounting to €-1.1 million (previous year: €-0.8 million) and expenses related severance payments amounting to €-0.9 million (previous year: €-0.6 million).

The changes in the financial result to €65,5 million (previous year: €56.6 million) consisted mainly of the following:

- Income from profit and loss transfer agreements amounted to €67.3 million (previous year: €51.6 million) and related in full to Instone Real Estate Development GmbH. The significant increase is mainly due to the increased number of transfers of residential project developments to customers in the reporting year. In addition, in the previous year, one-off expenses relating to the valuation of inventories in the amount of €17.7 million were recorded.
- Income from loans amounted to €8.5 million (previous year: €15.3 million).
- Income from interest on investments amounted to €6.9 million (previous year: €4.5 million).
- Expenses from the acceptance of losses amounted to €-6.4 million (previous year: €-3.1 million).
- Interest and similar expenses were at a similar level to the previous year at €-10.8 million (previous year: €-12.0 million).

Taxes on income and earnings amounted to €-9.8 million (previous year: €-17.7 million).

In the reporting period, there was a total net profit of €38.5 million (previous year: €22.8 million). This increase is mainly due to the significant rise in earnings from profit and loss transfer agreements.

Net assets

Condensed statement of financial position

TABLE 051

In millions of euros

	31/12/2024	31/12/2023	Change in %
Non-current assets	224.3	224.8	-0.2
Loans and receivables from affiliated companies	209.0	207.7	0.6
Other receivables, other assets and deferred income	6.7	3.2	>100.0
Bank balances	195.1	209.2	-6.7
Deferred tax assets	9.2	5.6	64.3
Assets	**644.3**	**650.5**	**-1.0**
Equity	477.9	453.7	5.3
Provisions	18.5	14.6	26.7
Loans from banks and other lenders	137.7	177.6	-22.5
Liabilities to affiliated companies	8.6	1.5	>100.0
Other liabilities	1.6	3.1	-48.4
Equity and liabilities	**644.3**	**650.5**	**-1.0**

At the year end, the total assets of Instone Real Estate Group SE fell to €644.3 million (previous year: €650.5 million). On the assets side, this is mainly due to the reduction in bank balances. On the liabilities side, this is due to the reduction in liabilities to banks and other lenders.

Non-current assets mainly included the investment book values of Instone Real Estate Development GmbH, Essen amounting to €222.1 million (previous year: €222.1 million).

Loans, receivables, other assets and deferred income amounting to €215.7 million (previous year: €210.9 million) include loans to affiliated companies amounting to €96.4 million (previous year: €119.4 million) and ongoing receivables from affiliated companies based on profit and loss transfer agreements. Other assets amounting to €6.0 million (previous year: €2.3 million) are mainly receivables from tax refund claims.

As of the reporting date, temporary valuation differences between the commercial balance sheet and the tax balance sheet resulted in deferred tax assets in the amount of €9.2 million (previous year: €5.6 million).

The equity ratio on the balance sheet date was 74.2% (previous year: 69.7%).

Provisions rose to €18.5 million in the financial year (previous year: €14.6 million) and relate in particular to personnel provisions for pensions and for bonus commitments to the company's employees and employees of group companies as well as tax provisions. The increase mainly relates to tax provisions and personnel provisions for premium commitments.

The liabilities mainly consist of loan liabilities to banks and other lenders amounting to €137.7 million (previous year: €177.6 million) and those to affiliated companies in the amount of €8.6 million (previous year: €1.5 million). The loans from banks, other lenders and affiliated companies result, in particular, from the strategic orientation of financial management, according to which corporate financing is taken up by the highest group company and free liquidity is bundled in the highest group company. They are then used within the group companies. The significant decrease in liabilities to banks and other lenders is due to scheduled repayments in the reporting year.

Financial position

As an objective of appropriate financial management, the Instone Group, through Instone Real Estate Group SE, provides sufficient cash and cash equivalents to meet the operational and strategic financial needs of the Group companies at all times in the management's view. As a listed company, Instone Real Estate Group SE considers the interests of shareholders and banks in its financial management. In the interests of these stakeholders, Instone Real Estate Group SE ensures an adequate ratio between equity and debt financing at its discretion.

Employees

At the end of the year, Instone Real Estate Group SE had 95 employees (previous year: 97 employees). GRI 2-7

Outlook

Due to its position as a strategic holding company, the company does not have its own operative business. Sales arise almost exclusively from the administrative services provided to group companies and the remuneration agreed for this purpose. At the same time, the company accepts expenses for the salaries of employees of administrative central departments, the salaries of the Management Board and Supervisory Board remuneration, as well as for interest expenses for corporate financing, including guarantee commissions. The sum of these expenses exceeds the recoverable sales revenue.

Compared to the previous year's outlook, earnings after tax increased by €15.7 million to €38.5 million, as expected. This is mainly due to the higher income from profit and loss transfer agreements compared to expectations. For the subsidiary Instone Real Estate Development GmbH, one-off expenses relating to the valuation of inventories had a significant impact on the previous year's profit for the year.

The company receives significant income from existing profit and loss transfer agreements with subsidiaries, in particular with Instone Real Estate Development GmbH. Due to the expected business development of this subsidiary, an increase in income from profit and loss transfers compared to the previous year is still expected for the 2025 financial year. Overall, we expect earnings after tax for the 2025 financial year to be slightly above the previous year's figure.

Risk and opportunities report

The risk management of the Instone Group is geared towards securing the successful, continued development and profitability of the group in the long-term.

Risk management system TCFD Risk Management

At the Instone Group, the risk management system is understood to mean the entirety of all organisational regulations and measures intended to identify business risks at an early stage and to counteract them with appropriate measures in good time. This is intended to secure the defined business goals and future success of the Instone Group. Unrecognised and therefore uncontrolled and unmanaged risks represent a high risk potential for the Instone Group. Systematic risk management reduces the risk potential, while also safeguarding the continued existence of the company, the preservation of jobs and the successful further development of the Instone Group. The framework for the risk management system was drawn up in accordance with auditing standard IDW PS 340 as amended.

Key elements of the risk management system include the use of risk management software, quarterly risk identification measures, closely monitored, database-assisted project controlling, periodic reviews, internal approval processes for any far-reaching decisions, the internal control system (ICS) and the four-eyes principle. The powers for individual decision-making levels are clearly regulated in the internal guidelines. The risk management process does not encompass a separate opportunities management function. The Instone Group assesses identified opportunities with regard to their impact on the planned results within the framework of existing planning and controlling processes.

We are continuously working to optimise the risk management system together with our independent partners. As a German stock corporation listed on the Frankfurt Stock Exchange, the Instone Group is subject to the corresponding regulatory framework. As a result, the Management Board and the Supervisory Board are also obliged to issue an annual declaration on the extent to which the recommendations of the German Corporate Governance Code (DCGK) have been observed. All applicable internal guidelines, rules of procedure and measures designed to ensure a group-wide standardised and structured approach to risk management are reviewed internally on a regular basis and updated where applicable. GRI 2-22

Responsibilities

In organisational terms, the Risk Management department is part of the Controlling & Risk Management division and reports directly to the Management Board, which bears overall responsibility for the risk management system. It makes decisions regarding the structural and procedural organisation of risk management and the provision of resources. The Management Board also adopts the documented risk management results and takes them into consideration in its management of the company. The Supervisory Board's audit committee monitors the findings of the risk management system. In the interest of key stakeholders, such as shareholders, customers, employees, suppliers and investors, the Management Board pursues a conservative, safety-focused risk strategy that also takes the sustainability of our activities into account.

The two management levels below the Management Board are designated risk officers and assume responsibility for identifying, evaluating, documenting, managing and communicating all material risks within their area of responsibility. All employees of the Instone Group are required to behave in a risk-aware manner, i.e. to be clear about the risk situation within their area of responsibility and to deal responsibly with identified risks.

Risk management process

Within the scope of the risk management process, the Risk Management Department coordinates the identification, evaluation, documentation and communication of risks. It consolidates the risk reports of the risk officers and prepares the report for the Management Board and Supervisory Board. This enables the Management Board to systematically identify and assess material risks within the company or in the company's environment in a timely manner and initiate appropriate countermeasures.

In our view, the risk management system of the Instone Group ensures the early identification, assessment, management and monitoring of all material risks. This also includes risks that affect not only the earnings and asset position but also intangible assets that could jeopardise the company's reputation. Project risks are identified and evaluated in particular as part of the project controlling process. Project controlling uses a central database-supported software programme, the data and reports of which are used for close coordination regarding the status of projects and potential risks – at both the project level and the company level. In this way, potential dangers that may affect the company's value or performance are recognised at an early stage. Under this approach, environmental and company-specific early warning indicators are taken into account and the regional knowledge and perceptions of our nationwide employees are taken into consideration.

Risk assessment

By means of a systematic process, the risk officers regularly identify, analyse and update all risks in their respective area of responsibility that arise by comparison with the applicable medium-term business plan. They can perform these tasks with the support of risk assistants if necessary. These risks are subdivided into the six risk categories of "general business risks", "compliance risks", "financial risks", "project business risks", "IT and communication risks" and "legal risks" and their subcategories. The determined impact and probabilities of occurrence are classified within specified ranges for each risk and documented in a group-wide risk overview. Risks are assessed in terms of earnings before tax (EBT), earnings after tax (EAT) and liquidity. Negative deviations from these planned figures are taken into account for the three-year period under review.

Risks are documented as gross risks and net risks, meaning that the probability of occurrence and damage impact are therefore recorded before (gross) and after (net) consideration of the effective measures to be implemented. The goal is to control every risk with the help of measures. Countermeasures serve to avoid, reduce or transfer risks. However, risks must be accepted in some cases in which no countermeasures can be identified, for example, due to macroeconomic effects that cannot be influenced. Individual risks are assessed as severe if the corresponding net risks would have a severe impact and at least an average probability of occurrence in at least one of the three years under review. Risks assessed as being severe are to be explicitly listed in the risk and opportunity report.

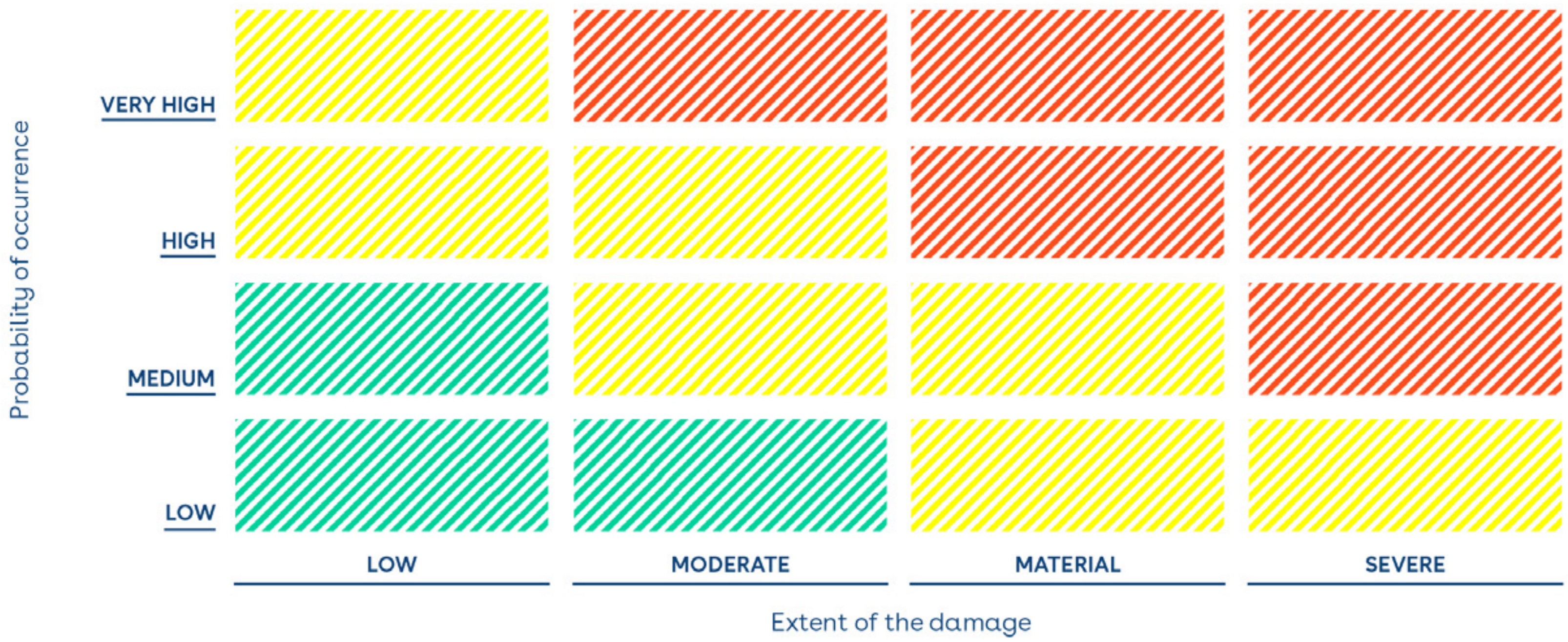
TABLE 052

Probability of occurrence	In %	Extent of loss	EBT In thousands of euros	Liquidity In thousands of euros
Low	≤10	Low	≤3,000	≤3,000
Medium	>10 ≤25	Moderate	>3,000 ≤9,000	>3,000 ≤9,000
High	>25 ≤50	Material	>9,000 ≤20,000	>9,000 ≤15,000
Very high	>50 ≤100	Severe	>20,000	>15,000

This scheme creates an assessment matrix that categorises the individual risk notifications into a traffic light system (green, amber and red). Compared to the previous year, the EBT thresholds with regard to the damage impact within the risk assessment matrix have been harmonised with the liquidity values, where appropriate, in order to ensure better comparability.

Risk assessment matrix

FIGURE 016



Supervision of the risk management system

The risk management system is regularly updated and developed and particularly adapted to changes in the company and/or the Instone Group. The risk management guideline describes the core elements of the risk management system and defines responsibilities. It is amended continuously as necessary. Basic and coordinating activities related to the risk management system are carried out by the Controlling & Risk Management division, communicated to the risk management committee and, if necessary, approved by the risk management committee and the Management Board of the Instone Group. This process includes, but is not limited to:

- Documentation and communication of rules for the risk management process at the Instone Group
- Definition, ongoing determination and review of the company's risk-bearing capacity
- Further development of existing risk management regulations
- Point of contact for all fundamental questions of risk management at the Instone Group

- Critical scrutiny of the reported risk situation as well as discussion and critical reflection in the event of uncertainties regarding reported or unreported risks
- Discussion, coordination and follow-up of countermeasures
- Determination of risk-bearing capacity
- Training of risk officers and assistants
- Reporting to the Management Board about material risks and their development

The described process is permanently managed by the Controlling & Risk Management division and the results and decision-relevant points are presented to the risk management committee, which meets once every quarter. Extraordinary meetings are convened when needed.

Reporting

Risk management activities and results are documented in a quarterly risk report, which is made available to the Management Board. The Supervisory Board's audit committee is also informed about the risk situation four times a year. This reporting system ensures that both management and supervisory bodies are fully informed and that relevant operational early warning indicators are in place. In this way, undesirable developments can be detected in good time and countermeasures initiated at an early stage. If material risks occur suddenly, they are reported to the Management Board without delay.

Internal control system (ICS)

The ICS is closely linked to the risk management system and regulates the avoidance or limitation of risks with the aid of control measures. It is therefore aimed at safeguarding both the risks of financial/sustainability reporting and operational risks. The ICS is regularly adapted to the current risk situation of the group. The accounting-related ICS ensures the accuracy and reliability of accounting and compliance with the legal requirements applicable to the company. In addition, it ensures the effectiveness and profitability of the business activities. The focus is on the prevention and detection of asset misappropriation and the protection of the company's assets. The ICS is the responsibility of the Management Board. The Management Board is responsible for set up, monitoring, effectiveness testing and development. The objective of the accounting-related ICS within the meaning of the relevant regulations is to ensure the legal compliance and adequacy of financial reporting. For this purpose, the ICS is embedded in the Finance and Accounting department. The finance and accounting department is responsible for guidelines for the adoption of accounting regulations and for the content and timing of the financial reporting process. From an organisational viewpoint, work on financial statements for all companies included in the consolidated financial statements is carried out by the parent company. All companies and branches included in the consolidated financial statements are located in an SAP environment. The entire group is subject to uniform accounting/valuation requirements, charts of accounts, account assignments, processes and process controls. The central control elements are the internal approval processes, the four-eyes principle and the requirement for functional separation. The Instone Group has an authorisation policy that is adapted to the job profiles of the respective employees.

Internal Audit

The Internal Audit Department prepares a risk-oriented audit schedule annually based on an analysis of all material business processes. After approval of the audit plan by the Management Board, the Internal Audit Department independently and autonomously audits compliance with the legal requirements and group-wide guidelines for the control system. It assesses the functionality and effectiveness of the internal control and risk management system and identifies possible optimisation potential for minimising risks in process execution and in the control environment. The individual audit reports are made available to the Management Board, the audited business units and the risk management system for the purpose of checking potential identified risks. This allows the Management Board to make timely adjustments to processes and refine the ICS that is already in place. The implementation of the measures specified in the audit reports is the subject of follow-up audits. The Management Board and the audit committee receive an annual report from the Internal Audit department for information. GRI 205-1

Risk-bearing capacity

Within the risk management system, ensuring the company's risk-bearing capacity is the key objective at the Instone Group. The assessment of the overall operational risk by means of risk aggregation makes it possible to conclude whether a company's risk coverage potential is sufficient to cover all risks, also in the future. The risk-bearing capacity is determined by comparing the risk coverage potential and the overall risk position in terms of EAT (earnings after tax) and liquidity at the respective point in time. When the balance is positive to equalised, this indicates that there is risk-bearing capacity. It can therefore be interpreted as available EAT or liquidity cover funds after the consideration of the identified quantitative net risks. The risk-bearing capacity over time (three years) is considered cumulatively.

The overall risk position is the risk measure resulting from the aggregation of the net expected values (after the effects of measures) of all risks, broken down by EBT and liquidity, in the risk inventory. The overall EBT risk position is then converted into the overall EAT risk position and the after-tax effect is taken into account accordingly in the liquidity analysis. Compared to the previous year, the overall liquidity risk position and, therefore, the liquidity risk-bearing capacity are now also reported after income tax effects, in line with the EAT risk-bearing capacity.

The risk coverage potential is regularly determined by the Controlling & Risk Management division and is incorporated into the risk-bearing capacity assessment logic. The basic scenario for the risk coverage potential is based on continued corporate planning, taking into account the existing projects of the project portfolio, while maintaining personnel and material cost planning. The risk coverage potential for comparing the overall EAT risk position is formed by IFRS equity or, in terms of liquidity, freely disposable cash and cash equivalents, including contractually guaranteed credit lines.

Current risk assessment

The main risk categories and risk sub-categories at the Instone Group are described in the following condensed risk assessment. The description is based on the risk inventory as at 31 December 2024. The greatest risks in the risk sub-categories are explicitly mentioned in the descriptions. Risk sub-categories are divided into "relevant" and "not relevant". Risk sub-categories are assessed as relevant if they account for more than 5% of the overall risk situation assessed (total of expected net values) in the net view (after the effects of measures) in the 2025 financial year currently being analysed by the risk management system, if at least one risk is in the "material" or "severe" range or if the Instone Group Management Board makes a corresponding determination from its higher-level perspective.

As of 31 December 2024, as in the two previous years, the Instone Group identified the sales risk for all planned sales activities of the portfolio as a severe individual risk due to the macroeconomic effects described in the section "General business risks".

As in the previous year, a large part of the risk situation relevant to the Instone Group is derived from the market environment, which is characterised by high interest rates and decreased purchasing power. In addition, the Instone Group continues to see a tightening of lending standards by credit institutions, which is also influenced by raised regulatory requirements. As a result, in addition to the increase in debt financing costs, the Management Board will continue to focus even more closely on new financing and refinancing at the company and project level on the basis of risk management. Changes in the risk situation are continuously monitored, assessed and, if necessary, incorporated into the ongoing forecast.

The same risk sub-categories as in the 2023 Annual Report are assessed as relevant as the risk situation has remained relatively constant compared to the previous year.

General business risks

TCFD Risk Management

Global/national economy

The Instone Group is dependent on the German residential real estate market, which is influenced by various macroeconomic and general factors, such as economic, demographic and political trends. The increasing geopolitical tensions in recent years have caused growing political and economic uncertainties throughout the world. Detrimental political and economic trends across the world and in Europe could have negative impacts on the export-oriented German economy as a whole and may particularly lead to a higher unemployment rate, lower per capita purchasing power and rising economic uncertainty. Such factors could also delay demand for residential property.

The sharp rise in interest rates since 2022 has had a significant negative impact on demand for German residential property. In 2024, there was a noticeable fall in interest rates from the peak levels. An incipient stabilisation of property prices, an improvement in affordability and the first positive effects from the support measures of the German Growth Opportunities Act led to an improvement in private investor sentiment over the course of 2024. The institutional market as a whole continues to be characterised by a reluctance to buy. It can be assumed that if inflation and, as a result, interest rates remain at a high level, this would continue to have a negative impact on demand overall. In addition, demographic and socio-economic trends in key markets for the Instone Group could have a considerable impact on residential property demand. Although the population in the most important population centres of Germany rose between 2008 and 2023 as a result of increasing urbanisation and a generally growing population in Germany, this trend could reverse or at least slow down. In 2023, growth was comparatively less strong than in the first two quarters of 2022, which were marked by large movements of Ukrainian refugees. Not taking immigration into account, a shrinking and ageing population is to be expected in Germany. Lower immigration rates could reduce demand, especially in the key markets of the Instone Group. At this point, however, it should be taken into account that adverse development for the Instone Group would only become noticeable after the housing shortage in Germany has been reduced.

However, the Instone Group has achieved broad regional diversification so that it can better respond to possible changes in the market. The Instone Group is represented in core cities and prosperous medium-sized cities in Germany, where it offers real estate in different price segments ranging from publicly subsidised housing to high-end housing. The project portfolio includes new construction projects as well as the renovation of listed buildings. Projects have been sub-divided into different building phases so that the company can respond to differing market requirements in each phase. Various customer groups are also served in sales, such as owner-occupiers, capital investors and institutional investors. Despite this diversification and other measures, the impact of the remaining risk arising from the global and national economies is considered to be relevant.

Sector-specific regulatory risks

The real estate industry is subject to a great many legal regulations and legally influenced operating conditions. Changes in these areas can necessitate adjustments and measures on the part of companies in the real estate sector, including the Instone Group. These may include, but are not limited to, legislative changes or adjustments to construction regulations, such as the German Building Energy Regulation, but also regulatory intervention in the real estate market. This could take the form of rent controls on new builds, which are not currently covered by civil law, or quotas on housing subsidies, for example. Risks are identified on a case-by-case basis as part of regular screening of changes to relevant legal framework conditions. In addition, changes to these legal framework conditions due to longer building permit processes, for example, can lead to delays in the implementation of real estate development projects.

The Instone Group is active in real estate interest groups such as the German Property Federation (ZIA) in order to contribute its extensive experience accumulated from a wide variety of projects over many years. Furthermore, we examine possible regulatory developments when acquiring land and take them into consideration when drafting the purchase agreement or determining the purchase price.

Due to the potential severe impacts of regulatory risks and given that they cannot be ruled out in view of the multi-year terms of our property development projects, the Instone Group deems them to be relevant.

Market developments

As at 31 December 2024, approximately 98% of our portfolio (based on the expected total revenue volume) was located in the most important population centres and metropolitan areas in Germany (Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart) and approximately 2% in other appealing medium-sized cities. The positive population and household trends and the continuing high demand for new housing are, in our view, favourable factors in the current real estate market. In recent years, increased demand for housing has been observed in major population centres and large cities. If growth in the population centres changes, that would pose a risk to the core markets of the Instone Group. The Instone Group is also looking into project opportunities outside the core cities to counteract such a development. With the subsidiary Nyoo Real Estate GmbH, which operates in the affordable housing segment, the target group that can be reached and the potential project locations in major population centres and beyond – especially in so-called B locations – will be significantly expanded. We monitor market developments and the situation of supply and demand very closely so we can react to any changes that may occur. After 2023 was characterised by falling sales prices and declining sales transactions across all residential property categories (new and existing construction of detached, semi-detached and multi-family homes), demand in individual sales showed clear signs of a noticeable revival in 2024, although it has not yet reached pre-crisis levels. The Instone Group currently expects the residential property market cycle to stabilise again in 2025 and continue to recover in the future. The reasons for this are that the ECB has held out the prospect of further interest rate cuts, real incomes are recovering and the continued growth in demand for housing, partly due to the high immigration rate, is being met by a comparatively low supply, which is also leading to further increases in rents. GRI 202

As the Instone Group is directly affected by changes in the market, the impacts arising from market development risks are deemed to be relevant.

Staff

Globalisation and digitalisation have changed the working environment, while ongoing inflation is posing a challenge to the labour market. To counteract this, the trade union Bauen-Agrar-Umwelt and the German Employers' Association have agreed on a collective bargaining agreement with a term of three years. This provides for a gradual adjustment of salary structures in the construction industry by 2026. In addition to employees covered by collective bargaining agreements, for whom the inflation adjustment is taken into account through collectively agreed conditions, the salary structures of employees not covered by collective bargaining agreements are regularly reviewed at the Instone Group.

The lack of skilled labour resulting from the general shortage of skilled workers poses a strategic challenge because there may be a delay in filling or replacing key positions. Furthermore, this harbours the risk that knowledge transfer management cannot be optimally organised. In view of the company's lean structures, there is a risk that specific positions with specialist expertise will remain temporarily vacant due to absences such as illness or termination. This situation has the potential to affect the continuity and efficiency of work processes due to the absence of key personnel. To proactively address this challenge, it is crucial that a suitable risk mitigation strategy be implemented. This ensures that expertise remains within the company and that operational processes can continue to run smoothly. To address this challenge, the Instone Group has set itself the goal of identifying key positions and pursuing active succession management. The age structure within the group is continuously evaluated and future search profiles are analysed. The main objective is to conceptualise countermeasures at an early stage in order to prevent a potential loss of expertise.

Employee retention is a key strategic challenge alongside the recruitment of new specialists and junior staff, particularly in the context of the shortage of skilled labour. To maximise the quality of the bond between employer and employee, the Instone Group continuously identifies talent and potential within the company. Individual measures are taken to support and develop high-potential employees. The internal mentoring programme is also a key personnel development tool. Young specialists and managers are given support over a period of 18 months. Mentees benefit from support from experienced mentors, the development of their internal network and keynote speeches that broaden their horizons.

Targeted promotion of qualified personnel ensures that employees are deployed in positions that meet the company's requirements. This contributes to employee loyalty and also forms the basis for the Instone Group's value system.

Overall, we consider the impact of personnel risks to be relevant despite the measures implemented.

Reputation

To some extent, the Instone Group's business and growth strategy partly depends on preserving the integrity of the brand and reputation of the Instone Group as a reliable partner and quality supplier.

The Instone Group's reputation could be damaged by a number of factors and events which the Instone Group may not be able to influence at all or only to a small degree. These include unethical or illegal behaviour by employees or business associates, working conditions, incidents on construction sites, extensive or significant construction defects and associated claims for damages, an inability to provide the services requested by customers, negative reports in the (social) media, as well as threatened or actual litigation. In addition, the debates surrounding regulatory issues such as housing affordability and sustainability issues could adversely affect the reputation of the Instone Group.

The Instone Group may also encounter disagreements with local authorities and/or regulators in connection with its activities, resulting in administrative proceedings and unfavourable orders, directives or decrees that could lead to financial losses and delays in the completion of development projects.

The Instone Group has worked with external partners to coordinate and develop a communication strategy and action plans to be implemented in response to different events. Reports in the (social) media are monitored continually in order to be able to quickly respond to any relevant reports. Incorrect or poor communication with the capital market (analysts and investors) would present the risk that the Instone Group could fail to meet the expectations of the capital market. This could lead to a lasting loss of reputation, which could have an impact on the valuation of the company.

The company aims to be informed at all times about the current business and market developments within the group through regular coordination of the specialist departments. This information policy forms the basis for external communication. The group maintains an ongoing dialogue with the capital market (investors and analysts).

Despite the established risk communication, the Instone Group considers the impact of potential reputation damage to be relevant.

Sustainability strategy

GRI 2-22 TCFD Risk Management

Although the requirements of the CSRD are not yet mandatory, the Instone Group is already working intensively on their implementation. We continuously adapt our measures to ensure that we meet future requirements promptly and comprehensively. This also applies to the reporting obligation within the framework of the EU taxonomy. The Instone Group has been voluntarily reporting on its taxonomy-eligible and taxonomy-compliant activities since the 2022 Annual Report. The ongoing and evolving legislative process is being monitored continuously.

The Instone Group has systematically recorded risks and opportunities along the entire value chain by means of the new materiality assessment carried out this year in accordance with the CSRD. The focus here was on potential financial risks that may arise from environmental, social and governance (ESG) matters. These risks are monitored on an ongoing basis and successively transferred to the existing risk management system. A detailed description of the sustainability activities and the resulting opportunities and risks can be found in the sustainability report, page 17 et seqq.

It is essential that the Instone Group develops and implements new materials, construction methods and standards in order to meet the national climate targets by 2045. In particular, the focus is on reducing CO_2 emissions and promoting resource-efficient use of materials, taking into account the principles of the circular economy in the building sector. However, achievement of these targets is also largely dependent on external factors, in particular the progress made by other industries, such as the energy sector, and their efforts to reduce emissions. The costs of switching to recycled, reusable and alternative natural building materials cannot be precisely quantified at present. This is due both to price fluctuations in conventional and natural materials and to the limited availability of certain products on the market. In the future, the use of diversified and alternative building materials could lead to an increased supply, which could potentially influence price structures.

Climate scenario analysis is a key tool for incorporating the uncertainty of climate change into strategic decisions. Physical climate risks, such as floods, tornadoes or similar natural events, can significantly impair the desirability and usability of locations. This can lead to a loss of revenue, particularly if a site loses value as a result of such events or its planned use cannot be realised. Early consideration (see chapter E1-9, page 55 et seqq.) and continuous dialogue about potential physical climate risks during the planning process provides planning certainty, allows for immediate adjustments to planning in an early planning phase and can increase the resilience of real estate in the long term.

A variety of developments are emerging on the financial markets. On the one hand, climate stress tests by investors are becoming increasingly important. On the other hand, there is a change in investment behaviour towards greater consideration of climate-conscious decisions – provided, however, that these remain within specified cost limits. The Instone Group anticipates that the trend towards sustainable investments will intensify in the future.

At the same time, any failure to meet the emission reduction targets harbours risks. Insufficient investment in climate protection measures or sustainable product design could lead to a loss of sales. The general development of the market will continue to be closely monitored. However, the outlook for the Instone Group is fundamentally positive. By constructing CO_2-reduced and energy-efficient buildings, the company creates products that can potentially achieve higher market prices. These additional revenues could potentially offset the additional costs of sustainable transformation.

The risks of the sustainability activity risk sub-category are considered relevant by the Instone Group.

Competition

The German residential real estate market is highly competitive. This competition covers the entire value chain of the Instone Group's development activities. Competitors mainly consist of local real estate developers who have very good networking and specialist knowledge in these markets. Moreover, a few major competitors operate throughout Germany in the same regions and cities where the Instone Group is represented. In our view, the Instone Group is competing with these housing developers to acquire attractive development land that usually has limited availability. Due to the changing market situation, however, competition for this land eased between 2022 and 2024 due to the development of demand.

Nevertheless, the Instone Group is one of the leading project developers with expertise in urban property development and complex building law. With its established branch structure focusing on core cities and prosperous medium-sized cities, the Instone Group has continued its strategy of intensive, regionally adapted market development. The Instone Group achieves excellent networking results in the markets thanks to its regional structure. This enables us to achieve our targeted acquisition volume and gives the Instone Group access to interesting projects.

This risk is deemed to be relevant despite the reduced competitive pressure and successfully implemented strategy.

Compliance and data protection

The real estate and construction sectors are subject to various laws and regulations relating to compliance with anti-trust, competition and data protection law and paying the minimum wage in addition to measures to combat illegal work, bribery, corruption and anti-money laundering, among other things. As a listed company, the Instone Group is also subject to a number of corporate and capital market regulations, compliance with which is required by law. The Instone Group depends on all employees complying with applicable laws and the compliance guidelines of the Instone Group. The group-wide internal compliance guidelines and procedures for further expanding compliance are regularly reviewed to ensure that they are up-to-date and revised as necessary. All employees and business partners of the Instone Group are obliged to comply with the code of conduct for employees and contractors. To ensure this, every employee must complete mandatory training on compliance and data protection.

With the help of the procedures and monitoring mechanisms used in our compliance management system, ICS and risk management, we seek to detect and prevent any violations of the law and unethical behaviour, including corruption, money laundering and terrorist financing, investigate indications of suspicious activity, and immediately detect contraventions. In addition, we want to ensure that our internal guidelines are also observed by our workforce.

Compliance responsibilities FIGURE 017

The Instone Group is constantly working to improve its compliance management system and provide all employees with supporting information. A digital whistle-blower system is available to employees and third parties, such as customers and business partners, so that they can anonymously report grievances or suspicions in this regard.

At the Instone Group, the Compliance department is organisationally part of the Corporate Legal department of Instone Real Estate Group SE, whose head reports directly to the Chief Financial Officer. The audit committee of the Supervisory Board also deals with compliance issues and reports to the Supervisory Board on this subject. The Instone Group has also set up a compliance committee, which includes the Chief Financial Officer, the head of the Legal Department and the heads of the Taxation, Finance and Accounting departments, the head of the Human Resources department and the head of Controlling & Risk Management. The compliance committee deals with compliance-related topics, including the continuous optimisation of the compliance management system, on a regular basis.

In the 2024 financial year, there were no legal proceedings due to anti-competitive behaviour, price-fixing or monopoly practices. In addition, there was no evidence of any relevant compliance violations at the Instone Group in the past financial year that have been confirmed. Nevertheless, the Instone Group will carefully investigate and respond to suspected cases of compliance. The Instone Group is currently not aware of any cases of corruption and therefore no meaningful risks have arisen in this area. GRI 205, 205-3, 206, 206-1

Extensive data protection rules must be observed by the Instone Group in accordance with the General Data Protection Regulation (GDPR) that came into force on 24 May 2016 and has been applicable since 25 May 2018. The potential sanctions for non-compliance are considerable. The Instone Group has appointed an external Data Protection Officer who is available to all employees as a contact person. The Instone Group provides annual training to its employees and provides them with information materials from external data protection officers. The IT landscape of the Instone Group is adapted to the current laws and regulations. The technical and organisational measures taken to protect data are regularly reviewed to ensure they are up-to-date and offer little scope for cyber attacks. A potential data breach or non-compliance with other data protection regulations can have significant consequences. GRI 418, 418-1

No breaches of personal data came to light in the past financial year. Despite the measures implemented, there is still a residual risk that violations of data protection regulations may occur. The same applies to the other risks described. We consider the impacts of these risks arising from the areas of compliance and data protection to be relevant.

Financial risks

Banking partners

Deposits with our bank partners outside of deposit protection can be subject to a total loss in extreme scenarios. It may then not be possible to continue existing financing arrangements. Both risks can cause a liquidity bottleneck for the Instone Group, so that new acquisitions cannot be made or liabilities cannot be serviced. However, the Instone Group always maintains overnight deposits with a variety of banks in order to avoid possible negative effects on liquidity.

The Instone Group has a financial risk policy that specifies the policy and structure of bank selection. Financial transactions may only be concluded with the prior approval of the Management Board and only with approved banking partners. In order to assess creditworthiness, the Instone Group follows the general market observations of the individual credit institutions and reviews potential default risks in given cases. To minimise the risk of default, investments are distributed among several banks. We consider the potential impact of the risk to be relevant.

Financing structure

In principle, financial covenants are agreed in the corporate financing contracts. Failure to comply with the financial covenants may harbour risks of more stringent financing conditions and extraordinary terminations of financing. A termination of financing would trigger repayment and, via a cross default, also the repayment of other corporate finance. In the event of terminations and the associated premature repayment of the financing, refinancing would only be possible under worse conditions. The covenant requirements are continuously monitored and forecast by the Instone Group. Prior to investment decisions, the impact of the respective investment on the existing financial covenants is checked. The Instone Group believes that there is comfortable leeway with respect to this covenant.

Due to continuous monitoring, the probability of occurrence of the violation of a financial covenant is low. Based on corporate planning, there are also no indications that the financial covenants cannot be serviced in the future. Nevertheless, non-compliance with the financial covenants would have a severe impact on the company so we consider this risk to be relevant.

Interest

The vast majority of our project financing and parts of corporate financing are concluded on the basis of variable interest rates. The reference interest rate is based on the requirements of the European Central Bank. Interest rates have fallen continuously since the beginning of 2024, meaning that our externally financed projects have to bear lower interest payments than originally calculated. If, on the other hand, interest rates were to rise again, externally financed projects would have to bear higher interest costs and interest payments than currently calculated. To counteract this, interest rate developments are monitored continuously and all planning elements are adjusted accordingly on an ongoing basis.

Further interest increases would also exceed the calculated estimates for the project portfolio share with planned property and/or structural financing and would lead to additional costs and margin burdens. Current interest rate cuts, on the other hand, lead to lower costs and margin relief.

Despite the current fall in interest rates, the Instone Group considers the potential impact of interest rate rises to be relevant. GRI 2-22

Liquidity

The solvency of the company is monitored on an ongoing basis by continuously updating the liquidity forecast. The liquidity forecast structures anticipated cash flows in monthly time windows according to their origin so that the level of risk and probability can be identified in a targeted way and quantified. The respective specialist departments provide planned figures for higher-level cash flows. The resilience and feasibility of investment projects or strategic management decisions can be analysed with the help of scenario analyses in the overall context of the company-wide liquidity forecast.

The group must maintain a minimum level of liquidity to ensure stable liquidity. External financing is arranged for projects where it makes economic sense to do so. Even if there is lower availability of external financing for individual projects, sufficient liquidity is generally available at company level.

Due to the current lack of visibility into the recurring stabilisation of the demand situation, the sales speeds in the existing projects and the associated payment returns from the medium-term planning are mapped very conservatively. Unforeseen further delays in payment returns can have a negative impact on the company's liquidity.

Sufficient cash and cash equivalents were available throughout the financial year. There are no discernible circumstances that indicate a liquidity shortage.

Despite the implemented measures, the Instone Group considers the potential impact of liquidity risk to be relevant due to the tremendous effects.

Tax

The expansion of the Real Estate Transfer Tax Act to include the notional element of the change of shareholders in corporations could also lead to real estate transfer tax in existing structures in the case of listed real estate companies.

Regular tax audits may reveal tax risks that might reach a relevant level when they occur.

The ongoing tax audits for the years 2014 to 2016 and 2017 to 2019 have been completed. The relevant findings from the tax audits were taken into account in the consolidated financial statements and the annual financial statements of Instone Real Estate Group SE. The basis for the conservative tax declaration is provided by accounting, which uses the described ICS. The ICS aims to ensure the accuracy of the disclosures.

The possible effects from tax risks are considered to be relevant.
GRI 207-1, 207-2

Project business risks

Project risks are recorded, evaluated and summarised in reports. Based on this information, meetings are held monthly in the project team and in forecast and result discussions with the Management Board. The risks associated with approved projects or upcoming acquisitions and their respective mitigations are discussed and determined during these meetings.

The various levels of management are granted clearly defined decision-making powers, including those relating to project management. For example, each new project (this also applies to the approval of the initiation of sales) is approved by the Management Board and, in the case of larger projects, also by the Supervisory Board. If projects run the risk of deviating from key approved parameters, this must be explained and discussed with the Management Board within the scope of the monthly forecast and result meetings. In addition, in the decision-making process preceding the investment approval, the investment capacities of the coming years will be examined on the basis of the existing project portfolio and with the addition of the investment measure applied for. From the time of approval, each project must be fully taken into account in the ongoing planning process until it has been handed over in full or until the decision to dispose of it.

Business partner selection and contractor retention

The Instone Group relies on the provision of construction and other services by external suppliers and contractors for the realisation of its development projects. Such outsourced services in particular include architectural and engineering services as well as all construction services. The nationwide construction volume stagnated in the 2024 financial year for the second year in a row. However, business closures and insolvencies could also lead to bottlenecks on the supply and fulfilment side in the future.

If the Instone Group is unable to find qualified and reliable contractors for its development projects, that could hamper its ability to complete projects on time within the stipulated deadline and in the requisite quality.

As part of its corporate strategy, the Instone Group relies on its regional and partially cross-regional networks to engage qualified and reliable contractors, most of whom have long-standing business relationships with the Instone Group, with a correspondingly long-term lead. In addition to maintaining a consistently high quality, these measures also serve to ensure the sustainable safeguarding of resources on the market. The Instone Group has also set out guidelines indicating the evidence to be provided by contractual partners in order to prove their qualifications and reliability.

Furthermore, a lack of cost certainty in projects due to late subcontracting to subcontractors may lead to projects or individual sections of projects being implemented inefficiently. Cost increases due to short-term contracts and the resulting insufficient market penetration may have a negative impact on project results.

The implementation standards of our projects are subject to continuous development in order to adapt them to current state-of-the-art technology and the requirements of our customers. To ensure a high degree of cost certainty is achieved for the individual projects, the Project Service department, before sales release by the Management Board, carries out cost calculations for all projects on the basis of the individual costs of the partial services and can draw on the key cost figures and experience from the entire projects of the Instone Group. For the continuous verification of our cost approach, we regularly create post-calculations based on the actual costs incurred per project and transfer the knowledge gained from this to the ongoing calculation process.

Furthermore, we also reduce cost risks by agreeing long-term partnerships with our contractors and by awarding contracts to contractors as early as possible for the most important contract work. Structural work, building envelope and technical building equipment. The Instone Group assesses the potential impact of the risks as relevant and takes steps to protect itself against these risks in each individual case at the earliest possible opportunity.

Approval process

Due to the possibility that the desired target building right with regard to an economically viable use cannot be achieved or can only be achieved with a considerable delay with the investment approval, there is a risk of selling a property without being built up. Furthermore, inadequate capacities of government agencies and changes in local government committee meetings could mean that processes such as obtaining planning rights and building permits may not be completed on time. This can lead to shifts in the sales and construction starts and, as a result, to subsequent realisation of earnings and return on payments for our projects.

Instone Real Estate relies on a strong regional network and expertise and maintains close contacts with the competent government agencies to reduce the risk of delayed project implementation due to delays in obtaining building rights. Any challenges during the procurement of construction rights are analysed in detail. Outstanding issues are clarified in dialogue with local authorities and community representatives. In the event of a high number of building applications, however, there may be delays in the process that could have a negative impact on the planned implementation schedule. In exceptional cases, the acquired land will need to be resold if construction rights are not granted. Due to the large project portfolio, such delays can often be addressed by re-prioritising the project implementation so that the impact is absorbed at group level. Instone Real Estate considers the potential impact of this risk to be relevant.

Project implementation/construction

A number of risks can arise during project implementation, causing a delay to the start of construction or the late completion of the development project. Such delays can also lead to an increase in construction costs that the Instone Group may not be able to compensate for. As a result, under some circumstances the Instone Group may not be able to sell some or all of its development properties on profitable terms. In order to avoid the risk of building cost increases, the Instone Group strives to agree fixed prices with all contractual partners for the duration of the respective project construction period. If this is not possible in individual cases, there is the option of agreeing price escalation clauses for long-term sections of the project to be completed (e.g. development measures), which are agreed transparently for each section on the basis of construction cost indices according to Destatis. In addition, construction delays and any resulting delayed handovers can trigger contractually regulated rights of withdrawal and contractual penalties. In addition, this may also result in claims for damages on the part of the buyers and investors. In order to avoid such risks, possible project delays are subject to monthly monitoring with regard to their contractual provisions and the implementation of countermeasures.

The refurbishment of listed buildings involves special risks associated with the essence of the building. This could lead to risks in terms of costs and time delays. These specific cost and deadline risks are part of our project planning and costing. Our branch office in Leipzig, which has many years of experience in the renovation of listed buildings, can transfer the experience of successfully developed projects to the new projects, therefore reducing or eliminating unexpected risks.

The effects on raw materials markets, energy costs, production capacities, supply chains and price increases caused by the war in Ukraine in the 2022 financial year were significantly less relevant to costs and processes in 2024. As in the previous year, material prices initially stagnated at a high level before a slight downward trend became apparent in the second half of the year, probably due to declining demand. The highly dynamic price adjustments seen over the course of the last two years have not been repeated. Energy costs (electricity and gas) responded to the escalation in the Middle East conflict with significant short-term upward spikes, but these were not long-lasting and therefore had no impact on prices. The company's own electricity demand throughout Germany was secured in terms of capacity and costs by means of a long-term supply contract through to 2028. Further geopolitical events and their consequences, as well as the imminent transfer of power in the USA and the possible economic constraints associated with this, could again have a significant impact on prices. Supply chains remain stable. As things stand, we expect construction costs to rise very moderately despite some high wage agreements in the manufacturing and construction sectors because the current weakness in the construction industry and the resulting increase in competition among construction companies will largely offset the cost increases.

The persistently tense situation on the German construction and real estate market can also be seen in the rising number of company insolvencies in 2024, which will continue in 2025. In isolated cases, the potential insolvency of our contractors can lead to construction delays and additional costs. In addition, the development of construction companies is also restricted by the banks' restrained and cautious business activities. This makes it more difficult for companies to obtain new loans , for example to compensate for pre-financing costs for larger orders. This development will also influence the Instone Group's portfolio of contractors.

In order to be able to identify possible risks and impacts at an early stage, internal purchasing risk management is structured in such a way that monitoring of the contractual partners must be actively initiated during the contract award phase by calling up a credit report. Each change in the respective company (e.g. in terms of financial position, legal form, change of management) is then re-evaluated and automatically reported to the requester via monitoring for one year. For verification purposes, in individual cases, a second information about another business service is also requested.

Due to climate change, there may be an increase in weather events that restrict future construction activity to the extent that heavy rain, heat, cold or storms, for example, can cause construction progress to stall. The Instone Group is protected by insurance against damage but not against delays. Any events that involve delays in the construction process can lead to a later generation of revenue. In addition, delays due to late completion of construction work can lead to the elimination of already approved funding.

The Instone Group makes every effort to identify and evaluate all potential project risks at an early stage. The purpose of the regular meetings at project, branch and group level is, among other things, to closely support the project and discuss potential risks at an early stage in order to consider the further course of action together. The Instone Group encourages communication between its employees to support knowledge transfer. This allows them to pass on specialist knowledge to each other. All projects are conservatively forecast in the controlling system and brought up to date with the current state of knowledge.

The Instone Group considers the potential impacts of these risks to be relevant.

Marketing/sales

GRI 417, 417-2, 417-3

Before sales begin, it may be possible to apply market prices that can no longer be implemented at the time of the sale, meaning that the marketing and sales process of the Instone Group would is slower or more cost-intensive.

In our opinion, the ongoing reluctance to buy in the 2024 financial year, as described in the chapter "Project business at a glance", will not suddenly disappear in 2025. In line with the current market situation, the company's forecast therefore continued to take account of the reduced speed of sales compared to the level prior to the crisis. There could also be further reductions, including a temporary stop to the sales process. It cannot be ruled out that the purchase prices will be reduced compared to current price assumptions in order to improve sales performance.

Our risk management ensures that the planned revenues and schedules for each project are analysed and scrutinised critically by the Management Board during the approval and sales release processes. We use our pre-sale quota to test the project development policy and planned sales prices in terms of market acceptance. If the policy is not accepted or, for example, if sales expectations are not achievable, the project will be re-adjusted and rechecked. This is intended to identify and implement alternative sales channels and product modifications.

As in the previous year, the sales risk for all planned marketing activities in the existing portfolio represents a severe individual risk as at 31 December 2024 because it has a severe net loss impact and a high net probability of occurrence.

The Instone Group considers the potential impacts of these risks to be relevant.

IT and communication risks

The Instone Group relies on dependable, efficient IT systems for its operations and uses complex, customised IT systems to manage all phases of its development activities along the value chain. The Instone Group's IT systems may fail or be disrupted by events that are entirely or partially beyond the control of the Instone Group. The systems may be vulnerable to unauthorised access and data loss (inside or outside the group), computer viruses, malware, cyber security attacks and the interception or misuse of information transmitted or received by the Instone Group.

The Instone Group has implemented extensive data security measures and is constantly working to keep pace with developments and meet the needs of the IT industry. To ensure this, the Instone Group relies on specialist service providers and renowned manufacturers. In addition, the legal requirements, for example, from the European General Data Protection Regulation, are taken into account when designing IT systems.

The server infrastructure of the Instone Group is fully implemented in the Microsoft Azure cloud computing platform in the EU and is redundant due to the data storage in the Microsoft data centres in Amsterdam and Dublin. Multi-level, continuously updated defence systems, client and identity management systems for all mobile devices, apps and user accounts, as well as a 24/7 Cloud Security Operation Centre of a commissioned specialist service provider protect the infrastructure against external cyber attacks. Multi-level data storage systems allow the complete recovery of all data. In our opinion, the measures taken ensure a minimum risk of failure and a high level of data security.

The Instone Group considers the possible impacts of IT and communication risks to be relevant despite the IT policies implemented.

Legal risks

Liability and insurance

As the warranty period extends over several years, the risk of warranty claims continues long after completion of the projects. This could lead to costs which were not factored in. The Instone Group, working together with its contractors, strives to hand over real estate of defect-free or nearly defect-free quality and therefore prevent any potential claims. The Instone Group is also entitled to assert the buyers' claims against the executing contractor.

While the Instone Group is insured against fire, natural disasters, business interruption and third-party liability, the insurance contracts are subject to exclusions (such as terrorist attacks) and liability limitations for loss amounts (individual losses) and insured events. The assessments of the insurance brokers commissioned by Instone Group to develop the insurance policy are based on qualified, industry-specific risk assessments. Exclusions and liability limitations have been individually defined with specific reference to the Instone Group products in accordance with the probability of occurrence and possible impacts.

In a specific, foreseeable individual case, the existing insurance policy can be subsequently expanded by individual contract adjustments or additional insurance policies, so that risks currently subject to exclusion or their impacts could be covered.

On the basis of an extensively coordinated insurance package, we assume that we are adequately insured against the most common types of damage. We consider the potential impacts of this risk to be relevant.

Report on opportunities

The Instone Group defines its opportunities as at 31 December 2024 as a positive deviation from the corporate plan, similar to its risks. In addition to the risks mentioned, we believe that the current prevailing market conditions and forecasts for market development, based on the group's valuation scheme, give rise to opportunities for the Instone Group to return to a higher price and margin level in the medium to long term after the current unfavourable market situation. Opportunities include:

- Sustained high demand for housing and associated rent increases
- Rising population in conurbations
- Expansion of demand to the outskirts of the conurbations
- High willingness to invest in sustainable residential properties
- Socially and politically demanded sustainability in building efficiency
- Establishing efficiency-enhancing planning and construction processes for our nyoo product in the core business to create affordable and sustainable living space
- Attractiveness of residential developments through proximity to services, integrative policies and social infrastructure
- Social and political pressure for the realisation of subsidised housing
- Increasing demand in capital investment sales due to attractive depreciation options (special depreciation in accordance with Section 7b of the German Income Tax Act (EStG) and degressive depreciation in accordance with Section 7 (5a) EStG)
- Improvement in the economic framework conditions (for example, a decrease in interest rates and lower building cost inflation)
- Simplification of building regulations
- Improved subsidy conditions (or additional subsidies)
- Implementation of ongoing strategic initiatives

The low leverage and high liquidity reserves of the Instone Group in conjunction with our nationwide presence and very good networking, our development competence with regard to urban districts with complex building regulations and our good reputation among municipal and institutional decision-makers provide the financial framework and the confidence to be able to exploit the opportunities arising from property acquisitions to realise projects on an even larger scale. From this position, the Instone Group believes it is well equipped to take advantage of attractive acquisition opportunities in what is currently a difficult real estate market environment.

The Instone Group is one of the largest German project developers in residential real estate and is represented nationwide in the most in-demand conurbations in Germany. The majority of other German residential developers only have a local presence. They have very good networks in the market environment, but their potential project volume is generally smaller than the size of our projects.

In view of the properties already acquired and still to be acquired, we see opportunities for the Instone Group to increase the commercial exploitation of properties in terms of gross floor area (GFA), site occupancy ratio (SOR) and floor area ratio (FAR) given the group's many years of experience in this business.

The Instone Group pursues a value-oriented business model that is geared to growth, social and environmental sustainability and the interests of all relevant stakeholders. The objective is underpinned by a high degree of transparency, a comprehensive sustainability report that goes far beyond the legal requirements and the continued dialogue with all our stakeholders. This gives us further opportunities to be able to act successfully in line with our growth strategy.

Management Board's overall assessment of the risk and opportunities situation

All things considered, the overall assessment of the risk situation for the Instone Group as at 31 December 2024 and the forecast for the current financial year continue to show a significantly adverse macroeconomic risk situation.

Our forecast assumes that we have already bottomed out in terms of price trends and the number of residential real estate sales transactions in Germany and that we will see a further recovery in the sales volume of our residential real estate products in the 2025 calendar year. Nevertheless, the risks, particularly with regard to sales speeds and sales prices, remain high as it is not possible to accurately forecast the future trend. The Management Board is therefore continuing to pursue a range of sales-promoting measures. Where possible, sales of the Instone Group products and construction starts will be carried out on a more detailed and sequential basis in order to minimise the risks of residual materials. In addition, product design is increasingly focused on the private investor side in order to drive the sales process forward with the aid of attractive depreciation opportunities provided by the German Growth Opportunities Act. Land is acquired on a selective basis. Liquidity and debt will continue to be the main focus of management decisions. The Management Board will continue to monitor developments closely and has prepared appropriate options for action in all relevant scenarios.

In terms of construction costs, the Management Board anticipates a slight increase in material and construction service prices. This is already taken into account in the project calculations (see also the chapter "Project business at a glance", page 117 et seqq. Beyond this, however, it is not possible to conclusively assess whether there could be significant cost increases due to a possible sharp rise in inflation.

Any continued restraint in the case of new acquisitions will, according to current estimates, have a negative impact on the company's recovery of the growth momentum in the medium term.

The current financing environment has direct implications for the ability to finance individual existing projects as well as new acquisitions.

Project-specific municipal decision-making processes, which are particularly related to the creation of planning and construction laws, remain risky and not always predictable in terms of time.

From today's perspective, the Management Board of the Instone Group does not consider there to be any risks that the company would be unable to adequately counteract or which could affect the results of operations, net assets and financial position in a way that could jeopardise the group's continuation as a going concern.

Overall, the macroeconomic risks and the associated risks of sales remain significantly increased. The Management Board has responded to these risks by implementing a series of measures aimed in particular at securing the company's balance sheet strength for all relevant scenarios and also enabling the company to benefit from the acquisition opportunities that can be expected in the medium-term.

The current risk situation was taken into consideration in the forecast.

Outlook

General economic and industry economic conditions

The German economy as a whole continues to find itself in a persistently weak phase. According to the German Federal Statistical Office, price-adjusted gross domestic product (GDP) decreased by 0.2% in 2024. The structural problems in the manufacturing sector, which accounts for a comparatively high share of economic output in Germany, were a major adverse factor. A large part of the energy-intensive industries are suffering from the comparatively high energy costs in Germany. Key industries, such as mechanical engineering and the automotive industry, are affected by the negative impacts of weak growth and increasing competitive pressure from China. In addition, weak economic demand continues to have a negative impact on economic output. As a result, private consumption stagnated despite the increases in real wages.

For 2025, the Deutsche Bundesbank expects only a slight recovery in the German economy and moderate GDP growth of 0.2%. The Bundesbank expects foreign demand to continue to drive the economy. The Bundesbank expects German GDP growth to accelerate slightly to +0.8% in 2026. In addition to the positive development of exports that is expected, the Bundesbank forecasts a return to growth in corporate investment and private residential construction investment and positive impetus from private consumption. The Bundesbank expects inflation to remain at a high level in 2025, but to reach the target figure of 2.0% in 2026.

Due to the persistent economic weakness, the labour market deteriorated somewhat, but was still in fairly robust shape overall. The number of people out of work rose slightly in 2024. According to the German Federal Employment Agency, the unemployment rate in Germany increased slightly year-on-year to 6.0% in December 2024 (previous year: 5.7%). The Bundesbank expects the labour market downturn to continue in 2025 and anticipates a further slight increase in the unemployment rate.

The market for residential property in Germany continued to be influenced by the elevated interest rate level in 2024, which continued to affect demand from private and institutional buyers. That said, there was evidence of a recovery in 2024 compared to the previous year. At the same time, however, the structural supply-demand imbalance in the German market has worsened due to a decline in new construction activity. The German Economic Institute (IW) expects completions of new-build housing to fall from 294,400 in 2023 to 260,000 in 2024 and to a level of 230,000 in 2025. This means that the German federal government's target of 400,000 new residential units per year will continue to be missed by a wide margin, leading to a widening supply-demand gap.

Prices for new-build housing in Germany's top seven cities stabilised again in 2024 following a decline in the previous year. According to data from the consulting and analysis company bulwiengesa, the average year-on-year price trend in the individual cities is an average increase of around 1.8%.

For 2025, we expect stable to slightly rising prices for new-build properties in Germany's most attractive metropolitan regions. The main reason for this is that there is still a very limited supply in these regions, but a considerable and growing demand surplus.

Construction costs rose only moderately in the past year following sharp increases in previous years. According to the German Federal Office of Statistics, construction prices for new-build housing had risen by 3.1% year-on-year by November 2024. The Instone Group's Management Board anticipates only a slight increase in construction costs in 2025.

Outlook for the Instone Group

The development of the macroeconomic and industry environment has a significant effect on the forecasts presented below. Another important prerequisite is the achievement of significant milestones in our projects. Other essential factors include, in particular, the creation of building rights and the granting of building permits, announced sales launches, meeting planned targets for the speed of sales, expected construction starts and the planned construction progress of projects.

Any deviation from the management's assumptions regarding the development of the macroeconomic and industry environment, any changes in political factors or the risks and opportunities already described in the section "Risk and opportunities report" page 127 et seqq. of this combined management report or any changes in project schedules may cause the actual business performance to differ from the forecasts, in the opinion of the management.

The significant rise in interest rates has led to a marked decline in private and institutional demand. The Management Board assumes that demand is expected to pick up again significantly in 2025, but does not expect sales volumes to return to pre-crisis levels. The main reasons in favour of a recovery are the fundamental shortage of housing, the fact that house prices have bottomed out, the prospect of interest rates falling further, rising real incomes and attractive subsidy conditions under the German Growth Opportunities Act. The forecast assumes a historically lower sales volume, particularly for sales to institutional investors, but a significant increase in the volume of sales contracts for sales to private investors due to the attractive depreciation opportunities based on the German Growth Opportunities Act.

Based on the assumptions made and taking due account of the current uncertainties, we expect the volume of sales contracts to increase significantly to more than €500 million in 2025.

Based on already secured sales and expected new sales, we are forecasting adjusted revenue of between €500 million and €600 million for 2025.

For the project mix that is relevant for revenue recognition, we expect a gross profit margin of around 23%.

Adjusted consolidated earnings after tax are forecast to be in the range of €25 million to €35 million.

Adjusted consolidated earnings after tax also form the basis for determining the profit distribution. The target figure for the expected payout ratio is generally 30% of adjusted consolidated earnings. The plan is for the absolute amount of the dividend not to fall below €0.26 per share.

Forecast of key management performance indicators for 2025

TABLE 053

in millions of euros

	2025 outlook
Revenue (adjusted)	500–600
Gross profit margin (adjusted) as a %	~23%
Consolidated earnings after tax (adjusted)	25–35
Volume of sales contracts	>500

Other disclosures

Takeover law disclosures

The legal acquisition disclosures are shown below in accordance with Sections 315a and 289a HGB:

1 Composition of the share capital

As at 31 December 2024, the share capital (registered capital) of Instone Real Estate Group SE amounted to €46,988,336.00. It is divided into 46,988,336 no-par-value bearer shares. The registered capital is fully paid up. All shares in the Company have the same rights and obligations. Each share carries one vote and an entitlement to the same share of profits. The rights and duties arising from the shares are defined in the statutory provisions.

As at 31 December 2024, the Company held 3,665,761 treasury shares.

2 Restrictions affecting voting rights and the transfer of shares

To the knowledge of the Management Board, there are no restrictions on the transfer of shares. The company currently holds 3,665,761 treasury shares, from which it has no rights. The Management Board is not aware of any further restrictions with regard to the voting rights associated with the shares.

3 Direct or indirect investments in the capital amounting to more than 10% of the voting rights

According to a notice of voting rights dated 5 August 2022, Saul Goldstein held an indirect share in the capital of the company in the amount of 12,192,94 (25.95%) voting rights through the companies controlled by him: ASG Fund VI Tower S.à r.l. and ASG Fund VII Knight S.à r.l. Furthermore, according to a notice of voting rights dated 25 April 2023, Hussain Ali Habib Sajwani held an indirect share in the capital of the company in the amount of 4,715,770 (10.04%) voting rights through the companies controlled by him: Samarra Company Limited and Dico Investments & Properties Company Limited. GRI 2-15

4 Shares with special rights conferring control powers

There are no shares with special rights which confer control powers.

5 Type of voting rights control when employees have shareholdings in the capital and do not directly exercise their control rights

There are no employee investments in the company's capital in which the employees do not directly exercise their own control rights.

6 Appointment and dismissal of members of the Management Board; amendments to the articles of association

The appointment and dismissal of members of the Management Board of the company occurs in accordance with the provisions of Section 39 (2) sentence 1 of the Regulation on European Companies (SE-VO) and Sections 84 and 85 of the German Stock Corporation Act (AktG). In accordance with Section 9.1 of the company's articles of association, the Management Board consists of at least two people. The Supervisory Board determines the number of Management Board members. It may appoint a Chair and a Deputy Chair of the Management Board in accordance with Section 84 AktG and Section 9.2 of the company's articles of association.

Under Art. 9 (1) (c) (ii) SE-VO together with Section 179 (1) sentence 1 AktG, the articles of association of the company may be amended by resolution of the Annual General Meeting. Resolutions of the Annual General Meeting are passed in accordance with Section 21.4 of the company's articles of association by a simple majority of the votes cast, unless binding statutory regulations require a larger majority. For amendments to the articles of association, pursuant to Section 21.5 of the articles of association, a majority of two-thirds of the votes cast is required or, if at least half of the registered capital is represented, a simple majority of the votes cast, unless binding statutory regulations require otherwise. If the law also requires a majority of the share capital represented for the annual general meeting to pass resolutions, a simple majority of the registered capital represented for the resolution shall suffice, if this is permitted by law. Under Section 21.5 of the company's articles of association, resolutions that can be passed by a simple majority of votes and capital pursuant to Section 21.4 of the articles of association include in particular, but not exclusively, all resolutions of the Annual General Meeting regarding capital increases with shareholders' subscription rights against contributions (Section 182 (1) AktG), capital increases from company funds (Section 207 (2) AktG in conjunction with Section 182 (1) AktG) and the issue of convertible bonds, participating bonds and other instruments to which shareholders have a subscription right (Section 221 AktG). Under Section 21.6 of the articles of association, the dismissal of members of the Supervisory Board who have been elected without being bound by an election proposal requires a majority of at least three quarters of the votes cast. According to this provision of the articles of association, this also applies to the amendment of Section 21.6 of the articles of association themselves. Finally, pursuant to Section 18.3 of the articles of association, the Supervisory Board is entitled to make amendments and additions to the articles of association which only affect the wording.

7 Powers of the Management Board to issue or repurchase shares

7.1 Authorised capital 2021

Under Section 6a.1 of the articles of association, the Management Board is authorised to increase the company's registered capital, with the approval of the Supervisory Board, in the period up to 8 June 2026 by up to a total of €8.0 million by issuing up to a total of 8,000,000 new no-par-value bearer shares against cash contributions and/or contributions in kind (authorised capital 2021) and, in accordance with Section 6a.2 of the articles of association and with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within predefined limits.

7.2 Authorised capital 2023

Under Section 6.1 of the articles of association, the Management Board is authorised to increase the company's registered capital, with the approval of the Supervisory Board, in the period up to 13 June 2028 by up to a total of €15,494,168.00 by issuing up to a total of 15,494,168 new no-par-value bearer shares against cash contributions and/or contributions in kind (authorised capital 2023) on one or more occasions and, in accordance with Section 6.2 of the articles of association and with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within predefined limits.

7.3 Contingent capital 2021

The Management Board was authorised by the Annual General Meeting with effect from 31 August 2021, with the consent of the Supervisory Board, to issue bearer or registered bonds with warrants or convertible bonds with a total nominal value of up to €350 million with or without a limited term (hereinafter jointly referred to as **"Bonds"**) on one or more occasions up to 8 June 2026 and to grant the holders or creditors of the bonds option or conversion rights for up to 4,698,833 new shares in the Company with a proportionate total amount of the registered capital of up to €4,698,833.00 in accordance with the respective option or convertible bond conditions to be determined by the Management Board (hereinafter jointly referred to as **"Conditions"**).

In addition to euros, the Bonds may also be issued in a foreign legal currency, limited to the corresponding euro equivalent. Furthermore, they may also be issued by companies dependent on the Company or majority-owned by the Company; in this case, the Management Board is authorised, with the approval of the Supervisory Board, to assume the guarantee for the Bonds on behalf of the Company and to grant the holders of such Bonds option or conversion rights to shares in the Company and to make further declarations required for a successful issue and to take actions. Issues of bonds can be divided into sub-bonds with equal rights.

The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights to bonds (i) in order to exclude fractional amounts resulting from the subscription ratio from shareholders' subscription rights to the bonds, (ii) in order to issue bonds against cash payment, provided that this is done at an issue price that is in line with the recognised issue price, however, this authorisation to exclude subscription rights only applies to the extent that the shares issued or to be issued to service the option or conversion rights or to fulfil the conversion obligation do not account for more than 10% of the registered capital. The registered capital figure on the effective date of this authorisation is decisive when calculating this limit. If the registered capital is lower at the time the authorisation pursuant to number (ii) is exercised, this lower figure shall be used. This amount shall include the pro rata amount of the registered capital, (x) which is attributable to shares that have been or will be issued during the term of this authorisation until its utilisation from authorised capital to the exclusion of the subscription right pursuant to Section 186 (3) sentence 4 of the AktG, (y) which is attributable to treasury shares in the Company that have been or will be sold on the basis of authorisations pursuant to Section 71 (1) no. 8 of the AktG during the term of this authorisation until its utilisation to the exclusion of the subscription right of shareholders pursuant to Section 186 (3) sentence 4 AktG, and (z) which is attributable to shares that are or will be issued to service warrant or convertible bonds issued or to be issued during the term of this authorisation until its utilisation on the basis of another authorisation in similar application of Section 186 (3) sentence 4 AktG to the exclusion of the subscription right. Finally, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights to bonds (iii) to the extent necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds (or combinations of these instruments) issued by the Company or by dependent companies or companies in which the Company holds a majority interest to the extent to which they would be entitled after exercising their rights or fulfilling their obligations.

Bonds may only be issued with the exclusion of subscription rights if the total of the new shares to be issued on the basis of such bonds, together with new shares from authorised capital or treasury shares of the Company, which are issued or sold by the Company during the term of this authorisation until it is exercised by utilising another authorisation with the exclusion of shareholders' subscription rights, and, together with rights issued during the term of this authorisation until it is exercised by exercising another authorisation under exclusion of subscription rights and which enable or oblige the conversion into or subscription to shares of the Company, no more than 10% of the registered capital is arithmetically allotted. The basis for calculating the 10% limit of the registered capital is the registered capital figure at the time of effective date of this authorisation. If the registered capital figure is lower at the time the authorisation is exercised, this lower figure shall be used.

In the case of convertible bonds, the holders shall have the right to exchange their bonds for new shares in the Company in accordance with the specific conditions. The conversion ratio is calculated by dividing the nominal value of a bond by the fixed conversion price for a new share in the Company. The conversion ratio may also be calculated by dividing the issue amount of a bond below the nominal amount by the fixed conversion price for a new share in the Company. The conversion ratio can be rounded up or down to a whole number; in addition, an amount to be paid in cash can be set. Finally, it can be stipulated that fractions can be combined and/or compensated for in cash. The proportionate amount of the registered capital represented by the shares of the Company to be issued per bond may not exceed the nominal amount of the bond or an issue price of the bond that is lower than the nominal amount.

The conditions may provide for the right of the Company to pay the holders of the conversion right the equivalent value in cash instead of the shares in the Company in the event of conversion; the value in cash is to be calculated in accordance with the specific conditions and shall correspond to the arithmetic mean of the closing prices of the share in the Company on the Frankfurt Stock Exchange in Xetra (or a comparable successor system) during the last ten trading days before the conversion was declared. The conditions may also provide for the right of the Company to grant the holders of the conversion right treasury shares in the Company or new shares from an authorised capital in the event of conversion. The conditions may also provide for a conversion obligation at the end of the term or at another time.

The conditions may provide for the right of the Company to grant the creditors of the bonds, in whole or in part, new shares or treasury shares in the Company in lieu of the payment of a due amount of money. The shares are credited with a value which, in accordance with the specific conditions, is based on the arithmetic mean of the closing prices of the shares in the Company on the Frankfurt Stock Exchange in Xetra (or a comparable successor system) during the last ten exchange trading days before the sum is due.

When issuing warrant bonds, one or more warrants shall be attached to each partial bond, entitling the holder to purchase shares in the Company in accordance with the conditions. The conditions may stipulate that those entitled to exercise the warrant bonds are either granted treasury shares in the Company or new shares from authorised capital. The proportional amount of the registered capital in the shares of the Company to be acquired per warrant bond may not exceed the exercise price of the warrant bond.

The option or conversion price for a share must be at least 80% of the arithmetic mean of the stock exchange prices of the Company's shares in the Xetra closing auction on the Frankfurt Stock Exchange (or a comparable successor system), and indeed, (i) if the subscription right is excluded or subscription rights trading does not take place for another reason during the ten exchange trading days before the day that the resolution is passed by the Management Board on the issue of the bonds or otherwise, (ii) during the exchange trading days on which subscription rights to bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two exchange trading days of the subscription right trading.

The option and conversion price will then be reduced, without prejudice to Section 9 (1) AktG, on the basis of an antidilution clause in accordance with more detailed provisions of the Conditions by payment of a corresponding amount in cash when the conversion right is exercised or by reduction of the additional payment, if, during the option or conversion period, the company increases the share capital or issues further Bonds or grants or guarantees option or conversion rights while granting subscription rights to its shareholders, and the holders of existing option or conversion rights are not granted subscription rights to the extent to which they would be entitled after exercising their option or conversion rights.

Instead of a payment in cash or a reduction of the additional payment, the exchange ratio may also be adjusted, as far as possible, by dividing by the reduced conversion price. The Conditions may also provide for a value-preserving adjustment of the option or conversion price even for other Qmeasures taken by the Company that may lead to a dilution of the value of the option or conversion rights, as well as in the event of a capital reduction, a stock split or a special dividend.

Subject to compliance with the above provisions, the Management Board is authorised to determine the further details of the issue and terms of the Bonds and their Conditions or to determine them in agreement with the corporate bodies of the group company issuing the Bonds, in particular the interest rate, issue price, term and denomination, subscription or exchange ratio, creation of a conversion obligation, determination of an additional cash payment, compensation for or combination of fractional amounts, cash payment instead of delivery of shares, option or conversion price and the option or conversion period.

Until now, the Management Board has not made use of its authorisation to issue warrants or convertible bonds.

7.4 Authorisation for the Company to acquire its treasury shares

By the resolution passed by the Annual General Meeting on 13 June 2019, the Management Board was authorised, subject to the approval of the Supervisory Board and from the end of this Annual General Meeting until 12 June 2024, to acquire treasury shares up to a total of 10% of the share capital of €36,988,336 or the lower share capital figure at the time the authorisation is exercised, by being able to exercise the authorisation in full or in partial amounts, once or several times.

With the approval of the Supervisory Board, on 10 February 2022, the Management Board approved the acquisition of up to 2,349,416 shares (share buyback programme 2022/I) and, on 25 October 2022, approved the acquisition of up to 1,349,417 shares (share buyback programme 2022/II), in other words up to 3,698,833 shares in total, using the authorisation granted by the Annual General Meeting on 13 June 2019 for the acquisition of treasury shares. As part of the share buyback programme/I and the share buyback programme/II, the company bought back a total of 3,698,833 shares, of which it currently still holds 3,665,761 shares.

The Management Board has therefore fully exhausted the authorisation of the Annual General Meeting to acquire the company's treasury shares passed on 13 June 2019, which expired on 12 June 2024.

8 Key agreements reached by the company in the event of a change of control following a takeover bid, and the consequent effects

Individual contracts of corporate financing of the company provide for a special termination right of the other party in the event of a change of control (partly defined as the acquisition of a majority interest by voting rights or equity interest, partly defined as holding more than 30% of the voting rights in the company). In addition, as at the balance sheet date, there were no other key agreements by Instone Real Estate Group SE with third parties or group companies that would take effect, change or terminate in the event of a takeover bid.

In the event of a change of control, the members of the Management Board have a special right of termination in their employment contracts. A change of control is deemed to have occurred in particular if a third party or several third parties acting jointly, who do not currently have a holding in the company or who own a holding that accounts for less than 30% of the voting rights, acquire at least 30% of the voting rights in the company.

9 Company compensation agreements that have been entered into with the members of the Management Board or employees in the event of a takeover bid

The members of the Management Board are entitled to a severance payment in the amount of 1.5 times their gross annual remuneration if when they exercise their special right of termination in addition to a change of control described in section 8 the basis on which they can run the business suffers a significant adverse effect, in other words if the Management Board member loses their position, the company is merged, all or a significant portion of the company's assets are transferred to third party legal entities that do not belong to the Instone Group, a control and/or profit transfer agreement is concluded with the company as a dependent company, the legal form of the company is changed and the Management Board member thereby loses the independence granted by the German Stock Corporation Act or the SE-VO or if the decision-making powers of the terminating Management Board member suffer significant adverse effect for no material reason. Within the scope of the employment contract of a Management Board member, the conclusion of a control and/or profit transfer agreement with the company as obligated parties does not qualify as a significant adverse effect in the running of the business under certain conditions.

Corporate governance statement (unaudited)

In this report, the Instone Group provides information about the company's corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) on the principles of corporate governance and Section 161 of the German Stock Corporation Act (AktG) and in accordance with the German Corporate Governance Code (DCGK). In addition to the declaration of compliance with the DCGK, the corporate governance statement also contains information about corporate governance and the compliance management system, the composition and working methods of the Management Board and Supervisory Board, as well as the Supervisory Board committees. The Instone Group also provides information on the implementation of the gender quota and the diversity policy. GRI 2-14

Implementation of the DCGK

Corporate governance involves the responsible management and control of companies, geared towards long-term value creation. The corporate governance and corporate culture of Instone Real Estate Group SE comply with the legal requirements and – with a few reasonable exceptions – the additional recommendations of the DCGK. The Management Board and Supervisory Board are committed to good corporate governance and all divisions are guided by this objective for the benefit of all internal and external stakeholders. The company places values such as expertise, transparency and integrity, clear management structures, effective risk management and strict adherence to legal and internal company requirements (compliance) at the centre of its activities. Responsibility for the environment and society are key aspects in this regard, which is why the Instone Group integrates sustainability principles into decisions, processes and projects.

The Management Board and Supervisory Board have carefully considered the fulfilment of the DCGK requirements. In doing so, they have taken into account the DCGK in the version dated 28 April 2022 and, in accordance with Section 161 AktG submitted their joint regular declaration of compliance with the recommendations of the DCGK in December 2024 and commented on the few exceptions.

The statement and any further declarations of compliance since the IPO are published on the company's website in the ↗ Instone Group Declaration of Compliance.

Declaration of compliance

The Management Board and Supervisory Board of Instone Real Estate Group SE (hereinafter referred to as the "Company") are required pursuant to Section 161 (1) of the German Stock Corporation Act (AktG) to issue an annual declaration of compliance stating that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and will be complied with or stating which recommendations have not been or will not be complied with and why not. The Management Board and Supervisory Board last issued a declaration of compliance in December 2024.

The Company's Management Board and Supervisory Board declare that for the period since the declaration of compliance was submitted in December 2023, they have complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version last published in the official part of the Federal Gazette on 27 June 2022 and dated 28 April 2022 ("2022 DCGK") and will also do so in future:

1. In accordance with recommendation B.3, the first appointment of members of the Management Board is for a maximum of three years. In the 2023 financial year, the Supervisory Board filled the position of CFO left vacant following the departure of Dr Foruhar Madjlessi with David Dreyfus for a term of appointment of four years and three months. The Supervisory Board has therefore deviated from recommendation B.3 in the interest of the Company because David Dreyfus emerged from the structured recruiting process as the clear favourite and first choice of the Supervisory Board and one of the conditions by which he was recruited for this position was on the basis of the agreed term of his appointment. In addition, the agreed term of appointment reflects a reasonably long-term, sustainable appointment pursued by the Supervisory Board, which at the same time also prevents the existing Management Board mandates all expiring within a short period of time. The deviation from recommendation B.3 will continue to apply in the 2024 declaration period.

2. In accordance with recommendation G.7 of the DCGK 2022, the Supervisory Board must define the performance criteria for all variable remuneration components for each member of the Management Board for the forthcoming financial year, which, in addition to operational targets, should primarily be based on strategic objectives. The corporate planning and the forecast, from which the relevant performance criteria for the Management Board are derived by the Supervisory Board, are adopted at the beginning of the financial year due to the higher level of planning accuracy. Based on this, the Supervisory Board also defines the performance criteria for the variable remuneration components at the beginning of the relevant financial year. From the Supervisory Board's point of view, this is appropriate to harmonise the corporate planning adopted with the performance criteria for the Management Board. This recommendation will therefore not be followed in the future.

3. Under recommendation G.10 sentence 2 of the DCGK, a member of the Management Board should not actually receive variable long-term remuneration amounts for four years. The remuneration system for the Management Board and the contracts of employment for the members of the Management Board, however, state that long-term variable performance-related remuneration should be paid at the end of a three-year performance period. This is in line with the requirements under stock corporation law for long-term assessment bases for variable remuneration as well as the recommendations of various institutional advisers. In the view of the Supervisory Board, however, a longer delay in the payment of the variable long-term remuneration has no added value for the incentive of the Management Board compared to the existing contractual provisions. This recommendation will therefore not be followed in the future.

Essen, December 2024

The Management Board

The Supervisory Board

Corporate governance practices

The management of Instone Real Estate Group SE is largely determined by the provisions of the German Stock Corporation Act (AktG) and is also focussed on the requirements of the German Corporate Governance Code. In addition, the Management Board has laid down fundamental values of lawful and ethical conduct in a group-wide code of conduct, which is also available on our website at ↗ Instone Group Code of Conduct. This specifies existing duties and responsibilities at the Instone Group and derives various codes of conduct on the basis of the law or existing official instructions. The Code of Conduct provides guidance and assistance to Instone Group employees in their day-to-day work while at the same time defining binding requirements for the actions of all employees. Instone Real Estate Group SE is expressly committed to the values reflected in the Code of Conduct. In addition, the Management Board has defined overarching principles for the thoughts and actions of the Instone Group, which can also be viewed on our website at ↗ Instone Group. These include and reflect the Instone Group's position on topics such as social responsibility and social added value, the environmental sustainability of our projects and economic growth, as well as external communication and dealings with stakeholder groups relevant to our Company, including customers, employees, contractual parties and other parties involved.

Working methods of the Management Board and Supervisory Board

The Instone Real Estate Group SE is a European listed company (SE) with headquarters in Essen, Germany, which in accordance with its articles of association, has a dual management system consisting of the Management Board and Supervisory Board. These work together closely and trustingly for the benefit of the Company. The Management Board manages the Company whereas the Supervisory Board provides advice and supervision.

Both the Management Board and the Supervisory Board each have their own rules of procedure which include detailed regulations about the respective activities of the Boards and the internal organisation, as well as for the collaboration between the Management Board and the Supervisory Board which go beyond the provisions of stock corporation law. GRI 2-9

The Management Board and the Supervisory Board maintain an intensive, continuous dialogue, which forms the basis of efficient and targeted corporate management. The Management Board develops the strategic direction of Instone Real Estate Group SE, coordinates this with the Supervisory Board and ensures its implementation. GRI 2-12, 2-13

Both Boards also hold an annual joint strategy meeting, at which the respective members exchange views openly outside formal meetings on the strategic direction of the Company and initiatives of the Management Board. The Management Board also discusses the status of the strategy implementation with the Supervisory Board at regular intervals. The Chair of the Supervisory Board and the Chair of the audit committee regularly liaise with the Management Board between meetings and discuss questions of strategy, planning, business development, risk situation, risk management, compliance, the internal control system and aspects of sustainability with the Management Board. The Chair of the Supervisory Board is informed by the Management Board without delay about important events which are of material importance for the assessing the financial position and performance as well as for managing the Company and its group companies. The Chair of the Supervisory Board then informs the Supervisory Board and convenes an extraordinary Supervisory Board meeting if necessary. In addition, the Management Board reports to the Supervisory Board regularly and as required by law, the articles of association and the Management Board's rules of procedure, which contain comprehensive regulations for the reports to be submitted and the information to be reported over and above the legal requirements. GRI 2-30, 3

The articles of association and the rules of procedure for the Management Board also include provisions for certain reservations of consent in favour of the Supervisory Board for measures and legal transactions of fundamental importance. The relevant rules of procedure of the Management Board and Supervisory Board also contain provisions for handling conflicts interest within the Supervisory Board and the Management Board. In addition to an obligation to disclose conflicts of interest without delay, these provisions provide for the approval of the Supervisory Board in the event of material conflicts of interest within the Management Board and, in the event of conflicts of interest identified on the Supervisory Board, prevent the member concerned participating and/or voting. In the event of material and not merely temporary conflicts of interest, the Supervisory Board member concerned must resign from office. In the reporting year, Stefan Mohr voluntarily and as a precautionary measure did not take part in the Supervisory Board's deliberations in view of a conflict of interest that could not be ruled out. Otherwise, no conflicts of interest were identified on the Management Board and Supervisory Board.

Transactions between members of the Supervisory Board and the Management Board and related parties with the Company or its affiliates also require the approval of the audit committee of the Supervisory Board. The assumption of ancillary activities outside the Company by the members of the Management Board – in particular, supervisory board mandates and mandates on comparable supervisory bodies of commercial enterprises – requires the approval of the Supervisory Board.

The members of the Management Board and Supervisory Board are included in a D&O group insurance policy. It provides for a deductible for members of the Management Board that complies with the legal requirements of Section 93(2) 3 AktG. GRI 2-25, 2-26

Management Board

Composition

According to the Company's articles of association, the Management Board consists of at least two persons. The number of members is determined by the Supervisory Board. In the 2024 financial year, the Management Board consisted of three members with equal rights, each responsible for the departments assigned to them.

Details of the members of the Management Board can be found in the notes to the consolidated financial statements of Instone Real Estate Group SE in accordance with Section 285 No. 10 of the German Commercial Code (HGB) page 212. CVs of the members of the Management Board can also be found on the Instone Group website under CVs of the Management Board.

Roles and responsibilities

The Management Board manages the Company on its own responsibility in accordance with the statutory provisions, the articles of association and the rules of procedure for the Management Board. It is committed to acting in the Company's best interests. The Management Board develops the strategic direction of the Company, coordinates this with the Supervisory Board and ensures its implementation. It also bears responsibility for maintaining an appropriate, effective internal control system, risk management and controlling and regular, timely and comprehensive reporting to the Supervisory Board.

In accordance with the general representation rules of the articles of association, the Company is represented by two members of the Management Board or by one member of the Management Board together with an authorised representative. GRI 2-9

Distribution of duties and rules of procedure

The Management Board performs the management function as a collegial body. Irrespective of the overall responsibility for the management, the individual members of the Management Board are responsible for the departments assigned to them in accordance with the legislation, the articles of association and the rules of procedure for the Management Board, and are personally responsible in the context of Management Board resolutions. The Management Board has not formed any committees.

The work of the Management Board, including the allocation of responsibilities, is governed by the rules of procedure for the Management Board, which were adopted by the Supervisory Board and last amended on 6 March 2024.

The organisational chart defined for the Management Board is shown on the following page. The Management Board's rules of procedure also set out the cases which require a resolution by the entire Management Board. Management Board meetings are held fortnightly when possible, but at least once a month, in face-to-face or virtual form, chaired by the Chair of the Management Board. The rules of procedure for the Management Board also allow resolutions to be passed outside of meetings. Resolutions are passed by a simple majority of the votes cast unless the law provides otherwise.

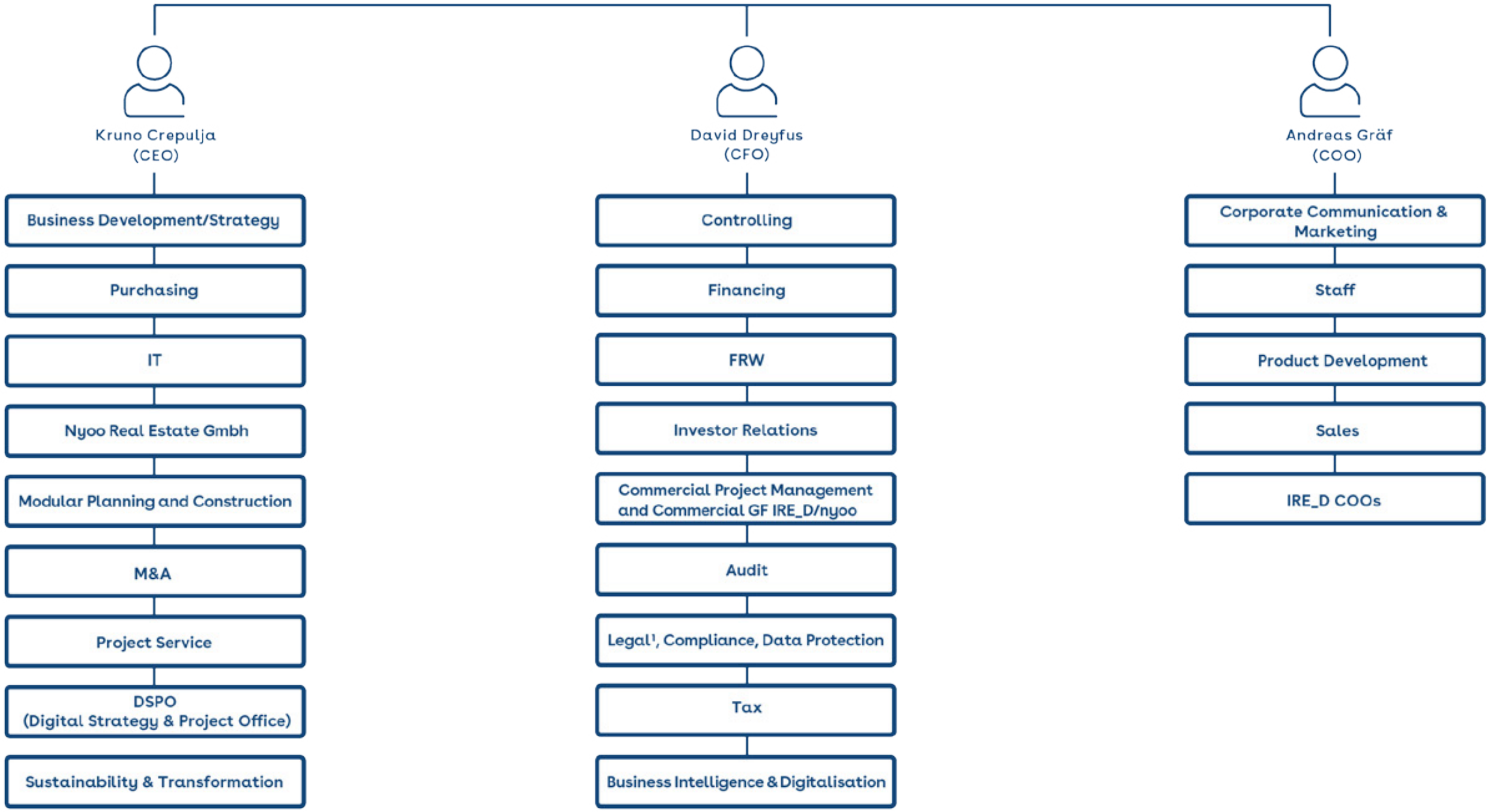
Reservations of consent and rules of information

In addition to certain approval reservations contained in the articles of association, the Supervisory Board has set out certain other transactions and measures of fundamental importance in the rules of procedure for the Management Board which require its prior approval. These include, for example, the adoption of the annual planning, larger land acquisitions, the conclusion and amendment of certain financing agreements, and the implementation of certain corporate law measures. Transactions between the Company or one of its subsidiaries and members of the Management Board or related parties also require the approval of the Supervisory Board audit committee and must comply with the usual market conditions.

The Management Board informs the Supervisory Board regularly and comprehensively as well as promptly, and when appropriate, and in accordance with the legislation, the articles of association and the principles of information defined in the rules of procedure for the Management Board, in particular with regard to strategy and the course of business, as well as its prospective development and on fundamental matters relating to the Company, including the assets, finance and earnings situation, the risk situation, risk management and risk controlling, compliance, sustainability matters as well as ongoing projects and the Company's finance situation. The Chair of the Management Board and the Chair of the Supervisory Board are also in regular communication.

Management Board organisational chart of Instone Real Estate Group SE dated 6 March 2024

FIGURE 018



[1] Including corporate and capital market law as well as support for the Supervisory Board.

Supervisory Board

Composition

According to the articles of association, the Supervisory Board consists of six members. It is not subject to employee co-determination. All members are elected as shareholder representatives by the Company's Annual General Meeting.

All members of the Supervisory Board are independent in accordance with the recommendations of the DCGK. Details of the members of the Supervisory Board can be found in the notes to the consolidated financial statements of Instone Real Estate Group SE in accordance with Section 285 No. 10 HGB page 214. CVs of the members of the Supervisory Board are also available on the Instone Group website at CVs of the Supervisory Board.

Roles and responsibilities

The Supervisory Board advises and monitors the Management Board. It works closely with the Management Board for the benefit of the Company and is involved in all decisions of fundamental importance.

Its rights and duties are determined by the statutory provisions, the articles of association, the rules of procedure for the Supervisory Board of 14 October 2021 and the rules of procedure for the Management Board. It appoints and dismisses the members of the Management Board, represents the Company when dealing with them and works with the Management Board to ensure long-term succession planning.

The work of the Supervisory Board takes place both in plenary sessions and in committees. The work of the committees aims to further increase the efficiency of the Supervisory Board's work. The committee chairs regularly report to the Supervisory Board on the work of their respective committees, which includes in particular the preparation of resolutions by the plenum on specific topics within the scope of the respective committee's responsibilities. In accordance with the articles of association, the Supervisory Board must hold at least two meetings in six calendar months. In addition, it must hold meetings as often as and when the interests of the Company so require. The number and material content of the meetings and resolutions passed in writing by the Supervisory Board in the 2024 financial year are explained in more detail in the Supervisory Board's report from page 233 et seq. onwards.

Evaluation of committee work and advanced training of the members of the Supervisory Board

The Supervisory Board assesses the efficiency of its activities at regular intervals, most recently in the 2023 financial year, based on a structured review process in which it critically evaluates and assesses the work of the committees.

The Company also supports the members of the Supervisory Board with training and continual professional development.

Skills profile and qualification

The Company has complied with the requirements of the composition of the Supervisory Board under corporate law and the individual recommendations in section C.1 of the DCGK relating to the determination of specific objectives for the composition of the Supervisory Board under certain criteria, the consideration of these objectives in the Supervisory Board's proposals and the publication of these objectives and their implementation status in the corporate governance statement.

To this end, the Supervisory Board has adopted objectives for its composition, a skills profile and a diversity policy to ensure that the Supervisory Board provides qualified control and advice to the Management Board. It most recently reviewed this in December 2022 and, as part of this, expressly expanded it to include "sustainability". The members of the Supervisory Board must have the following overall knowledge, skills and professional experience required for the proper performance of the duties of a Supervisory Board in a capital market-based real estate company:

- Experience in managing or supervising medium-sized or large companies or complex organisations
- Members as a whole must be familiar with the real estate sector and the project development industry
- In-depth knowledge about finance, accounting treatments, accounting, law and compliance in the general committee as a whole

- At least one member of the Supervisory Board must have accounting expertise and at least one other member of the Supervisory Board must have auditing expertise (Section 100 (5) AktG), whereby accounting and auditing also includes sustainability reporting and its audit.
- Experience with capital market instruments and bank financing
- Expertise on sustainability issues in the real estate sector and the project development business which are important for the Company

Skills matrix for the Supervisory Board of Instone Real Estate Group SE

FIGURE 019

		Stefan Brendgen	Dr Jochen Scharpe	Christiane Jansen	Dietmar P. Binkowska	Sabine Georgi	Stefan Mohr
	Member of the Supervisory Board since	13 August 2018	13 August 2018	20 September 2021	3 April 2019	3 July 2023	14 June 2023
	Appointed until	oHV2026	oHV2026	oHV2026	oHV2026	oHV2026	oHV2026
Knowledge, skills or professional experience	in managing or supervising medium-sized or large companies or complex organisations	+ +	+ +	+ +	+ +	+	+ +
	Familiarity with the real estate sector and project development business	+ +	+ +	+	+ +	+ +	+ +
	Finance, accounting and financial reporting	+ +	+ +	+ +	+ +	+ +	+ +
	Financial reporting[1]	+ +	+ +	+	+	+	+ +
	Annual audit[1]	+	+ +	+	+	+	+
	Legal and compliance	+	+	+ +	+	+	+
	Capital market instruments and bank financing	+ +	+	+	+ +	+	+ +
	Sustainability	+ +	+	+	+	+ +	+
	Independence	Yes	Yes	Yes	Yes	Yes	No

[1] including sustainability reports and auditing of sustainability reports

+ Expertise
++ Special knowledge

The Supervisory Board should also have an appropriate number of independent members.

The status of the implementation of the skills profile is also shown for the individual members of the Supervisory Board in the above skills matrix and updated as appropriate. GRI 2-10

In the interests of complementary cooperation, the selection of candidates for the Supervisory Board should also ensure adequate diversity with regard to different professional backgrounds, specialist knowledge and experience. The members of the Supervisory Board should also have sufficient time to carry out their mandate. In the opinion of the Supervisory Board, this is the case for all members.

Only persons who have not yet reached the age of 70 at the time of appointment are to be proposed for election as a member of the Company's Supervisory Board. The standard limit for the period of membership of the Supervisory Board is twelve years. These requirements were also met; as of 31 December 2023, no member of the Supervisory Board had reached the age of 70 or exceeded the regulatory limit for membership of the Supervisory Board.

Supervisory Board committees

In the 2024 financial year, the Supervisory Board had at its disposal three committees: the nomination committee, the audit committee and the remuneration committee. Further committees can be formed as required. The tasks and responsibilities and the personnel composition of the committees are set out below:

Audit Committee

The audit committee is responsible, in particular, for monitoring the accounting process, effectiveness of the internal control system and internal auditing system, the audit, in particular, the independence of the auditor, additional services provided by the auditor, the appointment of the auditor, granting the audit assignment to the auditor, the determination of audit priorities, the fee agreement, the assessment of the quality of the annual audit as well as compliance.

The audit committee prepares the resolutions of the Supervisory Board relating to the annual financial statements and the consolidated financial statements. It is primarily responsible for the preliminary examination of the documents relating to the annual financial statements and the consolidated financial statements, as well as the preparation of the statement or its approval and the profit appropriation proposal of the Management Board. Furthermore, the audit committee prepares the agreements with the auditor (in particular the appointment of the auditor), the determination of audit priorities and the fee agreement, as well as the engagement of the auditor by the Annual General Meeting. This also includes auditing the necessary independence, whereby the audit committee takes appropriate measures to ascertain and monitor the independence of the auditor. Instead of the Supervisory Board full meeting, the audit committee decides on agreements with the auditor (particularly issuing the audit mandate, determining the main audit areas and the fee agreement). The audit committee also decides on related party transactions instead of the full Supervisory Board meeting. The audit committee discusses the principles of compliance, risk assessment, risk management and the appropriateness and functionality of the internal control system with the Management Board. GRI 2-16

The audit committee is also responsible for sustainability matters and sustainability reporting and advises the Management Board on sustainability-related issues.

The following members were members of the audit committee in the 2024 financial year:

- Dr Jochen Scharpe (Chair)
- Stefan Brendgen
- Stefan Mohr

Due to their training, professional experience as CEOs or managing directors of large real estate companies and many years of membership on supervisory committees of large companies, Dr Jochen Scharpe and Stefan Brendgen each has expertise in the field of accounting and are familiar with the sector in which the Company operates. The same applies to Stefan Mohr due to his many years as a partner and head of corporate investments at private equity company Activum SG Capital and his previous professional activities for leading German financial institutions. Dr Jochen Scharpe also has expertise in the field of auditing, so that all members of the committee in the 2024 financial year are qualified as financial experts within the meaning of Section 107 (4) sentence 3 in conjunction with Section 100 (5) AktG.

Nomination committee

The nomination committee proposes suitable candidates to the Supervisory Board for its election proposals at the Annual General Meeting and deals with succession planning in the Supervisory Board.

Members of the nomination committee in the 2024 financial year were:

- Stefan Brendgen (Chair)
- Christiane Jansen
- Stefan Mohr

Remuneration Committee

The remuneration committee advises on the employment contracts of the members of the Management Board and prepares resolutions of the Supervisory Board on topics relating to remuneration.

In the 2024 financial year, the remuneration committee consisted of the following members:

- Dietmar P. Binkowska (Chair)
- Stefan Brendgen
- Dr Jochen Scharpe

Diversity

GRI 405, 405-1

Instone Real Estate Group SE places great value on diversity, both with regard to its administrative bodies and its employees as a whole, and sees diversity as one of the Company's strengths. Diversity is therefore an important element for Instone Real Estate Group SE for sustainable corporate success. To underpin this approach, the Company has signed up to the Diversity Charter and promotes diversity in line with its core principles.

Given this, the Supervisory Board determined for the first time in the 2018 financial year that diversity should continue to be taken into account in the composition of the Management Board in the future. The Supervisory Board has also set a target for the proportion of women on the Management Board and a standard retirement age of 65 for Management Board members. In the interests of complementary cooperation within the Supervisory Board, the selection of candidates for the Supervisory Board should also be based on sufficient diversity with regard to different professional backgrounds, specialist knowledge and experience.

According to the self-assessment of the Supervisory Board, the composition of the Supervisory Board and the Management Board as at 31 December 2024 complies with the described diversity policies. The members of the Management Board have a range of different professional qualifications and many years of experience in international corporations, investment banks and consultancies, for example. David Dreyfus, the successor to Dr Foruhar Madjlessi, is another member with many years of international experience and specialist expertise in capital markets and corporate finance and has been a member of the Management Board since 1 September 2023. Furthermore, none of the members of the Management Board has reached the age of 65. The Supervisory Board continued to have a diverse composition as at 31 December 2024. In addition to increasing gender diversity with the appointment of Sabine Georgi, the diversity profile of the Supervisory Board has also been further enhanced in terms of age, professional background, expertise and experience.

Targets figures for the proportion of women

The German Stock Corporation Act obliges Instone Real Estate Group SE to set targets for the proportion of women on the Supervisory Board, the Management Board and in the first two levels of management below the Management Board.

Supervisory Board target

In December 2020, the Supervisory Board defined a target figure for the proportion of women on the Supervisory Board, which at the time was set at 20%. The proportion of women on the Supervisory Board was 20% until the expansion of the Board in the 2023 financial year, meaning that the target was continuously met.

Due to the Supervisory Board's strong commitment to diversity, it initiated an expansion of the Supervisory Board in the 2023 financial year to include an additional female member and raised the target for the proportion of female members to at least one third. The expansion was implemented with the appointment of Sabine Georgi, in line with the Supervisory Board's election proposal. Since then, the proportion of female members has been one third, as intended by the Supervisory Board, meaning that the target figure for the Supervisory Board has been met in full.

Target size for the Management Board

For the Management Board of Instone Real Estate Group SE, the target for the proportion of women set by the Supervisory Board is currently still 0%. This is not least due to the fact that the Supervisory Board, having taken into account the current circumstances, in particular the current term of office of Kruno Crepulja and Andreas Gräf until the end of 2025 and the size of the Management Board, which only has three members, did not consider an early review and, if necessary, setting a higher quota before the end of 2025 to be expedient. Regardless of this, when it came to filling the position of CFO, which became vacant in the 2023 financial year, the issue of diversity with regard to female candidates was also taken into account in the requirements profile due to its importance. Ultimately, however, a male candidate, David Dreyfus, prevailed in the selection process. The Supervisory Board's actual composition has taken account of the overriding principle of filling a position primarily based on qualification and competence, irrespective of gender.

The Supervisory Board remains firmly convinced that diversity is a key component of a successful Management Board team. Therefore, within the scope of its personnel competence, the Supervisory Board ensures that diversity is taken into account in the composition of the Management Board. The most recent example of this was when filling the position of CFO at the beginning of the last financial year. The Company met the target during the period under review.

The target last confirmed for the Management Board in December 2020 is valid for five years until December 2025 in accordance with the guidelines issued by the Supervisory Board. The target for female members of the Supervisory Board increased in the 2023 financial year to at least one third of the members and this will also apply for five years, in other words until December 2028. The Supervisory Board will review and redefine the targets at the latest when these periods have elapsed.

Target for first level of management

For the proportion of women at the first level of management below the Management Board, which consists of the members of the Management Board of Instone Real Estate Development GmbH and Nyoo Real Estate GmbH, the Management Board decided in December 2020 to raise the target figure to 25% (without taking into account double mandates), after the target was previously 0%. The proportion of women at the first level of management was 17% as at 31 December 2024 (previous year: 20%), meaning that the target figure was still not achieved in the past financial year. The reason for this is that since 2024, the area of expertise of serial production and technical project management has been embedded in Nyoo Real Estate GmbH in order to expand nyoo's expertise at management level, and a male member has been added to the existing two-person management team due to his experience and qualifications in this area. Irrespective of this, the Instone Group continues to attach great importance to achieving this target at this management level.

Target for second level of management

In December 2020, the Management Board decided to set the target at 30% for the proportion of women at the second level of management below the Management Board, which consists of branch management, commercial management, division management and department management. The proportion of women at the second level of management was 33% as at 31 December 2024 (previous year: 28%), meaning that this target was achieved for the first time in the past financial year. This affirms the Management Board's view that consistent promotion of female managers leads to the desired gender diversity at management levels. Accordingly, the Instone Group is continuing to work on making further progress in order to achieve the target set for the first management level in the future.

The Management Board has set a deadline of five years, ending in December 2025, for achieving the targets for the first and second management levels.

Management development

The Management Board promotes the achievement of targets through long-term staff planning and development. This includes, for example, the targeted support of female employees through training and professional development courses as well as the working time models offered by the Instone Group to promote equal opportunities in order to increase the number of women in management positions. In line with the practice adopted since the IPO with regard to the recommendation of Section A.2 of the DCGK for management appointments within the Company, the Management Board has also determined that diversity should also be respected and promoted. The Management Board has also implemented an internal mentoring programme for young managers at the Instone Group, in which experienced managers support selected promising employees as advisors, sparring partners, supporters and motivators. With 35% of participants being female, the Instone Group is once again emphasising the importance of gender diversity as a key component of corporate success. However, the Management Board believes that diversity includes, but is not limited to, age, gender, international background, education and professional experience. Notwithstanding this, appointments to and promotions to senior management positions in the Company and the underlying selection decisions will continue to be substantially based on specific qualifications. The Management Board will therefore continue to select managers based primarily on their professional ability and aptitude for the specific roles in this management role, regardless of their background, gender or other non-performance characteristics.

The Management Board reports regularly to the Supervisory Board on the appointment and succession planning at levels of management below the Management Board.

Succession planning in the Management Board and the Supervisory Board

Together with the Management Board, the Supervisory Board ensures long-term succession planning for appointments to the Management Board. The long-term succession planning of Instone Real Estate Group SE is based on the corporate strategy, and takes into account the duration of the employment contracts of members of the Management Board and the standard age limit of 65 years laid down by the Supervisory Board for the members of the Management Board. The Supervisory Board has stipulated that before the regular expiry of an employment contract, it will generally negotiate an extension of the expired contract together with the Management Board and/or, if necessary, initiate a succession by another suitable person. The Supervisory Board shall draft a job profile for vacant positions on the Management Board or for external candidates for positions to be filled, taking into account the diversity policy of the Company. In doing so, the Supervisory Board shall ensure that the knowledge, skills and experience of the candidates are in line with the requirements of the position to be filled and that they are balanced across the Management Board as a whole.

Succession planning in the Supervisory Board is the responsibility of the nomination committee of the Supervisory Board, which identifies suitable candidates in the event of any existing or prospective vacancy on the Supervisory Board, taking into account the competence and diversity profile of the Supervisory Board, and recommends them to the Supervisory Board as an election proposal for the Annual General Meeting.

Remuneration systems and remuneration report

The remuneration report for the 2024 financial year, the auditor's note under Section 162 AktG, the existing remuneration system under Section 87a (1) and (2) sentence 1 AktG and the last remuneration resolution under Section 113 AktG for the members of the Supervisory Board and the Management Board are publicly accessible on the Instone Group website at ↗ Remuneration of the Management Board and the Supervisory Board. GRI 2-19, 2-20

Annual General Meeting and shareholders

The shareholders of Instone Real Estate Group SE assert their rights at the Annual General Meeting and exercise their voting rights. Each share in the Company grants one vote.

As a rule, the Annual General Meeting takes place annually within the first six months of the financial year. The agenda for the Annual General Meeting and the reports and documents required for the Annual General Meeting are published on the Company's website at ↗ Instone Group Annual General Meeting and, if necessary, displayed at the venue during the Annual General Meeting.

Fundamental decisions are made at the Annual General Meeting. These include, for example, resolutions on the appropriation of any profits, the discharge of the Management Board and Supervisory Board, the election of Supervisory Board members, the selection of the auditor, and amendments to the articles of association and capital measures. The Annual General Meeting offers the Management Board and the Supervisory Board the opportunity to liaise directly with the shareholders and discuss the further development of the Company.

Instone Real Estate Group SE provides its shareholders with a proxy who is bound to follow shareholders' instructions and who can also be contacted during the Annual General Meeting in order to allow shareholders to personally exercise their rights. The invitation to the Annual General Meeting explains how instructions can be issued prior to the Annual General Meeting. In addition, shareholders are free to be represented at the Annual General Meeting by an authorised representative of their choice or to cast their vote by postal vote in text form or by means of electronic communication using an investor portal set up by the Instone Group for this purpose.

2024 Annual General Meeting

The 2024 Annual General Meeting of Instone Real Estate Group SE took place in Essen on 5 June 2024 and was held as a general meeting with the shareholders physically present. The shareholders were able to cast their votes at the Annual General Meeting in person, by postal vote, through a Company proxy or through an authorised third party. Those present accounted for 59.91% of the registered share capital (60.50% of the share capital taking postal votes into account). All agenda items were agreed with a large majority.

Compliance

Compliance is a significant part of successful and responsible corporate governance at the Instone Group.

We are committed to our core values of conducting our business in an ethical and legally compliant manner in accordance with applicable legal standards. We have enshrined this in our compliance management system policy and in our code of conduct for employees, which is available on our website under ↗ Instone Group Code of Conduct. Our goal is to focus on compliance and find a positive and motivational approach for our employees. The code of conduct is applicable throughout the group and was introduced in all affiliated companies where we have direct or indirect controlling influence. A controlling influence is normally assumed if there is a participation in more than 50% of the voting rights.

We also expect our partners, such as customers, suppliers and other contractual partners, to comply with certain standards, particularly including compliance with legal requirements and regulations that we have set out in our code of conduct for contractual partners, available on our website ↗ Being a Partner.

Our central compliance organisation sees itself as a key contributor to an integrity-led corporate governance and culture. It promotes a compliance culture and ensures that this is internalised among managers and employees. GRI 2-27

Compliance management system

The ultimate goal of the group-wide compliance management system is to prevent and identify breaches of current laws and internal policies and to protect the Instone Group and its employees from inappropriate and unlawful conduct. We have therefore implemented a compliance management system to identify and reduce risks and ensure compliance within the Instone Group. To achieve this, we make use of various internal Company policies and processes, such as money laundering prevention, business partner compliance, capital market compliance and corruption prevention, while also training and advising our employees. Other important pillars of our compliance management system are our whistleblower system and our code of conduct for our contractual partners.

Our Group Compliance Officer is responsible for the group-wide drafting, development and implementation of the compliance management system and for conducting the training courses. The Compliance Officer is available to employees as contact persons for compliance issues. The effectiveness and appropriateness of the compliance system are reviewed at regular meetings of the compliance committee, and any follow-up needs are identified and carried out. As part of the ongoing development of the compliance management system, and when dealing with legal issues, the Management Board and Compliance Officer at the group level can be given legal advice if required.

We regularly conduct compliance and data protection training that provides our employees with information about laws and codes of conduct. Attendance at the training events is mandatory for all Instone Group employees and is reviewed and documented. In the reporting year, the rate of successful completion of training sessions was 100%. In the reporting year, the topics related primarily to anti-corruption, data protection, data security and competition and cartel law. There is a compliance section on the Instone Group Intranet site so that employees have direct, compact access to any material compliance information (including contact details for compliance, links and guidelines). Information on current compliance matters is also provided here. GRI 205-2

Whistleblower system

Despite having the best, wide-ranging prevention measures, illegal acts and breaches of duty may still occur. Employees, customers, contractual partners and other third parties may report violations or suspected violations of rights, laws and internal guidelines and regulations by email and via a digital whistleblower portal specially set up for this purpose, via which reports can be passed on anonymously to the Instone Group at the request of the whistleblower. Our employees can also contact their line managers and the Compliance Officer directly at any time with information. GRI 2-16

We check all reports and follow them up consistently. In doing so, we observe the following principles:

- The process is fair,
- Anonymity is protected,
- Investigations are confidential and
- Processes are efficient and protected.

In the 2024 financial year, there was no evidence of relevant compliance breaches at the Instone Group that have proven to be accurate. Nevertheless, the Instone Group will carefully investigate and respond to suspected cases of compliance breaches.

Money laundering prevention and business partner compliance

The careful selection of business partners, in particular to reduce corruption and fraud risks as well as to prevent money laundering is an essential component of compliance at the Instone Group. The Instone Group has therefore implemented special preventive measures, which are routinely or occasionally carried out in order to detect and counteract such suspicions, including:

- Due diligence of business partners for compliance risks,
- Due diligence around suspected money laundering,
- Checking of potential business partners against sanctions lists and
- Verification of bank details and payment transactions for contractual partners.

Prior to the conclusion of any contract (for example with contractors or buyers of our properties), a business partner audit (third party due diligence) must be carried out by the Instone Group on a regular basis. Employees of the Instone Group are obliged to first identify each potential business partner carefully. This is primarily due to those employees who conclude contracts with business partners, such as Purchasing and Project or Sales Management. If an increased compliance risk or money laundering risk is identified as part of this, the Compliance Officer must become involved.

The Instone Group and its employees also comply with the requirements of the German Money Laundering Act (GwG) in order to protect the Company from damage (in particular with regard to reputation and standing). In the case of real estate transactions, the certifying notaries are also obliged to carry out an identity check and contribute to preventing money laundering as part of said real estate transactions. If a suspected money laundering risk is identified during the business partner check, the business partner is reviewed more closely. If the suspicion of a money laundering risk is confirmed, the Compliance Officer decides on the further course of action and making a report to the relevant state authorities.

The Instone Group complies with its legal obligations to check new customers, suppliers and service providers for their inclusion on sanctions lists. For example, existing customers and suppliers with whom a long-term relationship exists are regularly checked.

To prevent fraud, our employees are also obliged to check and release bank details, transfers and payments received by a Company directive in compliance with the principle of dual control.

Code of conduct for contractual partners

GRI 414, 414-1

We also demand compliance with our high standards from our business partners and suppliers. As mentioned above, in our code of conduct for contractual partners, they commit to refraining from any kind of corruption or acts that could be construed as such. We also expect and work to ensure that our business partners and suppliers respect these obligations, principles and values, and take all of the measures necessary to prevent and punish active and passive corruption.

Capital market compliance

As a listed company and company listed in the Prime Standard, the Instone Group is subject to a number of capital market regulations, which are based in particular on the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), the German Securities Trading Act (WpHG) and the Stock Exchange Ordinance for the Frankfurt Stock Exchange. The Instone Group encourages its board members and employees to comply with these obligations by establishing rules of conduct that relate in particular to the following obligations:

- Ban on insider trading, unlawful disclosure of insider information and compiling of insider lists
- Obligation for ad hoc publication
- Ban on market manipulation
- Reporting of business transactions carried out by management staff on their own behalf
- Publication of voting rights notifications

The Instone Group has also set up an ad hoc committee to advise the Management Board on specific occasions and to recommend action for dealing with possible insider information. Employees are obliged to report potential insider information to the ad hoc committee without delay and, if they become aware of insider information, are added to insider lists in accordance with legal obligations. Trading in Instone Group shares with knowledge of inside information is banned. In accordance with the duties of members of the Management Board and Supervisory Board under securities trading law, employees are also urged not to conduct any direct or indirect business with Instone Group shares during so-called closed periods within 30 days prior to the publication of the half-year or annual financial statements. They are notified of the start and end of these closed periods by a traffic light system on the Instone Group intranet.

The members of the Management Board and Supervisory Board of Instone Real Estate Group SE as well as other personnel performing management tasks at Instone Real Estate Group SE, and persons closely related to them are required under Article 19 (1) of the Market Abuse Regulation to report transactions in shares of Instone Real Estate Group SE or related financial instruments with a volume of more than €20,000 in a calendar year to the Company without delay and no later than three business days after the date of the transaction. The Company publishes the notifications pursuant to Article 19 (2) of the Market Abuse Regulation without delay and no later than three business days after the transaction. The reports can be found on the Company's website under ↗ Instone Managers' Transactions.

Political engagement

The Instone Group's corporate governance practices also include not making any direct or indirect donations to political organisations, parties or individual politicians. If regional educational, cultural or sporting events are sponsored for advertising purposes (sponsorship), the prior consent of the Instone Group Management Board must be obtained without exception, with the involvement of the Compliance Officer. This also applies to the sponsorship of professionally relevant events and organisations from the real estate sector. These requirements are set out in the code of conduct adopted by the Management Board, which is binding for all employees, and in the decision-making guidelines that are binding for the entire

Instone Group. Supplementary provisions and information can be found in the funding guidelines, which are also binding and have been adopted by the Management Board, page 95.

The Instone Group is involved in various initiatives, trade and industry associations and organisations. These interest groups are important interfaces to the political arena. In some cases, employees of the Company assume representative duties in such organisations. The Instone Group's principles of responsible corporate governance are also ensured in this regard: No financial resources beyond normal membership fees are provided. GRI 2-23, 2-24, 2-28, 415, 415-1

The Instone Group contributes to social debate by sharing expertise on relevant topics and participating in discussions on industry-specific social and political challenges, such as the provision of urgently needed affordable housing. The Group makes an important contribution to shaping political opinion through this commitment. GRI 415

Memberships at company level (excerpt):

- CREC Central Real Estate Committee
- BfW Bundesverband Freier Immobilien- und Wohnungsunternehmen e.V. (Federal Association of Independent Real Estate and Housing Companies)
- Institut für Corporate Governance in der deutschen Immobilienwirtschaft e. V. (ICG) (Institute for Corporate Governance in the German Real Estate Industry)
- Charta der Vielfalt (Diversity Charter)
- Deutsche Unternehmeninitiative EnergieEffizienz e. V. – DENEFF., Initiative Immo2.Zero
- DGNB – Deutsche Gesellschaft für nachhaltiges Bauen e. V. (DGNB) (German Sustainable Building Council)
- Urban Land Institute initiative "We give life space"
- UN Global Compact Network Germany e. V.

Further information on the compliance management system and the Instone Group's measures to combat corruption and money laundering can be found on the Instone Group's website. The key figures for compliance and anti-corruption measures are included in table 004. GRI 205

Fines

No significant fines were imposed against the Instone Group due to non-compliance with laws and regulations in the social and economic area in the 2024 reporting year.

Adequacy and efficacy of the risk management system, ICS and compliance management system

As a result of the Management Board's regular involvement with the risk management/compliance management system and the internal control system (ICS) as well as the ongoing reporting by the Internal Audit department to the Management Board, the Management Board is not aware of any circumstances that speak against the adequacy and efficacy of these systems as a whole.[1] With regard to sustainability reporting, the Management Board has taken the necessary measures to continuously improve the maturity of the related risk management/ compliance management system and the ICS.

[1] Explanations on the risk management system and ICS can be found in the risk and opportunity report.

Preparation

In this document, the terms "we", "us", "our", "Instone Group" and the "Company" refer to Instone Real Estate Group SE and its subsidiaries. Instone Real Estate Group SE has been headquartered at Grugaplatz 2-4, 45131 Essen, Germany, since 28 August 2018. It is the top level domestic parent company of the Instone Group.

This report concerns the financial year ending 31 December 2024. Unless stated otherwise, all financial and other information disclosed in this report is as of 31 December 2024.

The recommendations of the German Corporate Governance Code (DCGK) in the version published in the German Federal Gazette on 27 June 2022 provide for disclosures on the internal control system and the risk and opportunity management system, which go beyond the statutory requirements for the management report and are therefore excluded from the content of the management report by the auditor (information not included in the management report). They are distinguished from the information to be audited in terms of content by means of separate paragraphs and are labelled "unaudited".

When reporting on our corporate responsibility activities, we are guided by the European Sustainability Reporting Standards (ESRS). At the same time, we take account of recognised standards and reporting initiatives, including the requirements of the Global Reporting Initiative (GRI), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD). To clearly illustrate the contribution made by our products, services and activities to achieve the specific sustainability goal and our added value chain, we have marked the corresponding text passages with the respective GRI and TCFD symbol (illustrative example: GRI, TCFD, TNFD). Non-financial reporting concerns voluntary disclosures that are exempt from the substantive audit by the auditor.

Forward-looking statements

This report contains forward-looking statements. These are statements that are not historical facts or events, and are not facts or events that exist at the time this report is published. This applies, in particular, to statements in this report that include information about future financial viability, plans and expectations for growth and profitability, and the business environment to which the Instone Group is exposed. Words such as "forecast", "predict", "plan", "intend", "seek", "expect" or "target" indicate that this is a forward-looking statement.

The forward-looking statements in this report are subject to risks and uncertainties as they relate to future events. They are based on the best judgement of the Company's current estimates and assumptions. These forward-looking statements are based on assumptions and other factors and are subject to uncertainties, the occurrence or non-occurrence of which may cause the actual results, including the net assets, financial position and results of operations of the Instone Group, to be materially different or more negative than those expressly or implicitly assumed or described in these statements. These statements can be found in various parts of this report, in particular in the "Outlook" section, as well as in places where statements are made regarding intentions, opinions or current expectations of the Company regarding its future financial position or operating results, plans, liquidity, business prospects, growth, strategy and profitability, as well as the economic and regulatory environment in which the Instone Group operates.

In view of these uncertainties and assumptions, the future events mentioned in this report may not occur. Furthermore, the forward-looking statements and forecasts in this report that are based on reports prepared by third parties may prove to be incorrect. Actual results and events may differ substantially from those expressed in these statements, including but not limited to the following: Changes in the general economic situation in Germany, including changes to the unemployment rate, consumer prices, wages and salaries etc.; demographic change, especially in Germany; changes affecting interest rates; changes to the competitive environment, for example changes to residential construction activity; accidents, terrorist attacks, natural disasters, fires or environmental damage; the impossibility of finding and retaining qualified personnel; political changes; changes in corporate taxation, in particular, land transfer tax; changes in laws and regulations, in particular in the field of construction planning law or in broker and developer regulations and in environmental law.

Furthermore, it should be noted that all forward-looking statements are made only as of the date of this report and that the Company accepts no obligation to update such statements or adapt them to current events or trends, except as required by law. More details of certain factors that could affect the actual development of the matters described in the forward-looking statements of the Company are included in the "Outlook" section of this report on page 146 et seq.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement GRI 201, 201-1

Consolidated income statement

TABLE 054

In thousands of euros

	Note	2024	2023
Revenue	1	434,575	514,255
Changes in inventories		102,257	167,614
One-time expenses in connection with the valuation of inventories		0	-17,695
		536,832	**664,174**
Other operating income	2	26,416	25,613
Cost of materials	3	-431,997	-544,550
Staff costs	4	-48,756	-51,729
Other operating expenses	5	-30,181	-36,511
Depreciation and amortisation	6	-4,991	-4,971
Consolidated earnings from operating activities		**47,323**	**52,027**
Share of results of joint ventures	7	11,175	8,114
Other results from investments	7	9	-2
Finance income	8	14,088	7,410
Finance costs	8	-34,006	-34,547
Other financial result	8	-7	47
Consolidated earnings before tax (EBT)		**38,583**	**33,049**
Income taxes	9	-7,095	-14,079
Consolidated earnings after tax (EAT)		**31,488**	**18,970**
Attributable to:			
Owners of the Company		31,192	20,114
Non-controlling interests		296	-1,144
Weighted average number of shares (in units)		43,322,575	43,349,594
Basic and diluted earnings per share (in €)	10	**0.72**	**0.46**

Consolidated statement of comprehensive income GRI 201-1

Consolidated statement of comprehensive income TABLE 055

in thousands of euros

	2024	2023
Consolidated earnings after tax	**31,488**	**18,970**
Items which are not reclassified into the consolidated earnings in future periods		
Actuarial gains and losses	187	-763
Income tax effects	-59	242
Income and expenses after tax recognised directly in equity	**127**	**-521**
Total comprehensive income for the financial year after tax	**31,615**	**18,449**
Attributable to:		
Owners of the Company	31,319	19,593
Non-controlling interests	296	-1,144
	31,615	**18,449**

Consolidated statement of financial position

Consolidated statement of financial position

TABLE 056

In thousands of euros

	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Goodwill	11	6,056	6,056
Intangible assets	12	36	232
Right of use assets	13	8,119	11,320
Property, plant and equipment	14	568	1,044
Interests in joint ventures	15	64,192	51,715
Other investments	16	375	390
Financial receivables	18	4,992	10,296
Deferred tax	28	131	301
		84,470	**81,354**
Current assets			
Inventories	17	1,188,097	1,085,840
Right of use assets	13	3,023	3,027
Financial receivables	18	24,255	23,309
Contract assets	19	91,076	177,069
Trade receivables	20	11,742	6,467
Other receivables and other assets	21	101,219	74,599
Income tax assets	22	8,674	4,302
Cash and cash equivalents	23	426,242	383,605
		1,854,329	**1,758,219**
TOTAL ASSETS		**1,938,799**	**1,839,573**

Consolidated statement of financial position (continued)

Consolidated statement of financial position

TABLE 056

In thousands of euros

	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity	24		
Share capital		46,988	46,988
Capital reserves		358,983	358,983
Consolidated retained equity		216,742	199,847
Accumulated reserves recognised in other comprehensive income		1,361	1,234
Treasury shares at acquisition costs		-36,697	-36,697
Equity attributable to shareholders		587,378	570,355
Non-controlling interests		5,993	5,621
		593,371	**575,976**
Non-current liabilities			
Provisions for pensions and similar obligations	25	976	997
Other provisions	26	6,009	3,409
Financial liabilities	27	391,066	396,550
Liabilities from net assets attributable to non-controlling interests	29	6	13
Leasing liabilities	30	7,601	10,595
Other liabilities	33	47,405	37,843
Deferred tax	28	34,318	44,067
		487,380	**493,474**
Current liabilities			
Other provisions	26	26,285	24,267
Financial liabilities	27	120,189	136,050
Leasing liabilities	30	3,958	4,153
Contract liabilities	31	20,441	22,134
Trade payables	32	134,184	142,183
Other liabilities	33	541,510	431,893
Income tax liabilities	34	11,480	9,443
		858,048	**770,122**
TOTAL EQUITY AND LIABILITIES		**1,938,799**	**1,839,573**

Consolidated statement of cash flows GRI 201-1

Consolidated statement of cash flows

TABLE 057

In thousands of euros

	2024	2023
Consolidated earnings after tax	**31,488**	**18,970**
(+) Depreciation and amortisation/(-) reversal of impairments of property, plant and equipment	4,991	4,971
(+) Loss/(-) Profit on disposals of property, plant and equipment	0	1
(+) Increase/(-) Decrease in provisions	4,898	5,959
(+) Current income tax income/(-) current income tax expense	16,733	20,013
(+) Deferred income tax income/(-) deferred income tax expense	-9,638	-5,934
(+) Expense/(-) income from interests in joint ventures	-11,175	-8,114
(+/–) Change in net assets attributable to non-controlling interests	-7	-6
(+) Interest expenses/(-) interest income	19,924	27,090
(+) Proceeds from public grants	0	989
(+) Other non-cash income/(-) Expenses	2,735	17,695
(+/-) Change in net working capital[1]	61,603	70,379
(+) Income tax reimbursements/(-) income tax payments	-19,068	-44,337
= Cash flow from operations	**102,483**	**107,677**
(-) Outflows for investments in intangible assets	-556	0
(-) Outflows for investments in property, plant and equipment	-65	-63
(+) Proceeds from disposals of investments	4,872	15,744
(-) Outflows for investments in financial assets	0	-10,279
(+) Proceeds from disposals of unconsolidated companies and other companies	6	566
(-) Outflows for investments in unconsolidated companies and other companies	-1,303	0
(+) Interest received	11,129	5,577
= Cash flow from investing activities	**14,085**	**11,545**

Consolidated statement of cash flows (continued)

Consolidated statement of cash flows

TABLE 057

In thousands of euros

	2024	2023
(-) Acquisition of treasury shares	0	-4,548
(-) Payments for transaction costs related to issued capital	0	-10
(+) Proceeds from minority shareholders	76	0
(+) Proceed from loans and borrowings	162,691	327,253
(-) Repayments of loans and borrowings	-187,276	-258,667
(-) Payments from lessees to repay liabilities from lease agreements	-4,238	-3,969
(-) Interest paid	-30,887	-35,118
(-) Dividends paid	-14,296	-15,163
= Cash flow from financing activities	**-73,931**	**9,777**
Cash and cash equivalents at the beginning of the period	383,605	255,592
(+/-) Cash change in cash and cash equivalents	42,637	128,999
(+/-) Exchange rate, scope of consolidation and valuation-related changes in cash and cash equivalents	0	-987
= Cash and cash equivalents at the end of the period	**426,242**	**383,605**

[1] Net working capital is made up of inventories, contract assets and trade receivables, other receivables less contract liabilities and trade payables and other liabilities.

Consolidated statement of changes in equity

Consolidated statement of changes in equity

TABLE 058

In thousands of euros

	Note	Total	Share capital	Capital reserves	Consolidated retained equity	Changes to accumulated equity recognised in other comprehensive income	Treasury shares at acquisition cost	Equity attributable to shareholders	Non-controlling interests
As at: 1 January 2023		**572,957**	**46,988**	**358,983**	**198,123**	**1,755**	**-32,139**	**573,710**	**-753**
Consolidated earnings after tax		18,970	0	0	20,114	0	0	20,114	-1,144
Changes in actuarial gains and losses		-521	0	0	0	-521	0	-521	0
Total comprehensive income		**18,449**	**0**	**0**	**20,114**	**-521**	**0**	**19,593**	**-1,144**
Acquisition of treasury shares		-4,548	0	0	0	0	-4,548	-4,548	0
Transaction costs net of tax effect		-10	0	0	0	0	-10	-10	0
Changes to the scope of consolidation		2,705	0	0	0	0	0	0	2,705
Dividend payments		-15,163	0	0	-15,163	0	0	-15,163	0
Other changes		1,587	0	0	-3,226	0	0	-3,226	4,813
		-15,430	**0**	**0**	**-18,389**	**0**	**-4,558**	**-22,948**	**7,518**
As at: 31 December 2023	24	**575,976**	**46,988**	**358,983**	**199,847**	**1,234**	**-36,697**	**570,355**	**5,621**
As at: 31 December 2023		**575,976**	**46,988**	**358,983**	**199,847**	**1,234**	**-36,697**	**570,355**	**5,621**
As at: 1 January 2024		**575,976**	**46,988**	**358,983**	**199,847**	**1,234**	**-36,697**	**570,355**	**5,621**
Consolidated earnings after tax		31,488	0	0	31,192	0	0	31,192	296
Changes in actuarial gains and losses		127	0	0	0	127	0	127	0
Total comprehensive income		**31,615**	**0**	**0**	**31,192**	**127**	**0**	**31,319**	**296**
Capital increase		76	0	0	0	0	0	0	76
Dividend payments		-14,296	0	0	-14,296	0	0	-14,296	0
		-14,220	**0**	**0**	**-14,296**	**0**	**0**	**-14,296**	**76**
As at: 31 December 2024	24	**593,371**	**46,988**	**358,983**	**216,742**	**1,361**	**-36,697**	**587,378**	**5,993**

Notes to the consolidated financial statements

Basis of the consolidated financial statements

General information about the Company

As of 28 August 2018, Instone Real Estate Group SE (hereinafter referred to as the "Company") is domiciled in Essen, Germany, and its head office is located at Grugaplatz 2–4, 45131 Essen, Germany. It is the ultimate parent company of Instone Real Estate Group SE (hereinafter also referred to as "Instone Group"). The Company is registered under the record number HRB 32658 in the Commercial Register of the Local Court of Essen.

The Company holds interests in subsidiaries whose principal activities are the acquisition, development, construction, leasing, management and sale or other use of land and buildings, as well as holding interests in other companies active in the sector.

The consolidated financial statements and the combined management report were approved by the Management Board of Instone Real Estate Group SE on 7 March 2025.

Basis for the preparation of the consolidated financial statements

GRI 2-4

The consolidated financial statements of the Instone Group as of 31 December 2024 were prepared on the reporting date on the basis of Section 315 (e) (1) HGB in accordance with the International Financial Reporting Standards (IFRS® Accounting Standards) of the International Accounting Standards Board (IASB) and the related Interpretations (IFRIC® Interpretations) of the IFRS Interpretations Committee (Committee) as they apply in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union. Various items of the consolidated statement of financial position and the consolidated income statement are combined into one item for a better overview. These items are shown and explained separately in the Notes. The consolidated income statement is prepared according to the nature of expense method.

The consolidated financial statements are prepared in euros, which is the functional currency and the reporting currency of the Group. All amounts are expressed in thousands of euros (€ thousand) unless stated otherwise. Commercial rounding may lead to immaterial rounding differences in the totals.

In the course of reporting on our corporate responsibility activities, we are guided by the European Sustainability Reporting Standards (ESRS). At the same time, we take into account recognised standards and reporting initiatives, including the guidelines of the Global Reporting Initiative (GRI), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD). In order to clearly illustrate the contribution made by our products, services and activities to the respective sustainability goal and our value chain, we have marked the corresponding text passages with the respective GRI and TCFD symbol (illustrative example: GRI, TCFD, TNFD). The references contain information that is not included in the notes, which is excluded from the content review by the auditor.

The subsidiary financial statements included were prepared on the reporting date of the financial statements of Instone Real Estate Group SE.

Accounting standards to be applied for the first time in the current financial year

GRI 2-4

In recent years, the IASB has made various changes to existing IFRS and published new IFRS as well as Interpretations of the Committee. The aim is to clarify inconsistencies and formulations.

The following standards, which were to be applied from the 2024 financial year, had no impact on these consolidated financial statements, except for any additional disclosures in the notes:

- Amendments to IAS 1
- Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16

Accounting standards and interpretations already published but not yet implemented

In addition to the above-mentioned mandatory IFRSs, the IASB has published further amended IASs and IFRSs, but these only need to be applied at a later date. Several of these standards have already been transposed into EU law ("endorsement"). Voluntary early application of these standards is expressly permitted or recommended. The Instone Group does not make use of this option. These standards will be implemented in the consolidated financial statements of the time of mandatory adoption.

Already incorporated into EU law (first-time adoption date in brackets):

- Amendments to IAS 21 (1 January 2025)

Not yet incorporated into EU law (first-time adoption date in brackets):

- Amendments to IFRS 7 and IFRS 9 (1 January 2026)
- IFRS 18 (1 January 2027)
- IFRS 19 (1 January 2027)

We expect the initial adoption of IFRS 18 to have material impacts, the specific extent of which is currently being analysed. With the exception of new or modified notes, additional new and amended standards are not expected to have a material impact on the consolidated financial statements.

Scope of consolidation

GRI 2-4

The equity investments of Instone Real Estate Group SE include subsidiaries, joint ventures and financial interests.

In addition to Instone Real Estate Group SE, the consolidated financial statements of the Instone Group include all subsidiaries controlled by Instone Real Estate Group SE according to the acquisition method. A control relationship exists if the Instone Group as an investor has the continuing opportunity to determine the relevant activities of the subsidiary. Significant activities are activities that significantly affect returns. Furthermore, Instone Real Estate Group SE must have an interest in the form of fluctuating returns and be able to influence them with the options and rights available to the Company for its own benefit. As a rule, a controlling relationship exists if the majority of the voting rights are held directly or indirectly. In group companies, a controlling relationship can also arise through contractual agreements.

Shares in joint ventures and associated companies are recognised using the equity method. A joint venture is established if the Instone Group jointly conducts activities together with third parties on the basis of a contractual obligation. Decisions on relevant activities are taken unanimously between the partners. The partners have rights to the net assets of the joint venture. An associated company exists if the Instone Group can exert significant influence without being able to control that company.

As of 31 December 2023, a total of 13 (previous year: 13) domestic and two (previous year: two) European foreign subsidiaries, in addition to Instone Real Estate Group SE, have been included and fully consolidated in the current consolidated financial statements.

On 31 December 2024, ten joint ventures (previous year: ten) were valued using the equity method. In the previous year, one associated company was valued using the equity method. The measurement using the equity method was based on the latest available annual financial statements.

In total, six subsidiaries (previous year: six) had a low business volume or no business operation and were not consolidated on grounds of materiality. They are recognised at acquisition cost under other investments.

Due to their overall minor importance, six companies (previous year: six) were not included in the consolidated financial statements using the equity method. These companies are of minor importance both individually and as a whole for the presentation of the results of operations, net assets and financial position of the Instone Group.

A detailed overview of all shares directly or indirectly held by Instone Real Estate Group SE is provided in the list of shareholdings, see page 222 et seq.

Business combinations

GRI 2-4

Business combinations are recognised at acquisition cost as soon as control is transferred to the Instone Group.

The consideration paid for the acquisition is measured at fair value. The same applies to the acquired identifiable net assets and debts. The resulting goodwill is subjected to an impairment test annually. All profits from acquisitions at prices below the market value are posted directly to income. Transaction costs are recognised when they arise, except when issuing bonds or equity securities.

The consideration paid does not include the amounts required to settle past relationship receivables. These amounts are always recognised in the income statement. Contingent considerations are recognised at their fair value at the acquisition date. If an obligation to make a contingent consideration that meets the requirements of the definition of a financial instrument is classified as equity and it will not be revalued and recognised in equity. In other respects, a contingent consideration is valued at the fair value as of the respective reporting date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition of non-controlling interests

Non-controlling interests are measured on the basis of their share of the acquirer's identifiable net assets at the time of acquisition. Changes in the Instone Group's investments in a subsidiary that do not result in a loss of control are treated as equity transactions.

Principles of consolidation

The financial statements of the companies included in the scope of consolidation are prepared using standardised accounting principles. Inter-company balances, business transactions, income and expenses as well as profits and losses from intra-Group transactions are eliminated in full. Deferred tax is deferred for temporary differences from consolidation measures. Consolidation adjustments are performed on impairment losses recorded for Group companies in their separate financial statements.

The same consolidation principles apply to shares in equity-accounted investees. These include the joint ventures of the Instone Group.

The financial statements of all equity-accounted affiliated companies are prepared in accordance with standardised Group accounting principles.

Foreign currency translation

All fully consolidated companies and equity-accounted affiliated companies prepare their separate financial statements in accordance with standardised Group accounting principles.

Accounting principles

Assets and liabilities are recognised according to the historical cost principle. This excludes derivative financial instruments, securities and shares in associates which are recognised at fair value.

Goodwill arising from the acquisition of subsidiaries is recognised at cost and is not amortised. Once a year, and additionally if there are indications of possible impairment, the cash-generating unit is subjected to an impairment test in accordance with IAS 36. The goodwill accounted for in the Bavaria North branch of Instone Real Estate Development GmbH, Essen, as a cash-generating unit, is classified as an intangible asset with an indefinite useful life as it has neither a product life cycle nor is it subject to technical, technological or commercial wear or other restrictions.

The annual impairment test of goodwill is carried out at the Instone Group on 31 December of the financial year. From the perspective of the Instone Group, each of the individual branches represents a cash-generating unit. As part of the impairment tests, the recoverable amount of a branch is compared with the carrying amount. The recoverable amount of the cash-generating unit is determined on the basis of the individual value in use of the allocated project developments. This corresponds to the present value of future cash flows that are expected to be achieved from the group of cash-generating units. The value in use is calculated on the basis of a project valuation model (discounted cash flow method). The determination is based on project-based cash flow plans for the next four years, which are generally based on the project planning approved by the Management Board and valid at the time the impairment test is carried out for the development period. There was no assumption of cash flows beyond the planning period of the projects. Experience and expectations regarding future market development are included in this planning. The cost of capital rates are based on the concept of weighted average cost of capital (WACC). A post-tax calculation of the value in use is carried out by discounting the cash flows at a cost of capital rate calculated separately for each cash-generating unit after tax. A perpetuity with a growth rate of 2.0% has been assumed.

Purchased **intangible assets** are recognised at amortised costs. These include software for commercial and technical applications only. Intangible assets are generally amortised on a straight-line basis over a period of three to five years. Internally generated intangible assets include in-house software and are recognised at production cost less scheduled depreciation and amortisation over a useful life of three years. The useful life and depreciation methods are reviewed every year.

Property, plant and equipment are recognised at amortised costs. These costs only include costs that are directly attributable to an item in property, plant and equipment. Property, plant and equipment is generally depreciated on a straight-line basis over a period of three to eight years. The useful life and depreciation methods are reviewed every year.

Impairment losses are recognised for tangible and intangible assets if their recoverable amount falls below their carrying amount. If the reason for an earlier loss in value no longer exists, the asset is reversed at amortised cost.

Leases are recognised in accordance with the provisions of IFRS 16. At the time of provision of the leased property, the right of use is recognised as an asset and the associated payment obligation is recognised as a leasing liability in the statement of financial position. The right of use is amortised on a straight-line basis over the shorter of the term of the lease and the economic useful life of the leased asset. Payment obligations are discounted using the appropriate marginal cost of capital rate. Discounting is generally calculated using term and currency-specific marginal borrowing cost of capital rates, unless the interest rate underlying the lease payments is available. Each lease payment is divided into repayments and interest expenses. Interest expenses are recognised in profit or loss over the term of the lease.

This accounting does not include short-term leases with a term of no longer than twelve months and leases where the asset underlying the lease agreement is of low value The value limit is €5 thousand. Such agreements are recognised in profit or loss at the time of payment. In addition, rights of use of intangible assets are excluded from the scope of application. These are separated in contracts that include lease components and non-lease components, except in the case of insignificant asset classes.

The Instone Group also generates a small amount of income from leases through the acquisition of leased existing real estate that is intended for demolition or redevelopment. No specific long-term income is expected from these leases as the aim of the Instone Group is to terminate the leases.

Shares accounted for using the equity method are valued at acquisition cost and are recognised pro rata to the net assets in subsequent periods. The full carrying amount is tested annually for impairment; withdrawals and other changes in equity increase or reduce the carrying amount of the investment. Shares accounted for using the equity method are then impaired if their recoverable amount falls below their carrying amount.

Other investments include investments and securities that fall exclusively in the valuation category "Fair value through profit and loss". They are measured at fair value.

Other financial assets include financial receivables, trade receivables and other receivables and are measured at amortised costs using the effective interest method (taking into account factors such as surcharges and rebates). Non-interest-bearing or low-interest loans are initially recognised at their discounted amount using a current market interest rate and subsequently carried forward using the effective interest method. Impairment losses are recognised if there is an expected loss on the basis of the credit risk. The Instone Group uses the simplified value reduction model of IFRS 9 on all trade receivables and contract assets and therefore recognises the expected losses over the total term.

Deferred tax liabilities arise due to temporary differences between the IFRS and tax statements of financial position of the various companies and as a result of the consolidation.

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 must be capitalised if it can be assumed with sufficient certainty that the affiliated economic benefits can be claimed. Their amount is calculated on the basis of the tax rates which apply or are expected to apply at the time of adoption in the different countries. The German trade tax rates applicable to the various companies are taken as a basis within the Group. 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. Deferred tax assets and liabilities are offset against each other for each company or group of companies.

Inventories are assets that are in production (work-in-progress) and for which no sales contract has yet been concluded. They are measured at acquisition and production cost. Acquisition and production cost includes the complete production-related costs. Borrowing costs for inventories that are part of the qualifying assets are capitalised as cost components. If the recoverable amount is lower than the capitalised costs on a specific reporting date, the lower recoverable amount is used. If the net realisable value of inventories subsequently increases, the impairment recognised in previous years must be reversed. This is done by increasing the changes in inventories. For the purpose of commercial presentation, the inventories from the individual larger project development measures are split into several sub-project development measures. This split has no impact on the measurement. Within the Group, the respective overall project is recognised as a special measure in the current assets. The risks arising from individual sub-project units can be compensated by opportunities from other sub-projects. An impairment requirement beyond the carrying amount is taken into account by recognising a provision for contingent losses.

Planning costs included in acquisition and production cost are recognised directly as an expense in the event of significant rescheduling that constitutes a planning error.

Receivables and payables from individually negotiated customer contracts are presented under **contract assets and contract liabilities**. These receivables and liabilities are accounted for and measured in accordance with IFRS 15 "Revenue from Contracts with Customers".

The Company's customer contracts meet the criteria for identifying a contract under IFRS 15. For measurement purposes, the respective potentially separable performance obligations in the respective contracts are combined into one performance obligation as there is no individual benefit for the customer from separate performance obligations and the contracts do not provide for the transfer of separate benefit obligations. Subsequently agreed special requests of the customer are also added to the single performance obligation.

The contracts are generally regarded as fixed price contracts. Subsequent special requests are added to the fixed price. If the sale of several residential units in a contract is combined in multi-level marketing, a separate fixed price is agreed in the contract for each residential unit. In the case of investor distribution, contracts are always concluded with fixed prices listed separately if the performance obligation of the contract involves several buildings with separate construction phases. In addition to the generally agreed fixed price, the contracts involving investor distribution contain, in some cases, an adjustment clause at a fixed price on the basis of the constructed living space after final completion. In other cases, the purchase price for an investor contract can be based on the construction cost index. The contracts for the sale of residential real estate are generally valued according to revenue recognition over time. In the case of contracts in individual sales, there is usually a bilateral right of withdrawal up to a marketing quota of 30% of the residential units of a construction phase so that revenue recognition over a period of time only begins after this quota has been reached. Otherwise, in the case of contracts in the area of structured sales or investor distribution, the revenue recognition over time begins directly upon effectiveness of the contract. The agreed fixed price is generally accepted as a basis for the expected revenues for all contracts, as the adjustment to the constructed living space is not clearly identifiable before completion in the case of investor contracts. Performance progress is determined according to the input-oriented cost-to-cost method on the basis of the performance status of the compliance costs. For the calculation of the costs, a separate project account is kept for each phase of construction in which the costs are recorded and compared with the planned costs. In the case of contracts in individual sales and structure sales, the marketing quota of the construction section is included in the measurement in addition to the performance progress. The unsold portion of the construction stage is valued as inventories in accordance with IAS 2.

Contracts with individual and structured sales are generally concluded with a payment instalment plan in accordance with the Estate Agent and Developer Regulations (Makler- und Bauträgerverordnung – MaBV). As a rule, for contracts involving investor distribution, payment instalment plans are also agreed based on the MaBV regulations.

In contract assets and contract liabilities, the advance payments received from customers against the contracts concluded are netted with the receivables from the performance of the contract. As a general rule, the settlement receivables exceed the advance payments received for the contract and the net value is recognised as a contract asset. In individual cases, advance payments received may exceed the settlement receivables so that the netted value is shown as a contract liability.

The additional contract costs incurred are also capitalised in the "Contract assets" item in the statement of financial position. From the beginning of revenue recognition, the sales commissions incurred and capitalised so far are amortised in the income statement under cost of materials. Depreciation is measured at the fulfilment level so that contract costs remain capitalised on the part not yet fulfilled.

Receivables and liabilities arising from customer contracts are realised in one single business cycle of the Instone Group. Consequently, they are classified as current assets or liabilities, even if the realisation of the entire construction contract takes more than one year.

As a general rule, the contracts with customers of Instone Group do not provide for redemption obligations and guarantees beyond the statutory framework. In individual cases, contracts with corresponding rights of withdrawal are concluded.

Government grants are recognised at fair value at the time when there is sufficient certainty that the conditions associated with the grant will be met and that the grant will be received. In the statement of financial position, receivables from these grants are shown under Other receivables. The grants are presented as current assets because the receipt and use of the grants are linked to the contract assets and inventories, which are also presented as current. Liabilities from government grants are presented under Other liabilities. Grants for units already sold are collected in accordance with the progress of construction and recognised in the income statement in the periods in which the corresponding expenses, which are to be compensated by the government grant, are recognised as expenses. Income grants from KfW funding programmes are recognised in the Instone Group as government grants. They are presented in the income statement under Other operating income.

Loans that include government grants in the form of partial debt relief and discounted interest rates are carried as financial liabilities at fair value and subsequently carried forward at amortised costs. At the time of disbursement of a loan that includes government grants, the amount of funding from the loan is reclassified to Other liabilities and collected in accordance with the progress of construction of the sold units.

If it is not probable that the requirements associated with the grant will be met, the balance sheet items associated with the grants will be reversed and recognised in profit or loss.

Liquid funds (cash and cash equivalents) exist in the form of bank balances. In the previous year, they also existed in the form of cash on hand. They also include all capital investments with a residual maturity at the acquisition date of up to three months. Cash and cash equivalents are valued at their nominal value.

Treasury shares are deducted from equity at the value of the consideration paid, including directly attributable incidental costs. If these shares are issued again, the difference between the acquisition cost and the issue price is posted to the capital reserve in the event of increased proceeds and deducted from the retained earnings in the event of reduced proceeds. Acquisition cost is determined using the average cost method as the consumption tracking method.

Provisions are made for all legal and constructive loans from third parties existing on the closing date from transactions concluded in the past that are likely to result in the disposal of resources which can be reliably estimated.

Provisions are recognised at their anticipated settlement value and are not offset against reimbursement claims. All non-current provisions are recognised at their anticipated settlement value and discounted to the reporting date of the annual financial statements. Furthermore, all cost increases that count towards the settlement date are taken into account when calculating this amount.

Provisions for pensions and similar obligations are recognised for defined benefit plans. These include obligations of the Company with respect to current and future benefits to eligible active 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 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 and pension increases expected in the future. The calculation is based on actuarial reports using biometric calculation methods (primarily the "Richttafeln 2018 G" (Mortality Tables) of Klaus Heubeck).

The provision is calculated on the basis of the actuarial present value of the obligation and the fair value of the plan assets required to settle the pension obligation. The service cost is included in staff costs. The net interest income is part of the finance income. Gains and losses from the revaluation of net liabilities or net assets are recognised in full in the period in which they arise. They are presented in equity, are not recognised in profit or loss and are not presented in the consolidated income statement. In subsequent years they are also not shown in the profits and losses.

The Instone Group makes no further commitments for defined contribution plans that would exceed the contributions paid to Special Funds. The contributions are recorded as staff costs.

All **other provisions** take into account all identifiable risks. They are recognised at the amount required on the basis of prudent business judgement to meet future payment obligations of the Instone Group. In this context, the amount that appears most likely is used, taking into account the individual case.

Share-based remuneration is accounted for in accordance with the provisions of IFRS 2. These provisions cover the non-current share-based remuneration programmes with cash settlement and the issue of employee shares. Liabilities from non-current share-based incentive plans are measured at their fair value and presented under personnel provisions.

Non-current loans recognised in financial liabilities are carried at amortised costs. Interest-bearing loans at normal market rates are recognised at their face value.

Non-derivative **financial liabilities** (including trade payables) are carried at amortised costs using the effective interest rate method in accordance with IFRS 9. Initial measurement is at fair value including transaction costs.

Liabilities from net assets attributable to non-controlling interests relate to the limited partner share of minority shareholders. Upon being acquired by the Instone Group, they are recognised in other comprehensive income as liabilities measured at the present value of the repayment amount. Subsequent measurement is through profit and loss.

Income tax liabilities include obligations to pay current income tax. Income tax liabilities are offset against the corresponding tax refund claims if they exist in the same jurisdiction and are identical in terms of their type and due date.

Contingent liabilities are potential obligations to third parties arising from events that have already taken place and that cannot be fully controlled by the Company, or existing obligations to third parties that are unlikely to lead to an outflow of resources or whose amount cannot be estimated with sufficient reliability. Contingent liabilities are not generally shown in the statement of financial position.

Earnings per share are calculated by dividing the net income attributable to the shareholders of the Instone Group by the weighted average number of shares outstanding.

Estimates and assumptions

The preparation of the consolidated financial statements requires estimates and assumptions that may affect the application of the Instone Group's accounting policies, as well as 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.

Estimates are especially required for the measurement of inventories and contract assets, particularly the estimate of the total costs and the sales revenues, the allocation of purchase prices across several sub-plots, the effectiveness of sales contracts, the granting of pending approvals, the recognition and measurement of deferred tax assets, the allocation of trade payables and contract liabilities, the recognition of provisions for pensions and other provisions.

Segment reporting

Segment reporting in accordance with IFRS 8 is based on the management approach and thus corresponds to the management and reporting system that the Instone Group uses for its segments. The Instone Group operates in only one operating segment and one geographical segment. It generates its revenue and holds its assets mainly in Germany. In the 2024 financial year, the Instone Group generated revenue worth more than 10% of overall revenue from two customers. Overall, this resulted in a share of 22.66% (previous year: 14.42%) of the reported total revenue. This was equivalent to €98,480 thousand (previous year: €74,170 thousand). Due to the homogeneity of the services provided to this customer and the other customers, only one operating segment is presented, as in the previous years.

However, the internal reporting for the single operating segment differs from the figures in IFRS accounting. In its internal reporting, the Instone Group focuses in particular on the development of housing projects. For this reason, the Instone Group conducts segment reporting for this one operating segment.

Internal corporate governance for this segment is based in particular on the internal reporting system for the presentation of key developments relating to real estate business and financial business key performance indicators, supplemented by an examination of key project milestones and liquidity development.

The Instone Group manages its segment through the adjusted results of operations using key performance indicators of adjusted revenue, adjusted gross profit and adjusted earnings after interest and tax.

Adjusted revenue

The performance of the operating segment is reported via adjusted revenue on the basis of revenue recognition at a point in time or over time according to IFRS. Adjusted revenue is calculated by adding the revenue recognition from share deals in the same way as from asset deals, without the effects from purchase price allocations.

Adjusted gross profit

The adjusted gross profit is used to analyse the project-based company performance and is determined on the basis of the adjusted revenue less the cost of materials, changes in inventories, other operating income after subtracting the cost of materials, indirect distribution costs and capitalised interest, but excluding effects from purchase price allocations, share deals and non recurring effects.

Adjusted earnings after tax

Adjusted earnings after tax is calculated on the basis of adjusted gross profit less platform costs, consisting of staff costs, other operating income and expenses, depreciation and amortisation, investment and other income, financial result and income taxes, but is also adjusted for the effects from purchase price allocations and share deals, as well as any non-recurring effects, where applicable. The results of joint ventures are included in adjusted earnings before interest and tax, as future earnings of project companies to be recorded under this item are to be allocated to operating earnings.

The effects of the adjusted results of operations are derived from the following:

Share deal effects

The project companies Westville 2 GmbH, Westville 3 GmbH, Westville 4 GmbH and Westville 5 GmbH are conceived as asset management companies under German commercial law and constitute one major project in Frankfurt am Main. In 2019, the Instone Group sold these project companies in the form of a share deal with the obligation to build a residential complex. In the adjusted results of operations, the overall "Westville" project is managed in the same way as the other projects in the Instone Group, with revenue recognition over time in accordance with IFRS 15. These companies are valued and included in the consolidated financial statements in accordance with IAS 2. The effects from this different valuation are reflected in the revenue of €93,593 thousand (previous year: €99,103 thousand), the project costs of €92,889 thousand (previous year: €88,005 thousand), and income taxes of €121 thousand (previous year: €1,904 thousand).

Effects from purchase price allocations

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015, as well as the business activities of S&P Stadtbau GmbH in 2019, as of 31 December 2024, inventories and contract assets still included writeups of €1,301 thousand (previous year: €11,495 thousand) from purchase price allocations. The ongoing amortisation of these purchase price allocations on the basis of the progressive implementation of the projects included in these initial consolidations is adjusted for internal reporting. The adjustment for the amortisation of purchase price allocations was attributable as follows: €953 thousand (previous year: €2,593 thousand) to revenue, €-11,217 thousand (previous year: €-3,010 thousand) to changes in inventories, and income taxes were reduced to €3,647 thousand (previous year: €1,635 thousand). Based on current estimates, the Instone Group expects these effects to essentially expire in 2028.

Reclassifications and non-recurring effects

In the reporting year, indirect sales expenses amounting to €2,321 thousand (previous year: €2,399 thousand) were allocated to project costs.

In the previous year, non-recurring expenses in connection with the valuation of inventories amounting to €-17,695 thousand were recognised. As these are unusual in their amount and cannot be regarded as recurring, they have been adjusted as a special effect.

In addition, in the reporting year, other operating expenses amounting to €-1,006 thousand were adjusted as non-recurring expenses. In the financial year, other operating income after subtracting the cost of materials (income opposed by a directly attributable item in cost of materials) in the amount of €18,745 thousand (previous year: €15,105 thousand) was reclassified to project costs. The adjustment of the capitalised interest in the changes in inventories of €13,010 thousand (previous year: €12,228 thousand) had a negative impact on project costs.

In the following table, the differences arising from the valuation of the individual data are carried over from the adjusted results of operations to the consolidated reporting:

Reconciliation of adjusted results of operations 2024

TABLE 059

In thousands of euros

	Adjusted results of operations	Share deal effects	Non recurring effects	Reclassifications	Effects from PPA	Reported results of operations
Revenue	**527,215**	**-93,593**	**0**	**0**	**953**	**434,575**
Project costs	**-407,998**	**92,889**	**0**	**-3,413**	**-11,217**	**-329,740**
Cost of materials	-415,574	0	0	-16,423	0	-431,997
Changes in inventories	7,576	92,889	0	13,010	-11,217	102,257
One-time expenses in connection with the valuation of inventories	0	0	0	0	0	0
Gross profit	**119,217**	**-704**	**0**	**-3,413**	**-10,265**	**104,835**
Platform costs	**-72,930**	**0**	**-1,006**	**16,423**	**0**	**-57,512**
Staff costs	-48,756	0	0	0	0	-48,756
Other operating income	7,671	0	0	18,745	0	26,416
Other operating expenses	-26,854	0	-1,006	-2,321	0	-30,181
Depreciation and amortisation	-4,991	0	0	0	0	-4,991
Share of results of joint ventures	11,175	0	0	0	0	11,175
EBIT	**57,463**	**-704**	**-1,006**	**13,010**	**-10,265**	**58,498**
Other results from investments	9	0	0	0	0	9
Financial result	-6,914	0	0	-13,010	0	-19,924
EBT	**50,557**	**-704**	**-1,006**	**0**	**-10,265**	**38,583**
Tax	-13,702	121	2,839	0	3,647	-7,095
EAT	**36,855**	**-583**	**1,834**	**0**	**-6,618**	**31,488**

Reconciliation of adjusted results of operations 2023

TABLE 060

In thousands of euros

	Adjusted results of operations	Share deal effects	Non recurring effects	Reclassifications	Effects from PPA	Reported results of operations
Revenue	**615,952**	**-99,103**	**0**	**0**	**-2,593**	**514,255**
Project costs	**-461,453**	**88,005**	**-17,695**	**-479**	**-3,010**	**-394,631**
Cost of materials	-531,843	0	0	-12,706	0	-544,550
Changes in inventories	70,391	88,005	0	12,228	-3,010	167,614
One-time expenses in connection with the valuation of inventories	0	0	-17,695	0	0	-17,695
Gross profit	**154,499**	**-11,098**	**-17,695**	**-479**	**-5,603**	**119,624**
Platform costs	**-76,502**	**0**	**-3,802**	**12,706**	**0**	**-67,597**
Staff costs	-51,729	0	0	0	0	-51,729
Other operating income	10,508	0	0	15,105	0	25,613
Other operating expenses	-30,310	0	-3,802	-2,399	0	-36,511
Depreciation and amortisation	-4,971	0	0	0	0	-4,971
Share of results of joint ventures	8,114	0	0	0	0	8,114
EBIT	**86,111**	**-11,098**	**-21,497**	**12,228**	**-5,603**	**60,141**
Other results from investments	-2	0	0	0	0	-2
Financial result	-14,862	0	0	-12,228	0	-27,090
EBT	**71,247**	**-11,098**	**-21,497**	**0**	**-5,603**	**33,049**
Tax	-23,051	1,904	5,433	0	1,635	-14,079
EAT	**48,196**	**-9,194**	**-16,064**	**0**	**-3,968**	**18,970**

Notes to the consolidated income statement

1 Revenue

Revenue is spread across the following regions:

Revenue by region TABLE 061

In thousands of euros

	2024	2023
Germany	434,515	514,192
Rest of Europe	60	64
	434,575	**514,255**

The composition of revenue by revenue type is shown in the following table:

Revenue by revenue type TABLE 062

In thousands of euros

	2024	2023
Revenue from building contracts		
Revenue recognised over time	424,936	503,496
Revenue recognised at a point in time	3,058	5,897
	427,994	**509,394**
Income from leases	6,098	4,539
Other services	483	323
	434,575	**514,255**

The total amount of unfulfilled or partly unfulfilled performance obligations as at the balance sheet date is €315,246 thousand (previous year: €442,278 thousand). The decrease is mainly due to the completion of ongoing project developments. The increase in the volume of sales contracts in the reporting year partially compensated for this decline.

The cycle of contract assets and contract liabilities – similar to the duration of the realisation period – is on average three years (previous year: three years).

2 Other operating income

Other operating income is broken down as follows:

Other operating income TABLE 063

In thousands of euros

	2024	2023
Income from government grants	15,610	13,407
Income from released liabilities	7,084	4,590
Income from the reversal of provisions	1,489	3,327
Income from the deconsolidation effect of the project Am Sonnenberg Wiesbaden GmbH.	0	2,815
Remaining other operating income	2,233	1,475
	26,416	**25,613**

Other operating income includes €15,610 thousand (previous year: €13,407 thousand) in government grants received. There are no unfulfilled conditions or other performance uncertainties related to these grants. Other remaining income mainly includes cost allocations to subcontractors and items that are not included elsewhere. Income from liabilities released for sale results from expenses accrued in the previous year, which are no longer likely to occur in the financial year.

3 Cost of materials GRI 201-1

Cost of materials TABLE 064

In thousands of euros

	2024	2023
Cost of raw materials, consumables and supplies	-28,845	-35,843
Expenses for purchased services	-403,152	-508,706
	-431,997	**-544,550**

4 Staff costs GRI 201-1

Staff costs TABLE 065

In thousands of euros

	2024	2023
Wages and salaries	-42,969	-45,221
Social security contributions and expenses for pensions	-5,787	-6,508
	-48,756	**-51,729**

The contributions paid by the employer to the state-administered pension fund in the financial year amounted to €2,604 thousand (previous year: €2,804 thousand).

Pension expenses amounted to €72 thousand (previous year: €135 thousand). They relate to pension entitlements earned in the financial year from defined benefit plans and payments to defined contribution plans. GRI 201-3

The average number of employees can be broken down as follows:

Employees TABLE 066

Number (average)

	2024	2023
Berlin	27	33
Essen	93	93
Frankfurt a. M.	53	63
Hamburg	26	29
Cologne	79	87
Leipzig	31	38
Munich	13	18
Nuremberg	26	31
Stuttgart	27	33
	375	**425**

5 Other operating expenses

GRI 201-1

Other operating expenses are broken down as follows:

Other operating expenses TABLE 067

In thousands of euros

	2024	2023
Consulting/analysis expenses	-5,938	-5,765
Other taxes	-2,974	-3,048
Change in warranty and other provisions	-2,888	-7,170
Costs for EDP and IT	-2,566	-1,772
Other selling expenses	-2,321	-2,399
Court costs, solicitors' and notaries' fees	-2,071	-2,569
Leasing expenses including ancillary costs	-1,522	-1,779
Travel costs	-1,477	-1,378
Insurances	-1,401	-1,050
Auditing expenses	-944	-1,035
Restructuring and adjustment costs	-753	-3,009
Hospitality costs	-739	-361
Supervisory Board bonus	-531	-593
Sundry other operating expenses	-4,057	-4,582
	-30,181	**-36,511**

Other operating expenses include, among other things, recruitment costs, contributions to associations, office supplies and other expenses that are not recognised elsewhere.

6 Depreciation and impairment

As in the previous year, there was no impairment on goodwill, intangible assets or property, plant and equipment.

The depreciation and amortisation of right-of-use assets is divided into the following classes: Real estate €2,544 thousand (previous year: €2,056 thousand), passenger cars €1,011 thousand (previous year: €1,217 thousand) and other €144 thousand (previous year: €252 thousand).

Depreciation and amortisation TABLE 068

In thousands of euros

	2024	2023
Right of use assets	-3,698	-3,525
Property, plant and equipment	-541	-738
Intangible assets	-752	-707
	-4,991	**-4,971**

7 Results from investments

The income from at-equity consolidated investments and other results from investments resulted as follows:

Results from investments TABLE 069

In thousands of euros

	2024	2023
Valuation result of investments accounted for at equity		
beeboard GmbH	-695	-191
FHP Friedenauer Höhe Dritte GmbH & Co. KG	2,289	1,554
FHP Friedenauer Höhe Erste GmbH & Co. KG	3,241	1,527
FHP Friedenauer Höhe Sechste GmbH & Co. KG	4,223	2,521
FHP Friedenauer Höhe Vierte GmbH & Co. KG	812	1,306
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	57	22
Twelve GmbH & Co. KG	1,194	1,201
Wohnpark Gießener Straße GmbH & Co. KG	-1	-4
Wohnpark Heusenstamm GmbH & Co. KG	55	179
	11,175	**8,114**
Other results from investments		
Change in net assets attributable to non-controlling interests	7	6
Other income from investments	2	-8
	9	**-2**

8 Financial result

Financial result TABLE 070

In thousands of euros

	2024	2023
Finance income		
Interest and similar income	14,088	7,410
	14,088	**7,410**
Finance costs		
Interest and similar expenses	-34,127	-34,587
of which interest expenses from leases	-424	-354
Interest shares in allocations to provisions	121	40
of which, net interest expenses from pension obligations	-30	0
	-34,006	**-34,547**
Other financial result		
Income from non-current securities	-7	47
	-7	**47**

Finance income consists mainly of interest income for cash investments and loans. Financial expenses consist mainly of interest expenses on loans related to corporate and project financing.

In the financial year, interest income of €14,088 thousand (previous year: €7,410 thousand) was reported for financial instruments that were not recognised at fair value through profit and loss; interest expenses for these financial instruments amounted to €-33,615 thousand (previous year: €-33,883 thousand).

The net interest expense from pension obligations of €-30 thousand (previous year: €0 thousand) includes the interest imputed annually to the net present value of the pension obligations in the amount of €-373 thousand (previous year: €-367 thousand). These amounts are recognised in interest income from plan assets amounting to €373 thousand (previous year: €367 thousand). GRI 201-3

9 Income taxes

Income taxes TABLE 071

In thousands of euros

	2024	2023
Current income tax		
German trade tax	-8,316	-9,346
Corporation tax	-8,417	-10,667
	-16,733	**-20,013**
of which from previous years	3,902	-3,362
of which from the current year	-20,635	-16,651
Deferred tax		
Deferred tax	9,945	6,088
from loss and interest carry-forwards	-307	-154
	9,638	**5,934**
	-7,095	**-14,079**

The change in deferred tax liabilities recognised in other comprehensive income was €59 thousand (previous year: €-242 thousand). The change in current tax liabilities recognised in other comprehensive income was €0 thousand (previous year: €6 thousand).

For temporary differences in the amount of €3,918 thousand (previous year: €4,983 thousand) between the net assets of Group companies recognised in the consolidated financial statements and the tax basis of the interests in these Group companies (outside basis differences), no deferred tax liability was recorded as no sale of affected investments was intended for an indefinite period.

The reconciliation of notional income tax liabilities to recognised income taxes is as follows:

Tax reconciliation

TABLE 072

In thousands of euros

	2024	2023
Earnings before tax	**38,583**	**33,049**
Theoretical tax expenses 31,743% (previous year: 31,728%)	-12,247	-10,486
Deviation from the expected Group tax rate	-633	113
Tax effect from changes in tax rates	-20	-134
Income taxes from other periods	4,129	-3,874
Non-tax-deductible expenses and permanent differences	-545	497
Tax-free income	36	714
Trade tax additions and reductions	2,111	-652
Changes in value and non-recognition of deferred taxes	219	-128
Other effects	-145	-128
Effective tax expenses	**-7,095**	**-14,079**
Effective tax rate (in %)	18.39	42.60

The reconciliation is calculated on the basis of the tax rates applicable or expected to apply at the time of implementation in the different countries. A tax rate for the Instone Group of 31.743% (previous year: 31.728%) has been used as the expected tax rate.

10 Earnings per share

Earnings per share

TABLE 073

	2024	2023
Net result for the shareholders of Instone Real Estate Group SE (in thousands of euros)	31,192	20,114
Weighted average number of shares (in units)	43,322,575	43,349,594
Basic and diluted earnings per share (in €)	0.72	0.46

Basic and diluted earnings per share are calculated by dividing the proportion of net consolidated profit attributable to Instone Group shareholders by the weighted average number of outstanding shares. The repurchase of treasury shares and the issue of employee shares have been included in the calculation of the weighted average number of shares.

Notes to the consolidated statement of financial position

11 Goodwill

Goodwill in the amount of €6,056 thousand (previous year: €6,056 thousand) is attributable in full to the Bavaria North branch of Instone Real Estate Development GmbH. Goodwill is not depreciated on schedule, but is subjected to an impairment test in accordance with IAS 36 once a year, and whenever certain indicators point to a potential impairment loss. Goodwill is fully non-tax-deductible.

The goodwill of fully consolidated companies, which was capitalised as part of the initial consolidation, has been allocated to the relevant branch as cash-generating units in order to carry out impairment tests.

The discount rates for the cash-generating unit Bavaria North, which are used as part of the impairment tests, are 8.00% after taxes (previous year: 8.38%) and 11.68% before taxes (previous year: 12.23%).

A comparison of the recoverable amounts of the branch with their carrying amount resulted in a surplus and there is therefore no need for a devaluation for goodwill. A sensitivity analysis of key parameters also did not lead to any deviating results.

12 Intangible assets

As in the previous year, intangible assets are not subject to any limitations on disposal. They include €0 thousand (previous year: €221 thousand) of capitalised development costs, the production of which was already completed as of the reporting date, and €36 thousand (previous year: €11 thousand) in concessions and industrial property rights.

Intangible assets TABLE 074

In thousands of euros

	2024	2023
Acquisition costs as of 1 January	**1,725**	**1,725**
Additions	556	0
Acquisition costs as of 31 December	**2,281**	**1,725**
Accumulated depreciation as of 1 January	**1,493**	**786**
Additions	752	707
Accumulated depreciation as of 31 December	**2,245**	**1,493**
	36	**232**

13 Right of use assets

The right-of-use assets recognised relate to real estate, inheritable building rights to project development properties, construction site equipment, passenger cars and construction site containers. In the area of real estate, the Instone Group mainly leases offices and other office buildings. In addition, vehicles and other operational and office equipment are leased by the Instone Group.

Right of use assets TABLE 075

In thousands of euros

	2024	2023
Acquisition costs as of 1 January	**23,363**	**19,183**
Additions	988	7,362
Disposals	-1,767	-3,183
Acquisition costs as of 31 December	**22,584**	**23,363**
Accumulated depreciation as of 1 January	**9,016**	**8,572**
Additions	3,698	3,525
Disposals	-1,272	-3,082
Accumulated depreciation as of 31 December	**11,442**	**9,016**
	11,142	**14,347**

As in the previous year, there were no lease payments from short-term leases. Payments in the amount of €256 thousand (previous year: €585 thousand) from leases from on low-value contracts are not included in right of use assets, for which the option was utilised to recognise these contracts in profit or loss in accordance with IFRS 16.5. The right of use assets are divided into the following classes as follows: Real estate €5,760 thousand (previous year: €8,220 thousand), leasehold on project development properties €3,023 thousand (previous year: €3,027 thousand), passenger cars €2,237 thousand (previous year: €2,875 thousand), and others €123 thousand (previous year: €225 thousand).

14 Property, plant and equipment

The development of property, plant and equipment is as follows:

Property, plant and equipment TABLE 076

In thousands of euros

	2024	2023
Acquisition costs as of 1 January	**4,670**	**4,625**
Additions	65	63
Changes to the scope of consolidation	0	-16
Disposals	-16	-2
Acquisition costs as of 31 December	**4,719**	**4,670**
Accumulated depreciation as of 1 January	**3,626**	**2,904**
Additions	541	738
Changes to the scope of consolidation	0	-16
Disposals	-16	0
Accumulated depreciation as of 31 December	**4,150**	**3,626**
	568	**1,044**

15 Interests in joint ventures

The summarised financial information about joint ventures is presented below.

Material joint ventures

TABLE 077

In thousands of euros

Financial information on material joint ventures	31/12/2023	31/12/2024 FHP Friedenauer Höhe Erste GmbH & Co. KG	31/12/2024 FHP Friedenauer Höhe Dritte GmbH & Co. KG	31/12/2024 FHP Friedenauer Höhe Sechste GmbH & Co. KG	31/12/2024 FHP Friedenauer Höhe Vierte GmbH & Co. KG	31/12/2024 Wohnpark Heusenstamm GmbH & Co. KG	31/12/2024 Twelve GmbH & Co. KG	31/12/2024 Projekt Am Sonnenberg Wiesbaden GmbH[1]
Non-current assets	27,641	0	7,216	11,960	0	3,932	28	4,505
Current assets	59,196	21,513	15,807	25,595	-177,988	5,686	130,910	37,673
of which cash and cash equivalents	10,584	2,473	2,684	4,821	0	151	244	210
Non-current liabilities	116,895	6,770	3,191	5,335	4,245	676	96,678	0
of which financial liabilities (excluding trade payables)	105,205	6,505	755	1,267	0	0	96,678	0
Current liabilities	60,678	2,740	1,970	3,316	926	255	60	51,410
of which financial liabilities (excluding trade payables)	910	0	0	0	910	0	0	0
Net assets	**-90,736**	**13,853**	**20,298**	**33,680**	**17,882**	**8,181**	**34,199**	**-9,233**
Revenue	98,068	23,209	18,407	31,446	21,857	208	2,400	541
Depreciation and amortisation	-33	0	0	0	0	-33	0	0
Interest income	-810	-701	-39	-70	0	0	0	0
Interest expenses	-11,317	-840	-972	-1,609	0	-13	-5,587	-2,297
Income taxes	-761	-464	-311	-656	0	33	0	637
Profit for the year/total comprehensive income	**25,057**	**13,853**	**4,404**	**8,128**	**2,652**	**111**	**2,384**	**1,159**
Derivation of the financial information presented on the equity carrying amount in the consolidated financial statements								
Group earnings shares (in %)		53.68	51.74	51.74	39.94	50.10	50.10	51.00
Reconciliation of quota change effects from previous years	-220	0	11	17	-247	0	0	0
Carrying amount at the beginning of the financial year	40,060	0	8,213	13,205	6,330	4,043	14,637	0
Changes in the financial year that do not affect net income	1,303	0	0	0	0	0	1,303	0
Pro rata profit for the year	11,892	7,436	2,289	4,223	812	55	1,194	0
Carrying amount at the end of the financial year	**53,255**	**7,436**	**10,503**	**17,427**	**7,142**	**4,099**	**17,134**	**0**

[1] The calculated carrying amount includes accumulated losses of €1,068 thousand.

Material joint ventures

TABLE 078

In thousands of euros

Financial information on material joint ventures	31/12/2023	31/12/2023 FHP Friedenauer Höhe Erste GmbH & Co. KG	31/12/2023 FHP Friedenauer Höhe Dritte GmbH & Co. KG	31/12/2023 FHP Friedenauer Höhe Sechste GmbH & Co. KG	31/12/2023 FHP Friedenauer Höhe Vierte GmbH & Co. KG	31/12/2023 Wohnpark Heusenstamm GmbH & Co. KG	31/12/2023 Twelve GmbH & Co. KG	31/12/2023 Projekt Am Sonnenberg Wiesbaden GmbH[1]
Non-current assets	7,525	0	0	0	0	3,630	28	3,867
Current assets	434,154	54,443	21,584	34,080	150,234	5,528	130,604	37,681
of which cash and cash equivalents	34,355	20,845	2,080	3,690	1,160	22	5,562	996
Non-current liabilities	279,035	43,824	7,001	11,447	114,997	373	101,392	0
of which financial liabilities (excluding trade payables)	267,806	43,159	4,876	8,035	110,342	0	101,392	0
Current liabilities	80,557	4,826	1,125	1,856	23,354	208	25	49,163
of which financial liabilities (excluding trade payables)	1,089	0	0	0	1,090	0	0	0
Net assets	**82,087**	**7,433**	**15,842**	**25,469**	**16,039**	**8,070**	**29,215**	**-7,614**
Revenue	101,303	15,276	12,168	20,020	51,326	199	2,413	-99
Depreciation and amortisation	-33	0	0	0	0	-33	0	0
Interest income	-520	-481	-22	-18	0	0	0	0
Interest expenses	-10,366	-1,101	-799	-1,325	0	-18	-5,130	-1,994
Income taxes	-548	-164	-286	-456	-809	-2	0	1,170
Profit for the year/total comprehensive income	**14,531**	**2,706**	**2,996**	**4,862**	**3,308**	**357**	**2,396**	**-2,095**
Derivation of the financial information presented on the equity carrying amount in the consolidated financial statements								
Group earnings shares (in %)		56.44	51.85	51.85	39.47	50.10	50.10	51.00
Carrying amount on acquisition	33,037	2,668	6,660	10,684	5,025	4,118	13,436	0
Changes in the financial year that do not affect	0	0	0	0	0	-253	0	0
Pro rata profit for the year	7,155	1,527	1,554	2,521	1,306	179	1,201	0
Carrying amount at the end of the financial year	**40,192**	**4,195**	**8,213**	**13,205**	**6,330**	**4,043**	**14,637**	**0**

[1] The presentation of the table has been adjusted compared to 31/12/2022.

Immaterial joint ventures and associated companies TABLE 079

In thousands of euros

	31/12/2024	31/12/2023
Net assets		
Assets	3,526	4,638
Liabilities	-1,446	-1,258
	2,080	**3,380**
Earnings		
Revenue	-644	124
Profit for the year	-1,278	-346

16 Other investments

Other investments are broken down as shown below:

Other investments TABLE 080

In thousands of euros

	31/12/2024	31/12/2023
Subsidiaries not included in the consolidated financial statements		
Immobiliengesellschaft CSC Kirchberg S.à r.l.	31	31
Instone Real Estate Beteiligungsgesellschaft mbH	25	25
Instone Real Estate Verwaltungsgesellschaft mbH	25	25
Instone Real Estate Projektverwaltungs GmbH	25	25
Westville Vermietungs GmbH	25	25
Uferpalais Verwaltungsgesellschaft mbH	22	22
Projekt Wilhelmstraße Wiesbaden Verwaltungsgesellschaft mbH	18	18
Kleyer Beteiligungsgesellschaft mbH	112	112
	283	**283**
Other investments		
CONTUR Wohnbauentwicklung GmbH	66	51
Projektverwaltungsgesellschaft SEVERINS WOHNEN mbH	0	30
formart Wilma Verwaltungsgesellschaft mbH	13	13
FHP Friedenauer Höhe Verwaltungs GmbH	14	14
	92	**107**
	375	**390**

17 Inventories

In accordance with IAS 2, inventories include assets that are intended for sale in the normal course of business (finished goods) or that are in the process of being produced for sale (work-in-progress).

Work-in-progress is subject to disposal restrictions due to project financing by banks amounting to €468,743 thousand (previous year: €421,864 thousand).

Borrowing costs in the amount of €38,895 thousand (previous year: €25,885 thousand) were capitalised as part of production costs recognised for inventories attributable to project financing based on individual agreements with external lenders.

It is expected that inventories of €714,841 thousand (previous year: €971,911 thousand) can only be realised after more than 12 months.

The inventories were subject to impairment of €24,446 thousand (previous year (adjusted): €10,425 thousand). In the reporting year, impairment losses in the amount of €15,285 thousand (previous year: €1,350 thousand) and reversals in the amount of €1,237 thousand (previous year: €2,297 thousand) were recognised in profit and loss.

In the financial year, planning costs capitalised as acquisition and production costs were derecognised due to rescheduling in the amount of €17,695 thousand.

18 Financial receivables

The financial receivables are as follows:

Financial receivables TABLE 081

In thousands of euros

	31/12/2024	31/12/2023
Non-current		
Loans to joint ventures/other investments	4,897	10,256
Other loans	95	40
	4,992	**10,296**
Current		
Loans to joint ventures/other investments	19,739	19,919
Other loans	0	35
Financial receivables from joint ventures/other investments	4,149	2,871
Other financial receivables	367	484
	24,255	**23,309**
	29,247	**33,604**

The decrease in long-term financial receivables mainly relates to loans to joint ventures and results from scheduled repayments.

19 Contract assets

The structure of contract assets is composed as follows:

Contract assets TABLE 082

In thousands of euros

	31/12/2024	31/12/2023
Contract assets	305,245	603,248
Payments received	-218,954	-430,136
	86,291	**173,112**
Capitalised costs to obtain a contract	4,784	3,957
	91,076	**177,069**

The change in contract assets results firstly from the higher number of transfers of residential real estate in reporting and, secondly, from the reduced volume of sales contracts.

The cycle of contract assets is – equivalent to the project term – an average of three years.

The amortisation of the costs to obtain a contract in the amount of €6,895 thousand (previous year (adjusted): €6,739 thousand) offsets the fulfilment of the underlying contracts with customers.

20 Trade receivables

Trade receivables amounted to €11,742 thousand as of the reporting date (previous year: €6,467 thousand). This increase is mainly due to withholding during project handovers.

21 Other receivables and other assets

The following table shows other current and non-current receivables and other assets.

Other receivables and other assets TABLE 083

In thousands of euros

	31/12/2024	31/12/2023
Current		
Receivables from government grants	59,391	51,626
Upfront payments on land	39,532	14,066
Receivable tax exemption Hochtief Solutions AG	0	128
Processing fees for loans	541	532
Deposits given	816	1,151
Other tax assets	338	1,465
Insurance premiums	362	447
Receivables from employees	8	1
Money in transit	0	4,757
Deferred expenses	90	195
Receivables from social security funds	13	0
Other receivables and other assets	127	231
	101,219	**74,599**

Other than receivables from government grants and deposits, upfront payments on land and deposits, no other receivables or other assets cannot be expected to be realised after more than 12 months.

22 Income tax assets

Receivables from domestic and foreign tax authorities during the ordinary course of business amounted to €8,674 thousand as of the reporting date (previous year: €4,302 thousand).

23 Cash and cash equivalents

Cash and cash equivalents TABLE 084

In thousands of euros

	31/12/2024	31/12/2023
Bank balances	426,242	383,605
	426,242	**383,605**
of which restricted	163,997	119,256

The restrictions on the disposal of cash and cash equivalents result from project financing not yet completed by banks.

24 Equity

The registered capital of the Company as of 31 December 2024 was €46,988 thousand (previous year: €46,988 thousand) and is fully paid up. It is divided into 46,988,336 no-par-value shares. The imputed value of the shares is €1.00.

On 9 June 2021, the Annual General Meeting resolved to create authorised capital. The Management Board is authorised, with the consent of the Supervisory Board, to increase the registered capital of the Company in the period until 8 June 2026 through the issue of up to 8,000,000 no-par value shares by up to €8,000 thousand (2021 Authorised Capital).

In addition, the Annual General Meeting on 14 June 2023 resolved to create another authorised capital. The Management Board is therefore authorised to increase the registered capital of the Company in the period until 13 June 2028 through the issue of up to 15,494,168 no-par value shares by up to €15,494 thousand (2023 Authorised Capital).

With effect from 31 August 2021, the Management Board was authorised by the Annual General Meeting to grant options or convertible bond terms once or several times until 8 June 2026 on up to 4,698,833 new shares of the company (conditional capital), subject to the approval of the Supervisory Board.

The 2019 Annual General Meeting authorised the Management Board to buy back up to 10% of the registered capital at the time, i.e. 3,698,833 shares, by 12 June 2024. With the approval of the Supervisory Board, the Management Board resolved on 10 February 2022 to acquire up to 2,349,416 shares and on 25 October 2022 to acquire a further up to 1,349,417 shares In total, no treasury shares were acquired in the 2024 financial year (previous year: acquisition of 511,743 treasury shares at prices between €7.70 and €9.65).

At the reporting date of 31 December 2024, treasury shares amounted to 3,665,761 shares (previous year: 3,665,761 shares). This corresponds to 7.80% of the registered capital.

The capital reserve as of 31 December 2024 amounted to €358,983 thousand (previous year: €358,983 thousand).

Retained earnings/loss carryforwards which were formed as part of Group equity, consist of the income generated by the companies flowing into the consolidated financial statements.

In the financial year, a dividend of €0.33 was paid (previous year: €0.35) per share entitled to dividend, with a dividend payout in the amount of €14,296 thousand (previous year: €15,163 thousand).

The accumulated other total comprehensive income from the Company's equity reflects the changes in equity of the actuarial gains and losses from defined benefit plans amounting to €127 thousand (previous year: €-521 thousand).

The income tax effects recognised directly in equity can be broken down as follows:

Equity TABLE 085

In thousands of euros

	31/12/2024	31/12/2023
Amount before income taxes	187	-763
Income taxes	-59	242
	127	**-521**

Non-controlling interests

The non-controlling interests of €5,993 thousand (previous year: €5,621 thousand) mainly refer to Westville 2 GmbH, Westville 3 GmbH, Westville 4 GmbH, Westville 5 GmbH, KORE GmbH and Projekt am Sonnenberg Wiesbaden GmbH. As in the previous year, no dividend was paid to non-controlling interests in the financial year. The earnings after tax attributable to non-controlling interests amounts to €296 thousand (previous year: €-1,144 thousand).

25 Provisions for pensions and similar obligations

The existing pension plans of the Instone Group consist of both defined benefit plans and defined contribution plans. In the case of defined contribution plans, the Company makes payments to a state or private pension scheme, either on a statutory, contractual or voluntary basis. The Company is not legally obliged to make any further payments.

Under the defined benefit plans, the Company is required to pay the promised benefits to existing and former employees. A distinction is made between plans financed by provisions or by external financing.

The pension plan available at the Instone Group consists of a basic pension financed by the Group companies in the form of a modular defined contribution plan and an additional pension component linked to the economic success of the Company. In accordance with IAS 19, the corresponding commitments are recognised as liabilities from defined benefit plans. GRI 201-3

The liabilities from defined benefit plans of the Instone Group are as follows:

Liabilities from defined benefit plans TABLE 086

In thousands of euros

	31/12/2024	31/12/2023
Active employees, not dependent on remuneration	4,532	4,569
	4,532	**4,569**
Vested claims	4,161	3,906
Ongoing pensions	2,075	1,905
	10,769	**10,380**

The average remaining time in service of the eligible active employees was 11.62 years as at the balance sheet date (previous year: 11.98 years).

The pension obligations are financed by the purchase of units in mutual funds. The obligations financed by Helaba Pension Trust e. V. account for 86.8% (previous year: 85.7%) of the total insurance coverage; total coverage is 90.9% (previous year: 90.4%). The hedging of defined benefit obligations by plan assets is shown in the following table:

Coverage of the defined benefit obligation by plan assets TABLE 087

In thousands of euros

	31/12/2024	31/12/2023
Pension obligations covered by funds	10,037	9,623
Deferred compensation covered by funds	732	757
	10,769	**10,380**
Fair value of the fund assets	-9,793	-9,383
	976	**997**

The amount of the pension provisions depends on the actuarial assumptions, which also include estimates. The actuarial assumptions underlying the calculation are shown below.

Defined benefit obligation cash value TABLE 088

In thousands of euros

	2024	2023
Defined benefit obligation cash value on 1 January	**10,380**	**8,720**
Current service cost	224	215
Interest expense	373	367
Actuarial gains (-)/actuarial losses (+) Due to changes in financial assumptions	-20	1,143
Actuarial gains (-)/actuarial losses (+) Due to the change in other assumptions	-36	15
Pension payments	-152	-80
Defined benefit obligation cash value as of 31 December	**10,769**	**10,380**

The discount factors are derived from the so-called Mercer Pension Discount Yield Curve (MPDYC) approach, which takes into account the duration of the pension obligations for the Company. The underlying mortality data was taken from the statistics and experience published for each country. The 2018 G mortality tables of Klaus Heubeck were used for this purpose.

The cash value of the defined benefit obligation and the fair value of the plan assets have the following changes:

Plan assets TABLE 089

In thousands of euros

	2024	2023
Plan assets 1 January	**9,383**	**8,592**
Interest income from plan assets	452	667
Changes in plan assets, not included in net interest income	-42	124
Plan assets as of 31 December	**9,793**	**9,383**

Composition of plan assets TABLE 090

In thousands of euros

	31/12/2024	31/12/2023
Listing in an active market		
Contractual Trust Arrangement (CTA)	9,345	8,901
Deferred compensation	448	482
	9,793	**9,383**

Factors TABLE 091

In %

	31/12/2024	31/12/2023
Discount factor	3.63	3.62
Salary growth rates	3.00	3.00
Pension adjustment: Commitments with adjustment guarantee	1.00	1.00
Pension adjustment: other commitments	2.25	2.25

Sensitivity analysis

The pension obligations of the Instone Group are subject to various risks. The main risks are due to general changes in interest rates and inflation rates. There are no unusual risks associated with the pension obligations.

Interest rate risk: The (mathematical) contributions are converted into benefits within the scope of a defined contribution pension plan using a table of fixed interest rates that are not dependent on actual market interest rates. The Instone Group therefore bears the risk arising from the general capital market interest rates with regard to determining benefits. The pension obligations decreased significantly in the year under review due to the generally higher interest rates in the capital market. The comparatively strong effect results from the relatively long duration of the obligations.

Inflation risk: According to legislation, the benefits of occupational pensions in Germany must be adjusted to inflation trends every three years. The 2000+ pension plan obligations in Germany under occupational pension schemes increase by 1% each year and other occupational pension obligations are only minor; therefore, there is little inflation risk during the retirement phase with regard to non-current pension commitments.

Longevity risk: As a retirement provision is granted for a lifetime, there is a risk that beneficiaries will live longer than originally anticipated, with the Instone Group bearing the corresponding risk. In general, this risk balances out across all beneficiaries and only has an impact if the overall lifetime is longer than originally thought.

The following sensitivity analysis shows the possible impact of the stated risks when changing the actuarial assumptions to the obligations under a defined benefit pension plan:

Sensitivity analysis TABLE 092

In thousands of euros

	31/12/2024		31/12/2023	
	Increase	Decrease	Increase	Decrease
Discount factor +0.50%/-0.50%	-933	1,068	-923	1,060
Pension growth rate +0.25%/-0.25%	179	-172	175	-168
Life expectancy +1.00 year/-1.00 year	293	-302	281	-290

Expenses related to defined benefit pension plan obligations are as follows:

- The current service cost for the following financial year is estimated at €-224 thousand (previous year: €-215 thousand).
- The contributions to defined contribution plans are expected to rise in financial year 2025 by the same proportion as in financial year 2024.

26 Other provisions

The other provisions are divided as follows:

Other provisions TABLE 093

In thousands of euros

	31/12/2024	31/12/2023
Non-current		
Personnel provisions	5,886	3,409
Remaining other provisions	123	0
	6,009	**3,409**
Current		
Personnel provisions	1,008	501
Warranty obligations	8,155	8,432
Provisions for impending losses	1,528	1,118
Tax provisions	170	1,703
Litigation risks	11,261	9,310
Remaining other provisions	4,162	3,201
	26,285	**24,267**
	32,295	**27,676**

The short-term and long-term provisions relating to employees primarily relate to provisions for special payments on the basis of a long-term incentive system and early retirement.

Other short-term provisions include, but are not limited to, investment risks, compensation for damages and other contingent liabilities.

The provisions for impending losses were made for impending losses arising from construction services obligations to third parties.

The development of other provisions can be seen in the following table:

Development of other provisions

TABLE 094

In thousands of euros

	31/12/2024	01/01/2023	Allocation	Liquidation	Rebooking	Consumption
Personnel provisions	6,894	3,911	3,787	-44	0	-759
Warranty obligations	8,155	8,432	629	-454	-272	-180
Provisions for impending losses	1,528	1,118	411	0	0	0
Litigation risks	11,261	9,310	2,484	-416	272	-389
Tax provisions	170	1,703	305	-345	-1,493	0
Remaining other provisions	4,285	3,201	2,429	-229	0	-1,115
	32,295	**27,676**	**10,044**	**-1,489**	**-1,493**	**-2,443**

The personnel provisions include commitments to employees in connection with long-term incentive plans. These plans are share-based remuneration with cash settlement within the meaning of IFRS 2. Provisions of €6,106 thousand (previous year: €3,208 thousand) were recognised for these long-term incentive plans. In the financial year, expenses in the amount of €3,668 thousand (previous year: €1,179 thousand) were incurred in this context.

27 Financial liabilities

Current and non-current loans from banks consisted of fixed and variable interest rate loans issued by various banks. Loans from banks have a maturity of between one and seven years (previous year (adjusted): between one and eight years), table 044 on page 115. The interest rates, which are mostly variable, range from 1.75% to 2.95% (previous year: between 1.24% and 3.00%) plus EURIBOR and range from 1.15% to 6.51% under fixed-income contracts (previous year: between 1.15% and 6.51%). The decline in financial liabilities compared to the previous year is mainly due to repayments of €187,276 thousand,which were offset by corporate and project financing taken out for ongoing projects amounting to €162,691 thousand.

The Instone Group's loans from banks are usually not the subject of contractual assurances and are instead secured by land charges.

In the case of non-current loans from banks in connection with corporate finance, consisting of promissory note loans and syndicated loans, the Instone Group is contractually obliged to comply with certain financial ratios. The financial ratios are based on the adjusted earnings situation of the Instone Group and include the leverage, the interest coverage ratio and the capital structure. Compliance with the financial ratios is checked on the promissory note loans every six months or annually. The syndicated credit lines are audited every six months. At the time of preparation of the consolidated financial statements, all contractual financial ratios were complied with, and these liabilities are therefore reported as non-current.

Financial liabilities TABLE 095

In thousands of euros

	31/12/2024	31/12/2023
Non-current		
To financial institutions from project financing	269,141	227,348
To financial institutions from corporate financing	19,829	19,981
Loans from third parties	102,096	149,220
	391,066	**396,550**
Current		
To financial institutions from project financing	87,416	128,360
To financial institutions from corporate financing	532	5,730
Loans from third parties	32,196	1,915
Liabilities to minority shareholders	45	45
	120,189	**136,050**
	511,255	**532,600**

Financial liabilities 2024

TABLE 096

In thousands of euros

				Non-cash changes		
	31/12/2024	01/01/2024	Cash flow from financing activities	Neutral offsetting	Accrued interest	Amortisation from the valuation using the effective interest method
Loans from banks	376,918	381,834	-7,375	0	2,290	170
Loans from third parties	134,291	151,136	-17,624	0	624	155
Liabilities to minority shareholders	45	45	0	0	0	0
	511,255	**533,014**	**-24,999**	**0**	**2,914**	**326**
Liabilities from leases	11,559	14,748	-3,189	0	0	0

Financial liabilities 2023

TABLE 097

In thousands of euros

				Non-cash changes		
	31/12/2023	01/01/2023	Cash flow from financing activities	Neutral offsetting	Accrued interest	Amortisation from the valuation using the effective interest method
Loans from banks	381,834	351,653	67,360	-37,843	494	170
Loans from third parties	151,136	151,105	-749	0	624	155
Liabilities to minority shareholders	45	17,889	0	-17,844	0	0
	533,014	**520,647**	**66,611**	**-55,688**	**1,119**	**326**
Liabilities from leases	14,748	10,939	3,809	0	0	0

28 Deferred tax

Deferred tax liabilities are calculated on the basis of the tax rates applicable or expected to apply at the time of implementation in the various countries and for the different countries. Deferred tax assets and liabilities are offset against each other for each company or group of companies. In other respects, deferred tax liabilities are calculated on the basis of the tax regulations in force or applying on the date of preparation of these financial statements.

Deferred tax assets that are recognised in tax refund claims arising from the expected utilisation of existing tax loss carryforwards in subsequent years and whose realisation appears sufficiently certain amounted to €124 thousand (previous year: €431 thousand).

There are tax loss carryforwards from our companies for which no deferred taxes have been recognised: in Germany in the amount of €2,198 thousand (previous year: €2,370 thousand), in Luxembourg in the amount of €18,277 thousand (previous year: €18,434 thousand) and in Austria in the amount of €31,524 thousand (previous year: €31,738 thousand). For deductible temporary differences in the amount of €0 thousand (previous year: €276 thousand), no deferred tax assets were recognised in the statement of financial position.

The Instone Group recognises deferred tax assets in the amount of €131 thousand (previous year: €443 thousand) for companies that have generated a loss in the current and/or previous financial year. Future use is ensured due to the business model.

As a general rule, these loss carryforwards within the individual countries can be offset against profits in subsequent years. According to our current assessment, we do not expect these loss carryforwards to be used.

In addition to the deferred taxes recognised in profit or loss, deferred tax assets were recognised in other comprehensive income for actuarial losses in the amount of €-59 thousand (previous year: €242 thousand).

Deferred tax assets and liabilities changed as follows:

Deferred tax TABLE 098

In thousands of euros

	31/12/2024		31/12/2023	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Assets				
Right of use assets	0	2,577	0	3,592
Financial assets	3,343	8,594	922	8,758
Inventories	38,403	0	46,298	0
Contract assets	0	27,604	0	55,174
Other assets	1,605	31,178	3,579	20,687
Liabilities				
Pension provisions	1,539	0	1,540	1
Leasing liabilities	3,669	0	4,679	0
Liabilities from government grants	15,567	0	16,273	0
Contract liabilities	6,489	0	7,023	0
Other provisions	2,592	11,086	1,528	9,036
Other liabilities	227	26,705	172	28,880
Loss carryforwards	124	0	431	0
Gross amount	**73,558**	**107,745**	**82,445**	**126,127**
Impairment provision	0	0	-84	0
Offset	-73,427	-73,427	-82,060	-82,060
Net amount	**131**	**34,318**	**301**	**44,067**

29 Liabilities from net assets attributable to non-controlling interests

Liabilities from net assets attributable to non-controlling interests of €6 thousand (previous year: €13 thousand) related to non-controlling interests of Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG.

30 Leasing liabilities

Leasing liabilities TABLE 099

In thousands of euros

	31/12/2024	31/12/2023
Due in up to one year	3,958	4,153
Due in one to five years	4,680	10,595
Due in over five years	2,922	0
	11,559	**14,748**

The Instone Group has concluded long-term contracts for commercial real estate and company vehicles as a tenant/lessee. The carrying amounts of the leasing liabilities as of 31 December 2024 amounted to €3,958 thousand (previous year: €4,153 thousand) as current liabilities and €7,601 thousand (previous year: €10,595 thousand) as non-current liabilities.

31 Contract liabilities

Contract liabilities TABLE 100

In thousands of euros

	31/12/2024	31/12/2023
Payments received	296,340	216,981
Contract assets	-275,899	-194,848
	20,441	**22,134**

The cycle of contract liabilities is – analogous to the project term – an average of three years.

On contract liabilities in the amount of €22,134 thousand as of 1 January 2024, revenue of €22,134 thousand was generated from contract fulfilment in the financial year.

32 Trade payables

Trade payables amounted to €134,184 thousand as of the reporting date (previous year: €142,183 thousand).

33 Other liabilities

Other liabilities TABLE 101

In thousands of euros

	31/12/2024	31/12/2023
Non-current		
Liabilities from government grants for interest and principal repayment	47,405	37,843
	47,405	**37,843**
Current		
Advance payments received on inventories	503,278	383,492
Liabilities from government grants	25,407	32,415
Liabilities from bonuses	8,779	11,325
Liabilities from other taxes	1,308	1,051
Liabilities to employees	426	444
Sundry other liabilities	2,312	3,166
	541,510	**431,893**
	588,915	**469,736**

The increase in other non-current liabilities relates in full to interest and repayment subsidy in connection with subsidised loans.

The decrease in liabilities from government grants corresponds to the construction progress of publicly funded projects in the reporting year.

34 Income tax liabilities

Liabilities to domestic and foreign financial authorities in the ordinary course of business amounted to €11,480 thousand as of the reporting date (previous year: €9,443 thousand).

Information on the consolidated statement of cash flows

The Group's consolidated statement of cash flows distinguishes between cash flows from operating, investing and financing activities. All non-cash income and expenses and all income from the disposal of assets are eliminated in the calculation of cash flows from operating activities.

As of 31 December 2024, liquid funds consisted entirely of cash and cash equivalents in the amount of €426,242 thousand (previous year: €383,605 thousand), of which €163,997 thousand (previous year: €119,256 thousand) was subject to restrictions on disposal. The restriction on the disposal of cash and cash equivalents results mainly from the collateralisation of financial liabilities.

The total cash outflows for leases amounted to €4,238 thousand (previous year: €3,904 thousand), with a repayment share in the amount of €3,814 thousand (previous year: €3,550 thousand) and an interest proportion in the amount of €424 thousand (previous year: €354 thousand).

The non-cash expenses in the amount of €2,735 thousand relate exclusively to the amortisation of the interest and repayment subsidies of the subsidised loans (previous year: €17,695 thousand related in full to one-off expenses in connection with the valuation of inventories).

Other disclosures

Disclosures about related persons and companies

Key related persons and companies include the material joint ventures. The material transactions with key related persons and companies are shown below:

Dealings with joint ventures

GRI 2-15

Relationships with joint ventures/other investments TABLE 102

In thousands of euros

	31/12/2024	31/12/2023
Receivables		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	377	2,438
FHP Friedenauer Höhe Erste GmbH & Co. KG	3,253	3,263
FHP Friedenauer Höhe Sechste GmbH & Co. KG	633	4,017
FHP Friedenauer Höhe Vierte GmbH & Co. KG	439	529
Projekt Am Sonnenberg Wiesbaden GmbH	23,323	22,176
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	0	4
Wohnpark Heusenstamm GmbH & Co. KG	104	98
	28,130	**32,526**
Liabilities		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	33	0
FHP Friedenauer Höhe Sechste GmbH & Co. KG	55	0
Instone Real Estate Projektverwaltungs GmbH	3	0
	91	**0**

The financial receivable from the project company FHP Friedenauer Höhe Erste GmbH & Co. KG consists of an interest-free loan with a remaining term of one year. The financial receivable from Projekt Am Sonnenberg Wiesbaden GmbH consists of an interest-bearing loan with a remaining term until 30 June 2026.

Dealings with related persons

With the exception of loan relationships with non-consolidated companies, there were no material transactions between Instone Real Estate Group SE, Essen, Germany, or a Group company and persons from the Management or related persons or companies during the reporting period. GRI 2-25

Remuneration of the Management Board

The remuneration of the Management Board members in 2024 comprised the following components:

Fixed 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.

Components under a non-current incentive plan consisting of two components:

One-year variable remuneration (short term incentive [STI])

- The one-year variable remuneration in the form of an STI plan is based on the economic results or performance of the Instone Group in the underlying financial year and the strategy and sustainability targets set for the individual members of the Management Board.

Multi-year variable remuneration (long-term incentive [LTI])

- As a further component of variable remuneration, the members of the Management Board are also promised multi-year variable remuneration in the form of an LTI bonus. A possible LTI bonus depends on the achievement of company-related financial targets and non-financial ESG targets and the share price performance, taking into account distributions during the performance period. The contractually agreed base amount – an individually determined base amount for each member of the Management Board on which the calculation is based – is based on the average volume-weighted Instone Group share price over the last three months before the start of the performance period. At the end of the performance period, the Supervisory Board determines whether the targets have been achieved. The total payout factor is determined with due regard to the weighting of the individual targets The payout amount is capped at 300% of the base amount.

Pension plan

- 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 following amounts were expensed for the members of the Management Board in the financial year:

Total emoluments granted to the Management Board TABLE 103

In thousands of euros

	2024	2023
Benefits due in the short-term		
Fixed remuneration	1,448	1,399
Variable remuneration	768	1,324
Benefits after the end of the employment relationship		
Pension expenses	59	202
Expenses for share-based remuneration components due in the long-term with cash settlement		
Variable remuneration	2,889	780
Leistungen aus Anlass der Beendigung des Arbeitsverhältnisses		
Total emoluments granted to the Management Board	**5,165**	**3,706**
Liability recognised as of 31 December for share-based remuneration components due in the long-term with cash settlement	**5,156**	**2,572**

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

The total remuneration granted to the Management Board includes remuneration in the amount of €365 thousand for a former Management Board member.

Supervisory Board remuneration

The total emoluments granted to the Supervisory Board in the 2024 financial year amounted to €683 thousand (previous year: €645 thousand). Of which, €563 thousand (previous year: €525 thousand) was remuneration for work on the general committee. Remuneration for work in committees amounted to €120 thousand (previous year: €120 thousand).

In the 2024 financial year, the Companies of the Instone Group 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.

Transactions with members of the Supervisory Board

No reportable transactions took place with members of the Supervisory Board in the 2024 financial year.

Members of the Management Board

The Management Board comprises the following three members:

Kruno Crepulja

- Chair of the Management Board/CEO of Instone Real Estate Group SE

David Dreyfus

- Member of the Management Board/CFO of Instone Real Estate Group SE

Andreas Gräf

- Member of the Management Board/COO of Instone Real Estate Group SE

Members of the Supervisory Board

GRI 2-11, 2-15

Stefan Brendgen, freelance management consultant

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

- HAHN-Immobilien-Beteiligungs AG (Chair of the Supervisory Board)
- Adler Group S.A. (Member of the Board of Directors)

Dr Jochen Scharpe, Managing Partner of AMCI and ReTurn Immobilien GmbH

In addition to his role as Deputy Chairman of the Supervisory Board of the Company, Dr Jochen 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 Chair of the Supervisory Board)

Dietmar P. Binkowska, freelance management consultant

In addition to his function as a member of the Supervisory Board of the company, Dietmar P. Binkowska is a member of the following statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises.

- Nordwestlotto in Nordrhein-Westfalen GmbH (Chair of the Supervisory Board)

Christiane Jansen, Managing Director of Westdeutsche Lotterie GmbH & Co. OHG

In addition to her role as a member of the Supervisory Board of the Company, Christiana Jansen is not a member of any other statutory supervisory boards of comparable domestic or foreign supervisory bodies of commercial enterprises.

Stefan Mohr, Partner and Head of Corporate Investments, Activum SG Capital

In addition to his role as a member of the Supervisory Board of the Company, Stefan Mohr is not a member of any other statutory supervisory boards of comparable domestic or foreign supervisory bodies of commercial enterprises.

Sabine Georgi, Executive Director DACH, ULI – Urban Land Institute

In addition to her role as a member of the Supervisory Board of the Company, Sabine Georgi is not a member of any other statutory supervisory boards of comparable domestic or foreign supervisory bodies of commercial enterprises.

Auditor's fee

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Dusseldorf branch, has been the group auditor of Instone Real Estate Group SE, Essen/Germany, since the 2018 financial year. Nicole Meyer has been responsible for the audit since 2023.

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

Auditor's fee TABLE 104

In thousands of euros

	2024	2023
Annual audit	803	987
of which relating to previous years	-51	172
Other confirmation services[1]	109	127
Other services[1]	43	31
	955	1,145

[1] Previous year adjusted.

The auditors mainly conducted an audit of the annual and consolidated financial statements and an audit review pursuant to IDW PS 900, which are presented within the auditing services. In addition, the auditor has provided other confirmation services, which are audits in accordance with Section 16 MaBV, as well as business audits to obtain limited assurance in accordance with ISAE 3000 (revised). In addition, other services were provided in the form of agreed investigative actions (covenant reporting) in accordance with ISRS 4400 (revised).

Use of exemption options in accordance with Section 264(3) HGB

Instone Real Estate Development GmbH, headquartered in Essen, Germany, and registered in the Commercial Register of the Essen District Court under HRB 28401, complies with the requirements set out in Section 264(3) HGB and is therefore exempt from the publication and auditing of financial statements and from the preparation and auditing of a management report. Nyoo Real Estate GmbH, headquartered in Essen, Germany, and registered in the Commercial Register of the Essen District Court under HRB 30620, complies with the requirements set out in Section 264(3) HGB and is therefore exempt from the publication and auditing of annual financial statements and the preparation and auditing of a management report.

Reporting on financial instruments

Financial instruments include financial assets and liabilities as well as contractual rights and obligations relating to the exchange and transfer of financial assets. There are no derivative financial instruments.

Financial assets mainly comprise cash and cash equivalents, receivables and other financial assets. Most of the financial liabilities are current liabilities which are measured at amortised costs.

The available financial instruments are shown in the statement of financial position. The maximum loss or default risk equals the sum of the financial assets. Any risk identified for financial assets is recognised at its impairment charge.

Risk management

All of the Instone Group's financial activities are conducted on the basis of a Group-wide financial policy. There are also function-specific operational work instructions on topics such as the handling of collateral.

These guidelines contain the principles used to address the different types of financial risks.

Trading, controlling and billing are handled separately by the front and back office. This ensures effective risk management. The monitoring and billing of the external trading activities of the Front Office is carried out by a separate and independent back office. Furthermore, the dual control principle must be maintained at least for all external trading activities. Internal powers to issue instructions are limited in number and amount, reviewed regularly (at least once a year) and adjusted if necessary.

The Instone Group considers the interests of shareholders, promissory note investors and the issuing banks in its financial management. Financial and non-financial covenants arise from the contractual conditions of the promissory note loan, the fixed-term loan and the syndicated loan. The covenants include compliance with the leverage, interest rate, equity and loan to value. The potential financial risks resulting from the contractual conditions were not considered to be material as of the reporting date 31 December 2024. The loans are not secured and the Instone Group complied with all obligations in this regard in the financial year as well as in the previous year. For the subsequent periods, the Instone Group monitors the future development as part of Group-wide financial risk management and also continues to anticipate compliance with the contractual terms.

Management of liquidity risk

The Instone Group uses largely centralised structures for pooling cash and cash equivalents at Group level to avoid, among other things, bottlenecks in cash flow at individual Group company level. The central liquidity position is calculated monthly and using a bottom-up method over a rolling twelve-month period. The liquidity planning is supplemented by monthly stress tests.

The following tables show the contractually agreed residual maturity of non-derivative financial liabilities with agreed repayment periods that apply to the Instone Group. The tables are recorded on the basis of the non-discounted cash flows of the financial liabilities with the date which the Instone Group can be asked to repay. The tables contain the cash flow from interest and principal receivable.

Interest payments for items with variable rates are uniformly translated using the last interest rate in effect before the key date.

The consolidated statement of financial position as of 31 December 2024 includes promissory note loans issued from the years 2020 (nominal value: €65,000 thousand), 2022 (nominal value: €50,000 thousand) and 2023 (nominal value: €20,000 thousand). These financial liabilities are accounted for at amortised cost using the effective interest rate method. Interest income and interest expenses as well as directly attributable transaction costs are allocated over the relevant subsequent periods through amortisation recognised in profit or loss.

The maximum payments listed in the following tables are compensated by contractually determined revenues in the same period, which are not shown here (e.g. trade receivables). which cover a significant part of the cash flows recognised.

Maturity analysis of financial liabilities

The following table provides an overview of the contractual payments in terms of financial liabilities:

Maturity analysis of financial liabilities in 2024 TABLE 105

In thousands of euros

	Carrying amounts 31/12/2024	Cash outflows 2025	2026-2028	>2028
Financial liabilities	511,255	129,104	269,594	390,036
Trade payables	134,184	134,184	0	0
Liabilities from net assets attributable to non-controlling interests	6	0	0	6
Leasing liabilities	11,559	3,917	5,222	9,663
	657,004	**267,204**	**274,816**	**399,706**

Maturity analysis of financial liabilities in 2023 TABLE 106

In thousands of euros

	Carrying amounts 31/12/2023	Cash outflows 2024	2025-2027	>2027
Financial liabilities	532,600	136,050	318,453	78,097
Trade payables	142,183	142,183	0	0
Liabilities from net assets attributable to non-controlling interests	13	0	0	13
Leasing liabilities	14,748	4,224	7,802	10,465
	689,543	**282,457**	**326,255**	**88,574**

The liquidity of the Group is also secured on the basis of available cash, bank balances and unused credit lines.

The following table shows the most important liquidity instruments:

Liquidity instruments TABLE 107

In thousands of euros

	31/12/2024	31/12/2023
Cash and cash equivalents	426,242	383,605
of which, restricted	163,997	119,256
Credit line - unused amount	378,656	387,625
	804,898	**771,230**

Control of default risks

The Instone Group is subject to certain default risks due to its operating activities and specific financing activities.

At the Instone Group, operational risks are managed through the continuous tracking of trade receivables at branch level. Impairment losses are recognised if there is an expected loss on the basis of the credit risk. The Instone Group uses the simplified value reduction model of IFRS 9 on all trade receivables, as well as contract assets and therefore records the expected losses over the total term.

The maximum default risk from financial assets corresponds to their respective carrying amounts stated in the statement of financial position. However, the de facto default risk is lower as collateral has been provided in favour of the Instone Group. The maximum risk from financial guarantees is equal to the maximum amount that the Instone Group would have to pay. The maximum default risk from loan commitments is equal to the amount of the commitment. We consider it highly unlikely at the time of reporting that these financial guarantees and loan commitments would be used.

The Instone Group accepts collateral to secure the fulfilment of the contract by subcontractors, the warranty provisions of the subcontractors and fee claims. These securities include, but are not limited to, warranty guarantees, contract performance guarantees, advance payments and payment guarantees. The Instone Group has relevant guidelines for the acceptance of collateral. They include, among other things, rules on contract structure, contract implementation and contract management for all contracts. The exact specifications vary and depend, for example, on the country, jurisdiction and current case law. With regard to default risks, the Instone Group checks the creditworthiness of the guaranteeing party for all accepted collateral. The Instone Group engages external experts (such as rating agencies) to assess their creditworthiness as much as possible. The fair value of accepted collateral is not disclosed as it cannot usually be determined reliably.

The age structure of overdue financial assets is typical for the sector. The receipt of a payment depends on the order acceptance and invoice verification, which often take a relatively long time. Contract assets are not subject to impairment.

The following table shows the overdue and non-overdue, impaired financial assets:

The ongoing changes in the 2024 financial year are based on additions, liquidations and utilisations and amount to €2,290 thousand (previous year: €374 thousand), meaning that, as at 31 December 2024, there is an impairment loss on trade receivables of €2,711 thousand (previous year: €421 thousand).

Impairments pursuant to IFRS 9 2024

TABLE 108

In thousands of euros

	Carrying amount	Non-overdue	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue
Trade receivables (gross carrying amount)	14,453	9,115	342	328	615	4,053
Impairment provisions	-2,711	-91	-3	-3	-6	-2,607
Trade receivables (net carrying amount)	**11,742**	**9,024**	**339**	**325**	**609**	**1,446**

Impairments pursuant to IFRS 9 2023

TABLE 109

In thousands of euros

	Carrying amount	Non-overdue	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue
Trade receivables (gross carrying amount)	6,889	4,433	77	101	20	2,258
Impairment provisions	-421	-43	-1	-1	0	-376
Trade receivables (net carrying amount)	**6,467**	**4,390**	**76**	**100**	**20**	**1,882**

Control of interest rate risks

The interest rate risk of the Instone Group is mainly related to current and non-current interest bearing financial assets and liabilities due to fluctuations in market interest rates. Depending on the situation in the market, this risk is countered by a mix of fixed income and variable interest rate financial instruments. The risk is not managed separately as borrowed funds are usually repaid promptly using the payments made by the acquirers.

Changes in market interest rates for non-derivative financial instruments with a fixed interest rate are only recognised in profit or loss if they are measured at fair value. For this reason, all financial instruments recognised at amortised costs are not subject to interest rate risks as defined by IFRS 9.

As part of a sensitivity analysis, we examined the impacts of changes in market interest rates on consolidated earnings after tax over a range of 100 basis points. In the financial year, a hypothetical increase or decrease in market interest rates by 100 basis points (provided other variables remain constant) would result in an increase or decrease of consolidated earnings of €2,155 thousand (previous year: decrease in consolidated earnings of €2,219 thousand or increase in consolidated earnings of €2,219 thousand).

Control of the capital risk

The Instone Group manages its capital with the aim of ensuring that all Group companies continue to operate on a going concern basis. The Instone Group keeps the cost of capital as low as possible. It achieves this by optimising the ratio of equity to debt on an as-needed basis.

The capital structure of the Group consists of current and non-current liabilities less the equity and the cash and cash equivalents reported in the statement of financial position. The capital structure of the Group is reviewed regularly. The risk-adjusted capital costs are also taken into account.

The overall strategy for controlling the capital risk did not change in the financial year compared to the previous year.

Further disclosures on financial instruments

The carrying amounts for individual categories are shown below in accordance with IFRS 7:

Carrying amounts of financial instruments in 2024

TABLE 110

In thousands of euros

	Carrying amount 31/12/2024	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
ASSETS				
Financial assets				
Financial receivables				
Non-current	4,992	0	4,992	0
Current	24,255	0	24,255	0
	29,247	**0**	**29,247**	**0**
Other investments	375	375	0	0
Contract assets	91,076	0	0	91,076
Trade receivables	11,742	0	11,742	0
Other receivables and other assets	101,219	0	101,219	0
Cash and cash equivalents	426,242	0	426,242	0
	659,901	**375**	**568,450**	**91,076**
EQUITY AND LIABILITIES				
Financial liabilities				
Financial liabilities				
Non-current	391,066	0	391,066	0
Current	120,189	0	120,189	0
	511,255	**0**	**511,255**	**0**
Contract liabilities	20,441	0	0	20,441
Liabilities from net assets attributable to non-controlling interests	6	0	6	0
Trade payables	134,184	0	134,184	0
Other liabilities				
Non-current	47,405	0	47,405	0
Current	541,510	0	541,510	0
	588,915	**0**	**588,915**	**0**
	1,254,801	**0**	**1,234,360**	**20,441**

Carrying amounts of financial instruments in 2023

TABLE 111

In thousands of euros

	Carrying amount 31/12/2023	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
ASSETS				
Financial assets				
Financial receivables				
Non-current	10,296	0	10,296	0
Current	23,309	0	23,309	0
	33,604	**0**	**33,604**	**0**
Other investments	390	390	0	0
Contract assets	177,069	0	0	177,069
Trade receivables	6,467	0	6,467	0
Other receivables and other assets	74,599	0	74,599	0
Cash and cash equivalents	383,605	0	383,605	0
	675,735	**390**	**498,276**	**177,069**
EQUITY AND LIABILITIES				
Financial liabilities				
Financial liabilities				
Non-current	396,550	0	396,550	0
Current	136,050	0	136,050	0
	532,600	**0**	**532,600**	**0**
Contract liabilities	22,134	0	0	22,134
Liabilities from net assets attributable to non-controlling interests	13	0	13	0
Trade payables	142,183	0	142,183	0
Other liabilities				
Non-current	37,843	0	37,843	0
Current	431,893	0	431,893	0
	469,736	**0**	**469,736**	**0**
	1,166,665	**0**	**1,144,532**	**22,134**

With the short-term financial instruments accounted for at amortised costs, the carrying amount corresponds to the fair value, due to the short remaining term to maturity. In the case of non-current financial liabilities, the carrying amount of a part corresponds to the fair value due to the variable interest rate. A fair value was determined for the fixed-interest non-current liabilities, which exceeds the carrying amount by €5,680 thousand as of 31 December 2024 (previous year: €4,272 thousand). Non-current fixed-interest liabilities are assigned to level 2 of the fair value hierarchy. The fair value was determined using a cash value method that applies company-specific current interest rates derived from the market. Non-current financial receivables are recognised at amortised costs. Their fair value differs from the carrying amount by €-44 thousand (previous year: €73 thousand). These bonds fall under fair value hierarchy level 2 and were determined using a cash value method taking into account current market interest rates.

Net results from financial instruments

The following table shows the net results from financial instruments according to the categories in IFRS 9:

Net results from financial instruments TABLE 112

In thousands of euros

	31/12/2024	31/12/2023
Fair value through profit and loss	62	-8
Assets at amortised cost	5,114	8,789
Liabilities at amortised cost	-34,124	-34,235
	-28,949	**-25,453**

The calculation of net results from financial instruments includes interest income and expenses, impairments and reversals, income and expenses from currency translation, dividend income, capital gains and losses and other changes in the fair value of financial instruments recognised through profit or loss.

The changes in the financial year due to impairment of trade receivables amounted to €2,265 thousand (previous year: €-428 thousand).

Declaration of Conformity with the German Corporate Governance Code

In December 2024, the Management Board and Supervisory Board of Instone Real Estate Group SE issued the declaration of conformity for the financial year in accordance with Section 161 AktG.

The declaration of conformity was made permanently publicly available to the shareholders on the Company's website under ↗ Instone Group Declaration of Conformity.

Other financial obligations

As of 31 December 2024, other financial obligations amounted to €256 thousand (previous year: €585 thousand)thousand). The long-term commitments arising from rentals and leases are reported separately in the statement of financial position in accordance with IFRS 16.

Utilisation of profit

The Management Board proposes to use the distributable profit of Instone Real Estate Group SE in the amount of €26,415,158.17 to distribute a total dividend of €11,263,869.50. This corresponds to a dividend of €0.26 per share entitled to dividend. The remaining distributable profit, including the amount attributable to shares not entitled to a dividend, will be carried forward to the new account.

Events after the reporting date

There were no events of particular significance to report after the reporting date of 31 December 2024.

Disclosures on preparation and approval

The Management Board of Instone Real Estate Group SE has prepared the consolidated financial statements on 7 March 2025 and approved them for forwarding to the Supervisory Board. The Supervisory Board has the task of reviewing the consolidated financial statements and deciding on their approval.

Essen, 7 March 2025

The Management Board

Kruno Crepulja David Dreyfus Andreas Gräf

List of shareholdings (Annex to the notes to the consolidated financial statements) GRI 2-2

List of Shareholdings as of 31/12/2024

TABLE 113

	Share of capital in %	Equity in thousands of of euros	Annual result in thousands of euros
I. Subsidiaries included in the consolidated financial statements			
DURST-BAU GmbH, Wien, Österreich	100.0	517	213
formart Luxemburg S.à r.l., Luxemburg, Luxemburg	100.0	1,427	214
Gartenhöfe GmbH, Leipzig, Deutschland	100.0	5,894	188
Instone Real Estate Development GmbH, Essen, Deutschland[1]	100.0	190,097	0
Instone Real Estate Projekt MarinaBricks GmbH, Erlangen, Deutschland	100.0	833	163
Instone Real Estate Projekt Rosenheim GmbH & Co. KG, Nürnberg, Deutschland	100.0	3,404	137
Instone Real Estate Projektbeteiligungs GmbH, Erlangen, Deutschland	100.0	-6	-10
KORE GmbH, Dortmund, Deutschland	85.0	6,553	69
Nyoo Real Estate GmbH, Essen, Deutschland[1]	100.0	25	0
Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt a. M., Deutschland	70.0	21	-23
Westville 1 GmbH, Essen, Deutschland	100.0	1,826	71
Westville 2 GmbH, Essen, Deutschland	89.9	2,030	294
Westville 3 GmbH, Essen, Deutschland	89.9	2,052	543
Westville 4 GmbH, Essen, Deutschland	89.9	2,068	669
Westville 5 GmbH, Essen, Deutschland	89.9	2,214	758

List of Shareholdings as of 31/12/2024

TABLE 113

	Share of capital in %	Equity in thousands of euros	Annual result in thousands of euros
II. Interests in joint ventures			
beeboard GmbH, Köln, Deutschland	50.0	1,918	-1,391
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin, Deutschland	50.0	346	488
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin, Deutschland	50.0	11,667	13,438
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin, Deutschland	50.0	-178	807
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin, Deutschland	50.0	20,193	23,267
Projekt Am Sonnenberg Wiesbaden GmbH, Essen, Deutschland	51.0	-3,466	-1,314
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Frankfurt a. M., Deutschland	50.0	139	114
Twelve GmbH & Co. KG, Stuttgart, Deutschland	50.1	34,199	2,384
Wohnpark Gießener Straße GmbH & Co. KG, Frankfurt a. M., Deutschland	50.0	24	-1
Wohnpark Heusenstamm GmbH & Co. KG, Essen, Deutschland	50.1	3,744	74
III. Other investments			
BEYOUTOPE GmbH, Hannover, Deutschland	0.02	265	-44
CONTUR Wohnbauentwicklung GmbH, Köln, Deutschland	50.0	24	6
FHP Friedenauer Höhe Verwaltungs GmbH, Berlin, Deutschland	50.0	27	12
formart Wilma Verwaltungsgesellschaft mbH, Frankfurt a. M., Deutschland	50.0	54	2
Immobiliengesellschaft CSC Kirchberg S.à r.l., Luxemburg, Luxemburg	100.0	91	-47
Instone Real Estate Verwaltungsgesellschaft mbH, Essen, Deutschland	100.0	22	-3
Instone Real Estate Projektverwaltungs GmbH, Essen, Deutschland	100.0	-85	-29
Instone Real Estate Beteiligungsgesellschaft mbH, Essen, Deutschland	100.0	24	-1
Kleyer Beteiligungsgesellschaft mbH, Frankfurt a. M., Deutschland	100.0	153	13
Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Köln, Deutschland	70.0	-10	-5
TG Potsdam Projektentwicklungsgesellschaft mbH i.L, Neubiberg, Deutschland[2]	10.0	-1,002	-324
Twelve Verwaltungs GmbH, Stuttgart, Deutschland	100.0	33	2
Uferpalais Verwaltungsgesellschaft mbH, Essen, Deutschland	70.0	48	-40
Westville Vermietungs GmbH, Essen, Deutschland	100.0	-1	-21
Wohnpark Heusenstamm Verwaltungs GmbH, Essen, Deutschland	100.0	23	0

[1] Profit and loss transfer agreement with Instone Real Estate Group SE.

[2] Annual financial statements 31/12/2020.

List of Shareholdings as of 31/12/2023

TABLE 114

	Share of capital in %	Equity in thousands of euros	Annual result in thousands of euros
I. Subsidiaries included in the consolidated financial statements			
DURST-BAU GmbH, Wien, Österreich	100.0	304	-37
formart Luxemburg S.à r.l., Luxemburg, Luxemburg	100.0	1,213	94
Gartenhöfe GmbH, Leipzig, Deutschland	100.0	5,705	-449
Instone Real Estate Development GmbH, Essen, Deutschland[1]	100.0	190,097	0
Instone Real Estate Projekt MarinaBricks GmbH, Erlangen, Deutschland	100.0	670	-251
Instone Real Estate Projekt Rosenheim GmbH & Co. KG, Nürnberg, Deutschland	100.0	3,267	4,494
Instone Real Estate Projektbeteiligungs GmbH, Erlangen, Deutschland	100.0	4	-1,134
KORE GmbH, Dortmund, Deutschland	85.0	6,484	110
Nyoo Real Estate GmbH, Essen, Deutschland[1]	100.0	25	0
Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt a. M., Deutschland	70.0	43	-19
Westville 1 GmbH, Essen, Deutschland	100.0	7,072	6,910
Westville 2 GmbH, Essen, Deutschland	89.9	711	-443
Westville 3 GmbH, Essen, Deutschland	89.9	728	-295
Westville 4 GmbH, Essen, Deutschland	89.9	938	-21
Westville 5 GmbH, Essen, Deutschland	89.9	1,003	43

List of Shareholdings as of 31/12/2023

TABLE 114

	Share of capital in %	Equity in thousands of euros	Annual result in thousands of euros
II. Interests in joint ventures			
beeboard GmbH, Köln, Deutschland	50.0	3,308	-381
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin, Deutschland	50.0	-143	401
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin, Deutschland	50.0	-1,771	-365
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin, Deutschland	50.0	-985	668
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin, Deutschland	50.0	-3,074	-55
Projekt Am Sonnenberg Wiesbaden GmbH, Essen, Deutschland	51.0	-2,152	-1,410
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Frankfurt a. M., Deutschland	50.0	64	44
Twelve GmbH & Co. KG, Stuttgart, Deutschland	50.1	29,215	2,396
Wohnpark Gießener Straße GmbH & Co. KG, Frankfurt a. M., Deutschland	50.0	8	-8
Wohnpark Heusenstamm GmbH & Co. KG, Essen, Deutschland	50.1	3,670	326
III. Other investments			
BEYOUTOPE GmbH, Hannover, Deutschland	0.0	239	-6
CONTUR Wohnbauentwicklung GmbH, Köln, Deutschland[2]	50.0	-6	-32
FHP Friedenauer Höhe Verwaltungs GmbH, Berlin, Deutschland	50.0	15	-14
formart Wilma Verwaltungsgesellschaft mbH, Frankfurt a. M., Deutschland	50.00	52	9
Immobiliengesellschaft CSC Kirchberg S.à r.l., Luxemburg, Luxemburg	100.0	139	54
Instone Real Estate Verwaltungsgesellschaft mbH, Essen, Deutschland	100.0	25	0
Instone Real Estate Projektverwaltungs GmbH, Essen, Deutschland	100.0	-56	-27
Instone Real Estate Beteiligungsgesellschaft mbH, Essen, Deutschland	100.0	25	0
Kleyer Beteiligungsgesellschaft mbH, Frankfurt a. M., Deutschland	100.0	140	-26
Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Köln, Deutschland	70.0	-5	0
Projektverwaltungsgesellschaft SEVERINS WOHNEN mbH i.L, Köln, Deutschland[3]	50.0	79	51
TG Potsdam Projektentwicklungsgesellschaft mbH i.L, Neubiberg, Deutschland[4]	10.0	-1,002	-324
Twelve Verwaltungs GmbH, Stuttgart, Deutschland	100.0	30	2
Uferpalais Verwaltungsgesellschaft mbH, Essen, Deutschland	70.0	89	93
Westville Vermietungs GmbH, Essen, Deutschland	100.0	20	-1
Wohnpark Heusenstamm Verwaltungs GmbH, Essen, Deutschland	100.0	23	0

[1] Profit and loss transfer agreement with Instone Real Estate Group SE.

[2] Annual financial statements 31/12/2021.

[3] Annual financial statements 31/12/2022.

[4] Annual financial statements 31/12/2020.

Independent auditor's report

To Instone Real Estate Group SE, Essen/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Instone Real Estate Group SE, Essen/Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements, including material accounting policy information. We have not audited the content of the references extraneous to consolidated financial statements contained in the consolidated financial statements and marked as unaudited to texts relating to the requirements of the General Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) that are labelled with the GRI or the TCFD symbol. In addition, we have audited the combined management report for the Parent and the Group of Instone Real Estate Group SE, Essen/Germany, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement in accordance with Sections 289f and 315d German Commercial Code (HGB) contained in the "Other disclosures" chapter of the combined management report, including the further reporting on corporate governance contained therein. In addition, we have not audited the content of the "Sustainability report" contained in the combined management report and the references extraneous to combined management reports and marked as unaudited to texts relating to the requirements of the General Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) that are labelled with the GRI or the TCFD symbol.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024; our audit opinion on the consolidated financial statements does not cover the references extraneous to consolidated financial statements that are marked as unaudited and relate to the requirements of the General Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) that are labelled with the GRI or the TCFD symbol.

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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 contents of the "Sustainability report" chapter and the above-mentioned corporate governance statement, including the further reporting on corporate governance contained therein, as well as the references extraneous to combined management reports that are marked as unaudited and relate to the requirements of the General Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are labelled with the GRI or the TCFD symbol.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 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 Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities 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 (2) point (f) 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 consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated 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 over time revenue recognition, including the measurement of contract assets and inventories, which we have determined to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:

a. description (including reference to corresponding information in the consolidated financial statements)

b. auditor's response

Over time revenue recognition, including the measurement of contract assets and work-in-progress

a. The consolidated financial statements of Instone Real Estate Group SE, Essen/Germany, as at 31 December 2024 report contract assets of kEUR 91,076, inventories of kEUR 1,190,412 and revenue of kEUR 435,575 from the development of residential and multi-family homes, the design of urban quarters, the renovation of listed buildings and the construction of publicly subsidised housing (property development activities) in Germany. In accordance with the provisions of IFRS 15 on revenue recognition, revenue from units under development that have been sold is recognised over time. This means that the service provided, including the proportionate result, is recognised in revenue based on the degree of completion. With the exception of renovation projects, revenue from these construction projects is generally recognised when a marketing level of 30% has been reached for the respective project. At this point in time, the contractual right of withdrawal granted to both parties expires. Revenue from renovation projects is recognised when construction work begins.

While marketed parts of the construction projects are shown under contract assets after being offset against payments received or under contract liabilities, non-marketed parts of construction projects are shown under work-in-progress.

Revenue recognition and the measurement of contract assets and work-in-progress are based to a considerable extent on assessments and assumptions made by the executive directors with regard to the amount of total costs and sales revenue of the respective project, as well as the allocation of acquisition costs to several partial properties and the effectiveness of sales contracts. The marketing level and the deferral of costs as at the reporting date are also subject to the assessments and assumptions of the executive directors. The discretionary assessments made by the executive directors have a direct and usually significant impact on the amount of revenue recognised in the consolidated income statement and the amount of contract assets or work-in-progress in the consolidated statement of financial position. Against this background, we classified the over time revenue recognition, including the measurement of contract assets and work-in-progress, as a key audit matter.

The executive directors' disclosures on revenue recognition and the measurement of contract assets and work-in-progress are presented in the "Estimates and assumptions" section of the "Basis of the consolidated financial statements" chapter of the notes to the consolidated financial statements.

b. As part of our audit of revenue, contract assets and work-in-progress, we assessed the applied recognition and measurement policies with regard to compliance with the provisions of IFRS 15. Our audit of the measurement of contract assets and work-in-progress was supported by internal specialists.

As part of our audit, we first gained an understanding of the key processes in place, from project acceptance (acquisition of the property) to project completion (construction work and sale of the individual apartments), and reconstructed the process for monthly deferral of costs and the methodology for assessing the recoverability of the projects. We evaluated the design of internal controls relevant to the audit and verified that these had been implemented. We also verified the operating effectiveness of the controls. In the case of estimates made by the executive directors, we evaluated the reasonableness of the methods applied, assumptions made and data used.

For investor contracts newly concluded in the financial year, we reviewed the underlying contracts and their accounting treatment in accordance with the provisions of IFRS 15 on a sample basis.

On the basis of a risk-oriented sample selection, we verified the reasonableness of the estimates and assumptions made by the executive directors for selected projects as at the reporting date. In this context, we inspected relevant documents and information about the projects. Additionally, we carried out on-site visits for individual projects in this sample.

We verified the deferral of costs on a sample basis using appropriate evidence. We assessed the projected sales revenue and total costs with the support of internal specialists and their technical and industry expertise, using cost accounting documents and comparisons with cost and revenue planning, as well as market comparisons. This assessment also included knowledge we had gained from units already sold.

We assessed the relevant disclosures in the notes to the consolidated financial statements in terms of their completeness and accuracy.

Other Information

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

- the report of the supervisory board,
- the corporate governance statement, including the further reporting on corporate governance contained therein,
- the references contained in the consolidated financial statements and the combined management report that are marked as unaudited and relate to the requirements of the General Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) that are labelled with the GRI or the TCFD symbol,
- the sustainability report contained in the combined management report,
- the executive directors' confirmations pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated 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 the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the corporate governance statement. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated 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 identified above and, in doing so, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures 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 Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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 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 consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the consolidated 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 internal control or these arrangements and measures of the Group.

- 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 Group'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 consolidated 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 Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group'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 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 actions taken or safeguards applied to eliminate independence threats.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated 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 combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 6375a7b644115a7af7d8a0be16995049a76ebaff707be9cf224051209cde46e9, 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 combined 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 reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the 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 (06.2022)). 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 requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Parent are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

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

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 5 June 2024. We were engaged by the supervisory board on 30 September 2024. We have been the group auditor of Instone Real Estate Group SE, 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).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Nicole Meyer.

Düsseldorf/Germany, 10 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Rolf Künemann Wirtschaftsprüfer (German Public Auditor)	Signed: Nicole Meyer Wirtschaftsprüferin (German Public Auditor)

Supervisory Board report

Dear Shareholders,
Dear Readers,

Before I inform you about the work of the Supervisory Board and its committees in 2024, I would first like to share a few observations about the past financial year. We can once again look back on a very challenging 12 months in the market for new residential properties, in which our company – if I may say so – has once again performed very well.

This is challenging because the continued considerable restraint in demand from institutional customers, as well as from private investors and owner-occupiers, has had and continues to have a limiting effect on the marketing activities of the Instone Group. In addition, the interest rate environment continues to be difficult and characterised by considerable political and economic uncertainties, and construction costs are high but, fortunately, increasingly stable. Unfortunately, the fact that there is still sometimes a lack of predictability with regard to the availability of government funding programmes for new construction projects in the residential real estate sector has also created uncertainty. And these are just a few aspects, to which I could add more.

In spite of this adversity, however, there are also clear signs from the last twelve months that continue to make me feel optimistic about the year 2025 and beyond for our company:

We are experiencing a noticeable increase in demand in the individual sales sector. Investors in particular are once again increasingly recognising the attractiveness of the Instone product as an inflation-protected investment, which can offer increased tax depreciation opportunities. These depreciation opportunities will increase the demand for our sustainable residential real estate products in the coming years.

In addition, a number of institutional transactions in the last quarter has also given us the first signs that this investor group's confidence in the market and in particular in the Instone product is returning.

My optimistic assessment is further supported by our company's excellent competitive position: While Instone Real Estate Group SE's competitors have found themselves in troubled waters, the Instone Group's strong balance sheet means that it is well positioned to take advantage of the resulting opportunities on the property market and thus to continue to lay the foundation for planned growth, in addition to the existing pipeline.

With this in mind, our committee work during the past financial year once again mainly involved extensive and regular supervision of the company's current situation and the Management Board's strategy, in particular the current and prospective sales and acquisition strategy.

In summary, I would like to expressly emphasise the following in this context: Together with my fellow Supervisory Board members, I am convinced that the Instone Group is in an optimal position to identify any opportunities that may arise to further expand its leading position in the market for new residential real estate and to translate these opportunities into market-compliant, high-quality products. We are optimistic about the 2025 financial year and beyond for our company.

Finally, on behalf of the entire Supervisory Board, I would like to take this opportunity to thank you, our shareholders, for the confidence you once again placed in our company over the past financial year.

In the following, we would like to inform you about the work of the Supervisory Board and its committees in 2024. The Supervisory Board fulfilled all the duties assigned to it by law and the articles of association in the 2024 financial year. It monitored the Management Board's management of the company and was available to advise the Management Board. GRI 2-17

Members, meetings and resolutions of the Supervisory Board and its committees during the past financial year

In the past financial year, the Supervisory Board held a total of eight meetings. These were held regularly, for example in connection with the approval of the consolidated financial statements and the reporting by the auditor, even without the Management Board. A total of four resolutions were adopted in writing. With the exception of one member of the Supervisory Board who did not attend a single meeting in the past financial year, all members of the Supervisory Board attended all board meetings.

The list of members of the Supervisory Board in the 2024 financial year and their individual attendance records at meetings of the Supervisory Board and Supervisory Board committees is shown below and is also available on the company's website in the ↗ Instone Group Supervisory Board section.

Material topics covered by the Supervisory Board and its committees

In the first quarter of 2024, the Supervisory Board held two meetings in total. These meetings dealt in detail with corporate planning, the 2024 budget and a potential strategic acquisition considered by the Management Board. At its balance sheet meeting in March, the Supervisory Board also held extensive discussions on the audited annual financial statements and the consolidated financial statements, including the combined management report for the 2024 financial year, and then approved and adopted these. Furthermore, the Supervisory Board approved the proposal for the appropriation of profits and the remuneration report for the 2023 financial year. In addition, it addressed the Supervisory Board report and the joint remuneration report for 2023 to be presented to the Annual General Meeting and the achievement of targets for the Management Board remuneration for the 2023 financial year, which it based on the recommendations made by the remuneration committee. The Supervisory Board also received detailed reports on the status of the business.

In the second quarter of 2024, the Supervisory Board held two meetings in total. During the first meeting in April 2024, the topics discussed included the acquisition of a plot of land for the development of a neighbourhood in Dusseldorf-Grafental, the agenda for the 2024 Annual General Meeting – including its format as a physical event – and the corresponding recommendations for resolutions of the Supervisory Board. During this meeting, the Board also discussed holding the Annual General Meeting as a face-to-face event and was regularly informed about the status of the business. The Supervisory Board also had a detailed discussion on matters relating to Management Board remuneration, including the targets to be set by the Supervisory Board for short-term and long-term variable Management Board remuneration. Finally, the election of the deputy chair for the Annual General Meeting was discussed at this meeting.

At the meeting on 5 June 2024, the Supervisory Board discussed the follow-up matters from the 2024 Annual General Meeting and decided on the members of the Supervisory Board committees.

In the fourth quarter of 2024, the Supervisory Board held a total of two meetings. The meeting on 10 October 2024 focused in particular on the Management Board's report on the status of the business and the findings from the Expo Real 2024 trade fair on the current and prospective acquisition, sales and debt market situation. The final meeting of the financial year was held on 4 December 2024. At this meeting, the Management Board again provided its regular report on the status of the business and submitted to the Supervisory Board the initial draft of the corporate plan and the budget for the 2025 financial year. This matter was discussed in detail. The Management Board also used this point on the agenda to provide detailed information on the planning process. At the meeting, the Supervisory Board also adopted the joint declaration of conformity with the DCGK 2024 (German Corporate Governance Code) and discussed in detail various topics relating to the remuneration of the Management Board, inter alia the personal targets of the Management Board members for short-term variable remuneration in 2024. It also discussed the status of target achievement.

The four resolutions passed by the Supervisory Board in the last financial year by written procedure concerned, inter alia, the conclusion of a building construction financing with a volume of €83 million, the adoption of the corporate governance statement, the adjustment of the plan of responsibilities of the Management Board and the approval of the conclusion of a syndicated revolving credit line for €100 million with Sparkasse Hannover as the arranger. GRI 2-18

Supervisory Board 2024/Overview on participation in meeting

TABLE 115

	Stefan Brendgen	Dr Jochen Scharpe	Dietmar P. Binkowska	Christiane Jansen	Stefan Mohr	Sabine Georgi	Written resolutions
Supervisory Board							
07/02[2, 3]	yes	yes	yes	yes	yes	yes	
11/03[3]	yes	yes	yes	yes	yes	yes	
17/04[2, 3]	yes	yes	yes	yes	yes	yes	
05/06	yes	yes	yes	yes	yes	yes	
10/10[3]	yes	yes	yes	yes	yes	yes	
04/12[1]	yes	yes	yes	yes	yes	no	
Total	**9/9**	**9/9**	**9/9**	**9/9**	**9/9**	**8/9**	**4**
Audit Committee							
07/02[2, 3]	yes	yes			yes		
11/03	yes	yes			yes		
17/04[2, 3]	yes	yes			yes		
26/08	yes	yes			yes		
04/12[1]	yes	yes			yes		
Total	**5/5**	**5/5**			**5/5**		**–**
Remunderation Board							
11/03	yes	yes	yes				
17/04	yes	yes	yes				
04/12	yes	yes	yes				
total	**3/3**	**3/3**	**3/3**				**–**
Nomination Committee							
No meetings in 2024							
Total							**–**

[1] Virtual meeting (telephone- or video-conference).
[2] Hybrid meeting (physical and via telephone- or video-conference).
[3] Joint meetings of the Supervisory Board and the Audit Committee.

Supervisory Board committees

To streamline the work of the Supervisory Board, the Supervisory Board had three standing committees with various responsibilities in the 2024 financial year: the audit committee, the nomination committee and the remuneration committee. Each of these committees has three members in accordance with the rules of procedure of the Supervisory Board. Other committees may be set up by the Supervisory Board as required. The committees prepare the deliberations and resolutions of the plenum in their areas of responsibility. In addition, they make decisions in the context of various tasks defined in the rules of procedure of the Supervisory Board, insofar as the Supervisory Board has transferred these tasks to the relevant committee in the rules of procedure. Further information on the roles and responsibilities of the Supervisory Board committees is provided in the corporate governance statement on page 153 et seqq.

Audit committee

In the reporting year, the members of the audit committee were Dr Jochen Scharpe (Chair), Stefan Brendgen and Stefan Mohr. The audit committee held four meetings during the reporting year. No written resolutions were passed.

The topics dealt with by the audit committee during the reporting period included: the ESG KPIs defined by the Management Board and key aspects of sustainability reporting; the recommendation to the Supervisory Board plenary session on the approval of the planning and budget for 2024, as well as the approval or adoption of the consolidated and annual financial statements for 2023; the quality of the audit of the financial statements; the proposal for the appropriation of profits for the 2023 financial year; the recommendation for the election proposal regarding the auditor and the group auditor; the existing and prospective financing structure at company and project level; the audit plan and the auditor's main areas of audit and the issuing of the audit mandate; the quality of the audit; present and future non-audit services of the auditor, including their limits of admissibility; and the preliminary draft for the corporate plan and the budget for the 2025 financial year.

The audit committee also took a thorough look at the work of the company's Internal Audit department, in particular the 2023/2024 annual audit report and the personnel in the Internal Audit department. Finally, the audit committee looked in detail at the risk management system and the risk reporting system.

In the past financial year, the Chair of the audit committee also made regular use of the opportunity to obtain information on selected topics directly from the heads of the central divisions of the company.

Nomination committee

The members of the nomination committee were Stefan Brendgen (Chair), Christiane Jansen and Stefan Mohr. As there was no need to hold any meetings, the nomination committee did not hold any meetings in the reporting year and did not pass any written resolutions.

Remuneration committee

The members of the remuneration committee in the 2024 financial year were Dietmar P. Binkowska (Chair), Stefan Brendgen and Dr Jochen Scharpe. The remuneration committee held a total of three meetings in the reporting year. The committee did not pass any written resolutions during the reporting year.

During its meetings, the remuneration committee addressed in particular the recommendations to the Supervisory Board regarding the determination of the Management Board's variable remuneration for 2023, the recommendations to the Supervisory Board for setting new targets for this variable remuneration, the remuneration report for the 2023 financial year, the status of target achievement for short-term variable remuneration in the 2024 financial year, and the review of the remuneration amount for David Dreyfus provided for in his employment contract.

Trusting cooperation between the Management Board and the Supervisory Board

In the context of the topics outlined above and other matters, the Supervisory Board carefully and regularly monitored the management of the company by the Management Board and supported it on the strategic development of the company and key decisions. The same applies to the committees of the Supervisory Board within the scope of their respective areas of responsibility.

In the 2024 financial year, the Supervisory Board discussed strategic issues with the Management Board several times, in addition to and outside its meetings. Last year, the focus was once again on the strategic further development of the existing business, the positioning and strategy of the Instone Group with regard to its sales, acquisition and financing activities, its further development in the ESG and digitalisation sectors, and share price development.

The Management Board informed the Supervisory Board regularly, promptly and comprehensively about any and all aspects that were material to the company, and fulfilled its reporting duties as specified by law, the articles of association and the rules of procedure. Inter alia, these included the business development of the Instone Group, sales activities, construction cost developments, the development of the share price and fundamental matters concerning corporate planning, strategy and organisation. The Management Board also reported extensively to the Supervisory Board on the business performance of the Instone Group in conference calls that took place in addition to Supervisory Board meetings in connection with the publication of the quarterly statements and the half-yearly financial report. Even outside meetings, the Chairman of the Management Board in particular had intensive and regular exchanges, especially with the Chairman of the Supervisory Board.

Transactions and measures that require the approval of the Supervisory Board in accordance with the articles of association or the rules of procedure of the Management Board were submitted to the Supervisory Board by the Management Board for resolution and discussed in detail with the Supervisory Board beforehand. In the past financial year, these included in particular the acquisition of a plot of land for the development of a neighbourhood in Dusseldorf-Grafental, the conclusion of a building construction financing of up to €83 million for a major project in progress and the conclusion of a syndicated revolving credit line of over €100 million with an increase option.

Corporate governance and declaration of conformity

Both the Management Board and the Supervisory Board are committed to the principles of good corporate governance in accordance with the recommendations of the German Government Commission on the German Corporate Governance Code. In the past financial year, the Supervisory Board therefore again extensively and repeatedly dealt with corporate governance matters.

In addition to the recommendations for the DCGK, this applies to the remuneration of the Management Board, in particular with regard to the importance of sustainability aspects in connection with the definition of targets for the variable remuneration components.

In December 2023, after in-depth deliberations, the Management Board and Supervisory Board of Instone Real Estate Group SE issued a joint declaration of conformity with the recommendations of the DCGK, in accordance with the provisions of Section 161 of the German Stock Corporation Act. It is included in the 2024 Annual Report on page 152 and can also be found on the website Instone Group in the Investor Relations section under Instone Group declaration of conformity.

The Management Board and Supervisory Board also report in detail on the corporate governance of Instone Real Estate Group SE in the corporate governance statement pursuant to Sections 289f and 315d HGB, which can be found on page 152 of this Annual Report. The corporate governance statement can also be found on the Instone Group in the Investor Relations section.

In accordance with the recommendations of the DCGK, the Supervisory Board also informs the Annual General Meeting of conflicts of interest among members of the Supervisory Board. In the reporting period, Stefan Mohr voluntarily and by way of utmost precaution did not participate in the relevant deliberations of the Supervisory Board because of a conflict of interest that could not be ruled out in a certain case. No such conflicts of interest were disclosed to or identified by the Supervisory Board during the entire reporting period.

The company supports the members of the Supervisory Board in connection with training and further education measures on Supervisory Board-specific topics, for instance by providing relevant information and by bearing the costs incurred by such training courses.

Personnel changes in the Management Board and Supervisory Board

There were changes in personnel on both the Management Board and the Supervisory Board in the 2024 financial year.

Audit of annual and consolidated financial statements

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Dusseldorf, was elected as auditor of the annual financial statements and consolidated financial statements for the 2024 financial year by the Annual General Meeting of the company and commissioned by the Supervisory Board. The focal points of the audit were discussed in detail with the auditor at the audit committee meeting on 26 August 2024 and established accordingly.

The consolidated financial statements for the 2024 financial year were prepared on the basis of the International Financial Reporting Standards (IFRSs) as adopted in the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. The auditor provided its report and the documentation relating to the financial statements for the 2024 financial year to the members of the audit committee and Supervisory Board on 4 March 2025.

The report was discussed in detail at the audit committee meeting and the financial statements review meeting held by the plenary Supervisory Board on 10 March 2025. The auditor provided detailed reports on the main findings of the audit at the meetings and answered all the questions posed by members of the audit committee and the plenum. In addition, the auditor provided information on services provided in addition to the auditing services and on aspects relevant to the assessment of the quality of the audit. There was no evidence of bias on the part of the auditor.

The auditor issued an unqualified opinion on the annual and consolidated financial statements for 2024 and the combined management report on 10 March 2025. Following a detailed review of the annual financial statements, the consolidated financial statements and the combined management report as at 31 December 2024 by the audit committee, the latter recommended its approval to the plenum. Per the final result of its own review, no objections were raised by the Supervisory Board. In accordance with the recommendation of the audit committee, the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Management Board. The annual financial statements have therefore been adopted. The Supervisory Board has reviewed and carefully considered the proposal put forward by the Management Board to the 2025 Annual General Meeting for the appropriation of the net profit for the 2024 financial year and agrees with this proposal.

The Supervisory Board would like to thank the members of the Management Board and all employees of the Instone Group for their outstanding commitment and excellent performance in the past financial year.

Essen, 10 March 2025

On behalf of the Supervisory Board

Stefan Brendgen

Chair of the Supervisory Board

Remuneration Report GRI 2-19, 2-20, 2-21

In accordance with the statutory requirements and the recommendations of the German Corporate Governance Code (GCGC) in the version published in the German Federal Gazette on 27 June 2022, this remuneration report explains the remuneration systems and remuneration for the Management Board and Supervisory Board of Instone Real Estate Group SE. In doing so, it also takes into account the requirements of the German Accounting Standard No. 17 (DRS) and the HGB.

I. Remuneration System for the Members of the Management Board of Instone Real Estate Group SE

The current remuneration system for the members of the Management Board of Instone Real Estate Group SE was approved by the Supervisory Board in the 2021 financial year and submitted to the Annual General Meeting of the company held on 9 June 2021, which approved the remuneration system described in this number I, which came into force as from 1 July 2021, with 98.27% voting to approve it. The full remuneration system can be found under ↗ Remuneration of the Management Board.

The remuneration system is geared towards sustainable and long-term corporate development. Transparency and traceability of the remuneration system and the individual remuneration of the Management Board members are key components of good corporate governance at Instone Real Estate Group SE.

The remuneration system applies for a maximum period of four years to all new contract of employment concluded with members of the Management Board and for contract extensions and adjustments from 1 July 2021. Therefore, the employment contracts of members of the Management Board in place on the date on which the remuneration system came into force have been revised with effect from 1 July 2021 in accordance with the provisions and regulations of the new remuneration system. Remuneration claims established before 1 July 2021, including those relating to variable remuneration, therefore continue to be based on the contractual provisions on which they were based at the time.

The main components of the remuneration system are as follows:

TABLE 116

Remuneration component	Component	Weighting/Description
Non-performance related emoluments (Approx. 40% of target remuneration)	Basic remuneration	Payable annually in twelve equal instalments at the end of each month
	Fringe benefits	Include, for example, use of a company car, accident insurance premiums and reimbursement of other expenses for board activities
Short-term performance-based emoluments – short-term incentive (STI) (Approx. 25% of target remuneration)	Financial objective: EAT (adjusted)	37.5% of the STI bonus base amount as measured by the economic performance in the underlying financial year
	Financial objective: Volume of sales contracts	37.5% of the STI bonus base amount as measured by performance in the underlying financial year
	Strategy and sustainability goals (Number: two to four)	25% of the STI bonus base amount as measured by the target achievement in the underlying financial year
	Payment	In each case, based on the targets set by the Supervisory Board in the month following the audited annual financial statements
Long-term performance-based emoluments – long-term incentive (LTI) (Approx. 35% of target remuneration)	Performance share plan (financial targets and non-financial ESG target)	Virtual stock tranche paid out after the end of a three-year performance period based on the achievement of the targets set by the Supervisory Board in advance and set out below
	Financial objective: Relative TSR (Instone Group share price development including dividends)	20% of the LTI bonus base amount as measured by comparing the Total Shareholder Return of the Instone Group (Instone Group share price performance including dividends) during the three-year performance period for the development of the SDAX (Performance Index)
	Financial objective: Earnings per share (EPS target)	50% of the LTI bonus base amount as measured by the development of adjusted earnings per share during the three-year performance period
	Non-financial ESG target	30% of the LTI bonus base amount as measured by the Target achievement during the three-year performance period
	Payment	At the end of a total of three years in euros in the month following the adoption of the annual financial statements, for each tranche based on the development of the Instone Group share price during the three-year performance period, including dividends (total shareholder return approach)
Caps/maximum remuneration	STI cap	200% of the STI bonus base amount
	Maximum LTI payout factor	300% of LTI target achievement
	LTI cap limit	300% of the LTI bonus base amount
	Maximum remuneration	€3.1 million for Chair of the Management Board (CEO) €2.35 million each for other members of the Management Board
Shareholding obligation/ Share Ownership Guideline	Minimum holding position of the members of the Management Board in Instone Group shares	Obligation to hold Instone Group shares in the equivalent of a non-performance-related basic salary (gross) for the entire term of the contract. The equivalent value is based on the purchase price of the shares. If the shareholding obligation is not met at the start of the term of the contract, it must be achieved during the term of the contract by means of appropriate purchases.
Malus/clawback regulations		Retention and/or recovery of variable remuneration components in the event of a violation of statutory or contractual obligations or internal codes of conduct

A. Contribution of remuneration to supporting the business strategy and the long-term development of the company

The calculation of the remuneration is mainly based on the size and complexity of the Instone Group, its economic situation and financial position, and its success and future prospects. Other material criteria for setting the remuneration include the duties and personal performance of the individual members of the Management Board. The remuneration system defines remuneration that is competitive in national and international comparison, which creates added value for customers, employees, shareholders and other stakeholders by defining performance criteria relating in particular to the long-term and sustainable success of the company and linking them with challenging targets. These targets set by the Supervisory Board for variable remuneration are in line with the corporate strategy and ensure the synchronisation of the remuneration of the Management Board and the long-term development of the company through a link with corporate planning.

B. Procedures for Determining and Implementing the Remuneration of the Management Board and for Reviewing the Remuneration System

Responsibility for preparing the remuneration system, setting the actual total emoluments of the individual members of the Management Board and the regular review of the remuneration system lies with the Supervisory Board of Instone Real Estate Group SE. The Supervisory Board has set up a remuneration committee, which is responsible, in particular, for advising on the contracts of employment of the members of the Management Board, preparing the relevant resolutions and preparing the setting of targets for the variable remuneration components and their assessment by the Supervisory Board. The Supervisory Board reviews the remuneration system at regular intervals on the basis of the preparations and recommendations of the remuneration committee. If the Supervisory Board identifies a need for action, it decides on the changes deemed necessary and, if they are significant, submits the remuneration system to the Annual General Meeting again for approval.

The Supervisory Board may call on external consultants to help it fulfil its duties and they must be independent of the Management Board and Instone Real Estate Group SE. The Supervisory Board has in fact done so for the preparation of the current remuneration system. The rules of procedure of the Supervisory Board contain provisions for dealing with potential conflicts of interest in the Supervisory Board, which include disclosure of potential conflicts of interest to the Chair of the Supervisory Board, a ban on participating and voting in the event of identified conflicts of interest and also apply to remuneration matters.

The Annual General Meeting shall decide on the remuneration system in the event of any significant change to the remuneration system but at least every four years. If the Annual General Meeting has not approved the remuneration system, a revised remuneration system must be submitted for approval to the next Annual General Meeting at the latest.

C. Determination and Appropriateness of Remuneration

In keeping with the remuneration system, the Supervisory Board has set the total target remuneration and relevant upper remuneration limits (caps) for each member of the Management Board. The remuneration is proportionate to the duties and performance of the Management Board member and to the situation of the Instone Group, will not exceed the usual remuneration without special reasons and is geared toward the long-term and sustainable development of the Instone Group. The appropriateness of the remuneration is regularly reviewed by the Supervisory Board. Both external and internal comparison analyses are carried out for this purpose.

Consideration of employee remuneration and employment conditions and peer group comparison

The internal analysis was carried out as part of the preparation of the current remuneration system in the form of a vertical comparison of the remuneration and employment conditions of employees. The remuneration levels of the members of the Management Board were set in relation to the remuneration levels of the senior management and the workforce as a whole. The distinction between these two groups of employees was made by the Supervisory Board. The senior management includes the managing directors of the subsidiaries and the workforce as a whole is made up of the full-time employees of the Instone Group in Germany (including senior management). The results of the vertical comparison were taken into account in determining the remuneration system and are taken into account for future adjustments to the remuneration level of the Management Board – including its development over time.

To develop the remuneration system and check the appropriateness of the remuneration conditions, the Supervisory Board also carried out an external comparative analysis of remuneration levels using two peer groups (industry and growth peer groups). The members of the industry peer group were selected on the basis of six criteria (company size, sector, in other words direct competitors or companies in other sectors with comparable characteristics – in particular real estate, land, legal form, equity market basis and relevant labour markets) on the premise that they are as comparable as possible with Instone Real Estate Group SE. Due to the considerable growth of the Instone Group since the IPO, a second growth peer group was also formed, which is comparable with Instone Real Estate Group SE in terms of sales growth rates, company size and region.

D. Remuneration components

The total remuneration of the individual members of the Management Board consists of various components. In terms of structure, the remuneration components for all members of the Management Board are regulated in the same way using estimates, since the amount of fringe benefits in particular may vary as part of the performance-independent remuneration:

TABLE 117

Annual target remuneration	100%
– of which **non-performance related** emoluments	approx. 40%
– of which **performance-based** emoluments – **short-term (STI)**	approx. 25%
– of which **performance-based** emoluments – **long-term (LTI)**	approx. 35%

The remuneration of the Management Board consists of non-performance-related salary and benefits in kind, performance-related (variable) remuneration and (in the case of two Management Board members) pension commitments agreed before their appointment to the Management Board, for which the additions by the company up to 2020 correspond to an annual pension benefit from the age of 65, which is expected to be between 3% and 5% of the current annual non-performance-related basic remuneration. Variable remuneration is based on a multi-year assessment basis in order to create incentives for sustainable and long-term corporate development. The remuneration system explicitly stipulates that both positive and negative developments are taken into account. The Supervisory Board also sets a maximum amount (cap) for each variable remuneration component. Management Board remuneration is highly performance-dependent, with a particular focus on long-term variable remuneration.

Therefore, the STI bonus amounts to approximately 62.5% for achieving 100% of the targets and approximately 125% of the non-performance related remuneration for achieving the maximum targets. Due to its even greater weighting, the LTI bonus amounts to approximately 87.5% of the non-performance-related remuneration in the event of 100% target achievement and approximately 262.5% in the event of maximum target achievement.

In principle, this remuneration covers all activities for the company and for those companies affiliated with the company under Sections 15 et seqq. German Stock Corporation Act. GRI 2-21

Non-performance related emoluments

The members of Instone Real Estate Group SE's Management Board receive non-performance-related emoluments in the form of a fixed base annual salary (base remuneration) and fringe benefits. The fixed annual base salary is paid in twelve equal instalments at the end of a month, and for the last time for the full month in which the Management Board employment contract ends.

The members of the Management Board also receive non-performance-related fringe benefits. These include, for example, the use of a company car and the payment of premiums for accident insurance with payments at a standard market level and are taken into consideration in the maximum remuneration of the Management Board.

Performance-based emoluments

The performance-based remuneration components consist of a variable remuneration element with a (one-year) short-term incentive [STI] and a variable remuneration element with a multi-year assessment basis (long-term incentive [LTI]). Due to the design of the components, the share of the LTI outweighs the share of the STI in the target remuneration.

If the Management Board member is not entitled to remuneration for the entire financial year underlying the calculation, a corresponding pro rata reduction of this variable remuneration component is made.

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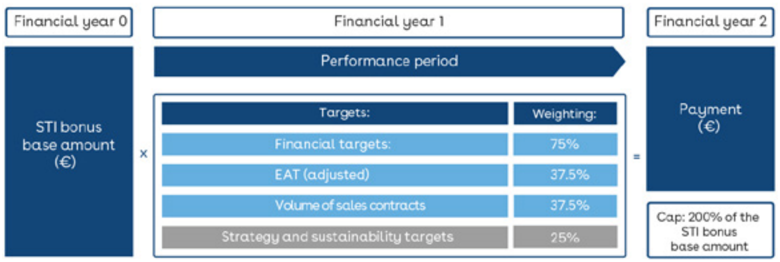
One-Year Variable Remuneration – Short-Term Incentive (STI)

The one-year variable remuneration in the form of the STI is linked to

- the financial result or performance of the Instone Group in the underlying financial year (financial targets) and
- the strategy and sustainability goals defined for the individual members of the Management Board.

Variable compensation – STI

FIGURE 020



The financial targets set out in the STI, which account for a total of 75% of the STI bonus base amount, are made up of earnings after tax **(EAT [adjusted])** and the **volume of sales contracts**, both being weighted identically with 37.5% each. Both the EAT (adjusted) and the volume of sales contracts are key operating financial and management figures and performance indicators of the Instone Group and are part of the company's forecast. Both financial targets are therefore decisive for the corporate strategy of the Management Board and the long-term development of the Instone Group. In the view of the Supervisory Board, the measurement of short-term variable remuneration on the basis of these key operating financial and management figures and performance indicators seems appropriate in order to ensure that the Management Board is incentivised to implement the corporate strategy. The EAT (adjusted) result-based key figure is also the benchmark for the dividend policy. The real estate business key performance indicators of the volume of sales contracts includes all sales-related transactions, such as notarised real estate purchase agreements, individual orders from customers and rental income. Both financial targets are derived from the corporate planning prepared by the Management Board and approved by the Supervisory Board and the forecast, and are set uniformly for the Management Board for each bonus year. The EAT (adjusted) and the volume of sales contracts are determined on the basis of the adjusted results of operations on which the financial reporting of Instone Real Estate Group SE is based and which is explained in more detail in the management report on page 104 et seqq.

The linking of the one-year variable remuneration with these key financial and management figures of the Instone Group serves to ensure profitable and sustainable growth. In addition, the selection of these targets provides incentives for the Management Board to act in accordance with the corporate strategy and the planning approved by the Supervisory Board or to exceed the forecast communicated to the capital market in the best case scenario.

The **strategy and sustainability targets relevant for the relevant bonus year** are set individually by the Supervisory Board for each bonus year and for each member of the Management Board. The Supervisory Board usually sets two to four targets for each member of the Management Board which serve to implement corporate strategy and long-term corporate development. The strategy and sustainability targets are included in the STI bonus at 25%. This gives the Supervisory Board the opportunity to define central, not necessarily financial targets for the Management Board in the company's interest and to link them to the personal performance of the Management Board members. These targets may include environmental concerns such as CO_2 reduction, customer and employee satisfaction, the value of investor sales or the improvement of corporate financing as well as the promotion and development of the new nyoo product line (affordable housing) or the construction of subsidised housing. To ensure sufficient transparency and traceability of the achievement of objectives, the Supervisory Board ensures that targets are set or criteria defined for the targets, the achievement of which can ideally be determined and measured using quantitative methods. The Supervisory Board can weigh the annual strategy and sustainability targets differently, whereby each individual target must be weighted with a minimum of at least 25% within the strategy and sustainability targets.

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An STI bonus base amount in euros is agreed for each member of the Management Board in their contract of employment. The payment amount of this variable remuneration component is set depending on the achievement of the targets for which the Supervisory Board sets the target or threshold values to be achieved for each performance period, then as follows:

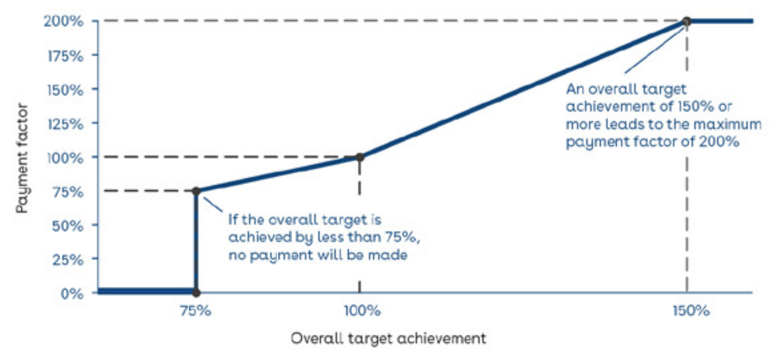
- At the end of the relevant bonus year (performance period), the Supervisory Board defines the target achievement for each individual target and converts the target achievement into an overall target achievement, taking into account the weighting of all the individual targets. The maximum target achievement for each individual STI target is capped at 175%.

- The overall target achievement is assigned to an STI payout factor using the bonus curve, figure 021. If the overall target achievement falls below 75% **(lower target limit)**, there is no entitlement to a payment of the STI bonus. Due to the ambitious target setting, above-average performance by the members of the Management Board is disproportionately rewarded: If the overall target achievement is 150% or more **(upper target limit)**, the STI payout factor is 200%. The STI payout factor for an overall target achievement of between 100% and 150% is calculated on a proportional basis If the overall target achievement is between 75% and 100%, the STI payout factor corresponds to the overall target achievement on a linear basis.

- The STI payout factor is multiplied by the agreed STI bonus base amount and thus results in the payout amount of the STI bonus in euros for the performance period. The payout amount may reach a maximum of 200% of the STI bonus base amount **(cap)**. The payment is made in the month following approval of the audited annual financial statements of the company.

Below is an example of the overall goal achievement at STI and the resulting STI payout factor:

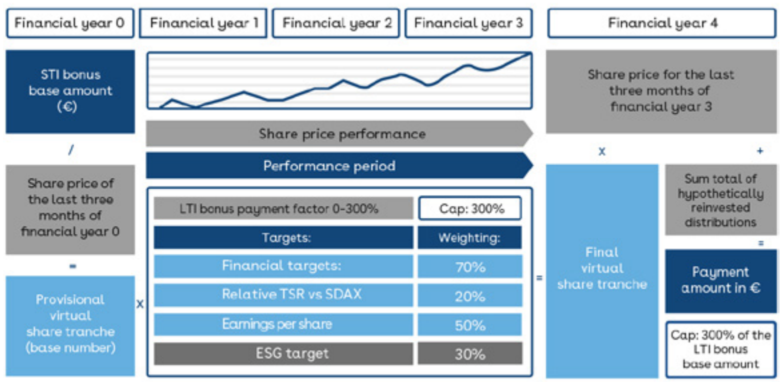
Bonus curve – overall target achievement FIGURE 021



Multi-year variable remuneration (long-term incentive (LTI))

Another component of variable remuneration is that the members of the Management Board are also promised multi-year variable remuneration in the form of an LTI bonus on the basis of a share-based virtual performance share plan. By linking the share price of Instone Group shares, incentives are provided for the Management Board to promote the long-term and sustainable development of the Instone Group. It also strengthens the alignment of interests between shareholders and the Management Board.

Variable compensation – LTI FIGURE 022



The amount of any LTI bonus depends on:

- The amount of the LTI bonus base amount and the average share price used as a basis at the time of the allocation of the virtual share tranche in financial year 0, in other words the financial year before the start of the three-year performance period,
- Achieving financial targets and non-financial ESG targets during a three-year performance period, and
- The share price performance (taking into account dividends) of Instone Real Estate Group SE during the three-year performance period.

The assessment period for the multi-year variable remuneration is therefore a total of three years.

The financial targets set out in the LTI are the development of the adjusted earnings per share (EPS) **(EPS target)** and the total shareholder return ([TSR] share price performance taking into account dividends) of Instone Real Estate Group SE compared to the SDAX **(relative TSR)**, representing a total of 70% of the LTI bonus base amount and weighted at 50% and 20% respectively. Both financial targets are derived from the corporate planning prepared by the Management Board and approved by the Supervisory Board and the forecast, and are set uniformly for the Management Board for each three-year performance period.

The EPS target sets a target by which the Management Board is incentivised to increase the long-term profitability of the company on the basis of the multi-year performance period. This creates an incentive to manage the company for profit while at the same time generating long-term sustainable growth in the interest of the shareholders. The EPS target is set in the form of an aggregated target value over the performance period. The EPS target is calculated on the basis of the adjusted results of operations on which the financial reporting of Instone Real Estate Group SE is based and which is explained in more detail in the management report on page 104 et seqq.

The **relative TSR** provides an incentive for the Management Board to deliver above-average performance compared to other listed companies. The development of the share price also reflects the increase in the value of the company from the shareholder's point of view. The Supervisory Board considers the SDAX, which consists of companies of a comparable size and in which the Instone Group share was listed until the end of the last financial year, to be an appropriate benchmark. However, since the Instone Group share is currently no longer listed in the SDAX or in the event that the SDAX is subject to significant changes or that other developments occur that no longer make a reference to the SDAX appear appropriate, the Supervisory Board may also choose another suitable share index as a reference value for the remuneration system.

The Supervisory Board also sets a non-financial **ESG** (environmental, social and governance) **target**, which accounts for 30% of the LTI bonus base amount. The ESG target, which is set uniformly for each annual LTI tranche granted to all members of the Management Board, is intended to encourage the sustainable development of the Instone Group in accordance with the company's ESG strategy. The Supervisory Board will define a target that is in line with the interests of the company's stakeholders and is geared toward achieving a long-term, three-year target. The measurement of the target achievement is ideally designed to be quantifiable.

An LTI bonus base amount in euros is agreed for each member of the Management Board in their contract of employment. This is divided by the average volume-weighted Instone Group share price of the last three months of the financial year before the start of the performance period to determine a provisional tranche of virtual shares allocated to the relevant Management Board member **(base number)**. The payment amount of this variable remuneration component is set depending on the achievement of the targets for which the Supervisory Board sets the target or threshold values to be achieved for each performance period and the share price performance of Instone Group shares, then as follows:

- At the end of the three-year performance period, the Supervisory Board decides the target achievement for each individual target.
- The target achievement for each individual target is assigned to an LTI payout factor using the bonus curve shown in figure 024. Taking into account the relevant weighting of the individual target, a total payout factor is formed from the individual LTI payout factors defined in this way. Due to the ambitious target setting, above-average performance by the members of the Management Board is disproportionately rewarded: If the target achievement is 150% or more for an individual target **(upper target limit)**, the relevant LTI payout factor for this individual target is 300%. The LTI payout factor for a target achievement of between 100% and 150% is calculated on a proportional basis.

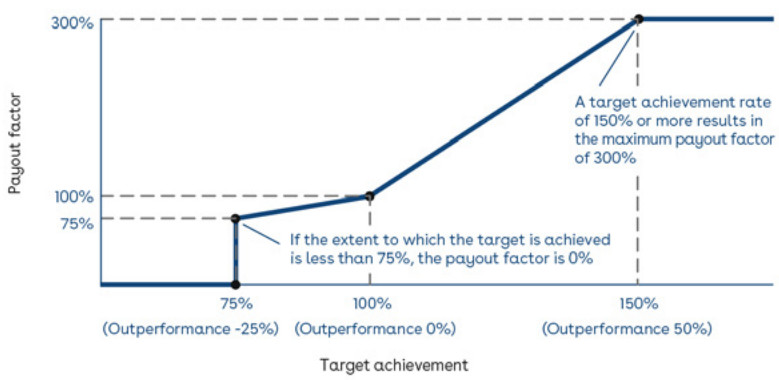
If the target achievement for an individual target is 100% or less, the LTI payout factor corresponds to the relevant **target achievement** (subject to and up to a lower target limit defined by the Supervisory Board).

- To determine the relative TSR, the final price of the Instone Group share is compared to the initial price. For the purpose of smoothing out the initial and final price, the volume-weighted average of the closing prices of the Instone Group share in Xetra trading (or a comparable successor system) of the Frankfurt Stock Exchange over the previous three months is used to determine the initial and final price. The final price also takes into account distributions, including dividend payments, assuming reinvestment in Instone Group shares during the performance period. For the calculation of the development of the SDAX (as a performance index), the initial value is the arithmetic mean of the closing balances in the SDAX of the last three months before the beginning of the relevant performance period and the final value is the arithmetic mean of the closing balances of the SDAX over the last three months of the relevant three-year performance period. The target achievement for the relative TSR and the pro rata LTI payout factor is 100% if, at the end of the performance period, the development of the share price (including dividend payments, assuming reinvestment in Instone Group shares during the performance period) of the Instone Group share corresponds to the development of the SDAX. If the target achievement for the relative TSR is less than 75%, this target is considered to have been missed and is cancelled, see ☰ figure 023.

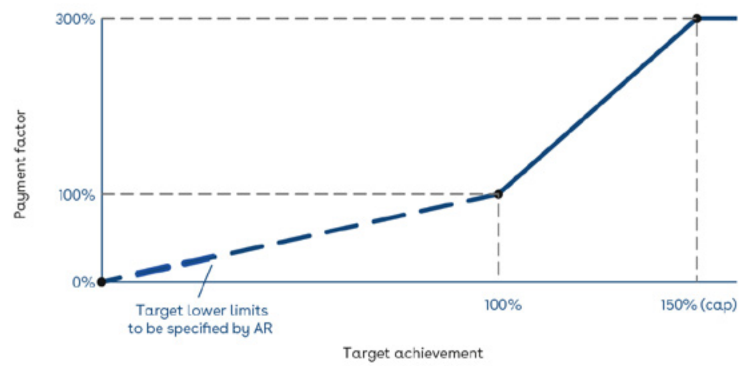
- The base number of virtual shares is multiplied by the total payout factor and the average volume-weighted share price of the last three months prior to the end of the last financial year of the performance period, taking into account dividend payments and assuming reinvestment in Instone Group shares during the performance period (total shareholder return approach) in order to equate the Management Board with a real shareholder. The payment is made after the end of the performance period in the month following approval of the audited annual financial statements of the company.

The following is an example of the bonus curves for the relative TSR target, ☰ figure 023, and for calculating the additional LTI payout factors (EPS target and ESG target), ☰ figure 024:

Bonus curve – relative TSR FIGURE 023



Bonus curve – LTI payout factors FIGURE 024



In the event of an extraordinary development in the share price, the Supervisory Board is entitled to take into account a reasonable longer period before the end of the relevant bonus year for calculating the average closing price. If capital measures lead to a reduction or increase in the number of Instone Group shares (for example, share splits or share consolidation), this effect is taken into account by means of suitable calculations when determining the target achievement and its effect is neutralised.

The payout amount of the LTI bonus is capped at an amount corresponding to 300% of the LTI bonus base amount (LTI cap).

Share Ownership Guideline

To strengthen long-term development and encourage the investment of the Management Board in Instone Real Estate Group SE, the members of the Management Board are obliged by a share ownership guideline to complete a four-year development phase by acquiring shares in Instone Real Estate Group SE in the amount of a gross annual salary that is independent of their performance and holding them for the entire term of their Management Board contract. This four-year development phase starts with their appointment to the Management Board. The equivalent value is based on the purchase price of the shares. The shares already held by a member of the Management Board are added to this figure.

If the relevant Management Board member has acquired shares in the amount of a gross annual salary not dependent on performance, the ownership level must not fall below this threshold by up to 50% for a maximum period of six months.

In this case, the Management Board member is obliged to add to the number of shares held within a period of six months up to the amount of a gross annual salary that is not dependent on performance.

E. Definition of Maximum Remuneration and Temporary Deviations from the Remuneration System

Maximum remuneration

Under Section 87a (1) sentence 2 No. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has set a maximum amount for the total of all remuneration components, including fringe benefits and pension commitments. This amounts to €3.1 million for the Chair of the Management Board (CEO) and €2.35 million for the other members of the Management Board. The maximum remuneration defined by the Supervisory Board takes into account the findings of the peer group analysis as well as the strongly performance- and growth-focused structure of the Management Board remuneration system and is intended to enable the market-based and company-specific development of the Management Board remuneration in the interest of the company.

Temporary deviations from the remuneration system

A deviation from the remuneration system is possible on an exceptional basis for the Supervisory Board under the legal provision of Section 87a (2) sentence 2 AktG if exceptional circumstances make a deviation necessary in the interest of the long-term well-being of the company. This requires a Supervisory Board resolution that establishes the need for a deviation in a transparent and justified manner. The components of the remuneration system specifically affected by the deviation and the necessity of the deviation must also be explained to the shareholders in the remuneration report. A deviation may be made if the described requirements are satisfied, in particular from the performance criteria of the variable remuneration, the ratio of the components of the target remuneration and for exceptional fringe benefits.

F. Opportunities for the company to reclaim variable remuneration components

The contracts of employment of Management Board members contain provisions that give the Supervisory Board discretion to retain (malus) or recover (clawback) part or all of the variable remuneration components. The requirement for the application of these regulations is grossly negligent and serious violation of statutory or contractual duties or the company's internal codes of conduct. In such cases, the Supervisory Board may, at its reasonable discretion, reduce and retain variable remuneration components that have not yet been paid out or demand repayment of variable remuneration components that have already been paid out. The aforementioned claims shall lapse two years after the end of the assessment period of the relevant variable remuneration component.

G. Remuneration-related legal transactions

Terms and conditions for the termination of remuneration-related legal transactions

The term of the Management Board contracts runs in parallel with the term of appointment of the Management Board member as decided by the Supervisory Board. Each contract of employment has a fixed term and therefore does not contain an ordinary right of termination. The right to extraordinary termination is unaffected.

Compensation for dismissal

If the employment contract of a member of the Management Board is terminated extraordinarily by the company for good cause before the end of the term of the LTI bonus (so-called "bad leaver case"), this will result in the expiry of all rights arising from the LTI bonus which is attributable to a period before the expiry of the respective term of three years.

If the contract of employment of a Management Board member ends before the end of the term of the LTI bonus and the other requirements for a bad leaver case do not exist at the same time (so-called "good leaver case"), the entitlement to the LTI bonus from performance periods that are already ongoing and, if applicable, pro rata for the upcoming performance period will remain in force.

Special termination rights were agreed with the members of the Management Board in the event of a change of control. The members of the Management Board are entitled to a severance payment if, in addition to a change of control, the basis on which they can run the business suffers a significant adverse effect, in other words if the terminating Management Board member loses their position, the company is merged, all or a significant portion of the company's assets are transferred to third-party legal entities that do not belong to the Instone Group, a control and/or profit transfer agreement is concluded with the company as a dependent company, the legal form of the company is changed and the Management Board member thereby loses the independence granted by the German Stock Corporation Act or the SE-VO or the decision-making powers of the terminating Management Board member suffer significant adverse effect for no material reason. Under the employment contract of a Management Board member, the conclusion of a control and/or profit transfer agreement with the company as obligated parties does not qualify as a significant adverse effect in the running of the business under certain conditions. In addition, the members of the Management Board have special termination rights in the event of dismissal due to a loss of confidence at the Annual General Meeting or resignation from office for a material reason.

In the event that a special right of termination is exercised, the terminating member of the Management Board is entitled to a severance payment in the amount of 1.5 gross annual remuneration, whereby this severance payment is reduced pro rata temporis if the remaining term of the employment contract that is less than 1.5 years. No severance claim exists if the appointment ends due to dismissal for good cause within the meaning of Section 626 of the German Civil Code (BGB) or due to good cause within the meaning of Section 84 (3) AktG, which is not based on the loss of confidence at the Annual General Meeting.

Variable remuneration components shall also be paid out in the event of premature termination of activities on the Management Board on the basis of the assessment bases originally agreed (performance targets, performance periods etc.) and due dates.

Pension commitments

Two members of the Management Board still 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. These two pension agreements were agreed well before the IPO or the appointment of the members entitled to benefits to the Management Board in 2008 and 1987 and will continue to be implemented.

The two members of the Management Board entitled to the pension provision are credited with the pension component for the duration of the pension commitment as part of this company pension provision model in accordance with the pension agreements with them which form the basis. This will be credited from the time they reach the age of 65 with a specific monthly payment amount, and will cumulatively reflect the respective pension entitlement under the company pension scheme. The respective amount of the monthly pension component is calculated on the basis of the monthly non-performance-related cash remuneration of the members of the Management Board entitled to the benefit, multiplied by an age factor, which maps an appropriate interest rate, and another fixed amount to be determined annually. The necessary provisions for the pension components and the resulting pension obligations are calculated annually in actuarial terms. The amount of the credited pension components decreases with the progressive duration of the pension agreements with otherwise unchanged fixed non-performance-related emoluments. GRI 201-3

II. Remuneration of Management Board members in the 2024 financial year

The following part of the remuneration report provides details of the specific application of the remuneration system to the members of the Management Board via the respective employment contracts concluded with them and the remuneration of the individual members of the Management Board in the 2024 financial year.

The remuneration report for the 2023 financial year was approved by the Annual General Meeting of Instone Real Estate Group SE on 5 June 2024 by more than 91% of the votes cast, so there was no reason to change the remuneration system, to question its implementation or the way in which the remuneration of the Management Board and Supervisory Board is reported. In accordance with the requirements of the German Stock Corporation Act, the Supervisory Board will resubmit the Management Board remuneration system to the 2025 Annual General Meeting for approval.

Total remuneration

The total remuneration granted and owed to current and former members of the Management Board for the 2024 financial year within the meaning of Section 162 (1) sentence 1 AktG amounted to a total of €3,013 thousand. (previous year: €2,190 thousand). Under the explanatory memorandum to Section 162 (1) AktG, the amounts due during the reporting period and already received by the individual member of the Management Board or whose due payment has not yet been made must be stated as the remuneration granted and owed (inflows). The following table shows the total remuneration under these principles, broken down by remuneration components and individually for the current members of the Management Board for the 2024 financial year and the previous year.

Remuneration under Section 162 (1) sentence 1 AktG TABLE 118

In thousands of euros

	Kruno Crepulja		Dr Foruhar Madjlessi[2]		David Dreyfus[3]		Andreas Gräf	
	CEO		CFO		CFO		COO	
	2024	2023	2024	2023	2024	2023	2024	2023
Non-performance related emoluments	526	526	0	283	461	148	406	406
One-off cushion bonus	0	0	0	0	0	300	0	0
Fringe benefits[1]	30	30	0	4	10	3	15	15
Short-term variable remuneration (STI)	491	0	264	0	138	0	378	0
Long-term variable remuneration (LTI)	121	195	101	163	0	0	72	117
Total	**1,168**	**751**	**365**	**450**	**609**	**451**	**871**	**538**
Maximum remuneration	3,100	3,100	2,350	2,350	2,145	2,145	2,350	2,350

[1] Excluding pension costs. These are shown separately below.

[2] Member of the Management Board until 31 July 2023.

[3] Member of the Management Board since 1 September 2023.

The maximum remuneration specified by the Supervisory Board under Section 87a (1) sentence 2 No. 1 AktG for the members of the Management Board was not exceeded in the reporting year. There was no repayment or retention of variable remuneration or deviations from the remuneration system.

In the past financial year, no advances were paid to members of the Management Board and no loans were made. The members of the Management Board neither received nor were they promised benefits from third parties with regard to their activities on the Management Board in the 2024 financial year. GRI 2-21

One-Year Variable Remuneration – Short-Term Incentive (STI)

STI 2023 – payment 2024

For the short-term variable remuneration granted and owed in the 2023 financial year, i.e. the STI bonus earned for the 2023 financial year and paid out in April 2024, the following table 119 shows the agreed target values and the actual value (if these can be quantified in each case), the target achievement derived from this, including the upper target limits and the corresponding STI bonus in euros for the STI targets (i) adjusted EAT, (ii) volume of sales contracts and (iii) strategy and sustainability targets.

The personal strategy and sustainability targets for the 2023 financial year included a common cost reduction target for all members of the Management Board as a sub-target. These also included an additional individual sub-target for each member of the Management Board. For Kruno Crepulja, this was a more specific target relating to a strategic initiative being pursued, for Andreas Gräf it was a more specific target for reviewing and realigning specific sales strategies, for Dr Foruhar Madjlessi it was the further development of ICS-specific organisational structures, and for David Dreyfus it was the successful implementation of these ICS structures. Achievement of each target was assessed by considering the two sub-targets as a whole, with both sub-targets having an identical weighting of 50%.

STI financial year 2023 – payment 2024

TABLE 119

Board member	Target	Weighting	STI bonus base amount	Targets set for the 2023 financial year		Information on target achievement				STI bonus	
						Target upper limit		Target achievement			
		In %	In thousands of euros	Value	In %	Value	In %	Value	In %	Payout factor (in %)	In thousands of euros
Kruno Crepulja	EAT (adjusted)	37.5		€ 45.0 million	100	€ 78.8 million	175	€ 48.2 million	107.1	114.2	
CEO	Volume of sales contracts	37.5		€ 150.0 million	100	€ 262.5 million	175	€ 211.4 million	140.9	181.8	
	Strategy and sustainability goals	25		n/a	100	n/a	175	n/a	130	160	
	Total	**100**	**325**		**100**	**€ 650 thousand**	**150**		**125.5**	**151**	**490.8**
Dr Foruhar Madjlessi[1]	EAT (adjusted)	37.5		€ 45.0 million	100	€ 78.8 million	175	€ 48.2 million	107.1	114.2	
CFO	Volume of sales contracts	37.5		€ 150.0 million	100	€ 262.5 million	175	€ 211.4 million	140.9	181.8	
	Strategy and sustainability goals	25		n/a	100	n/a	175	n/a	130	160	
	Total	**100**	**175**		**100**	**€ 350 thousand**	**150**		**125.5**	**151**	**264.3**
David Dreyfus[2]	EAT (adjusted)	37.5		€ 45.0 million	100	€ 78.8 million	175	€ 48.2 million	107.1	114.2	
CFO	Volume of sales contracts	37.5		€ 150.0 million	100	€ 262.5 million	175	€ 211.4 million	140.9	181.8	
	Strategy and sustainability goals	25		n/a	100	n/a	175	n/a	130	160	
	Total	**100**	**92**		**100**	**€ 184 thousand**	**150**		**125.5**	**151**	**138.9**
Andreas Gräf	EAT (adjusted)	37.5		€ 45.0 million	100	€ 78.8 million	175	€ 48.2 million	107.1	114.2	
COO	Volume of sales contracts	37.5		€ 150.0 million	100	€ 262.5 million	175	€ 211.4 million	140.9	181.8	
	Strategy and sustainability goals	25		n/a	100	n/a	175	n/a	130	160	
	Total	**100**	**250**		**100**	**€ 500 thousand**	**150**		**125.5**	**151**	**377.5**

[1] Member of the Management Board until 31 July 2023. The STI bonus base amount shown reflects this pro rata temporis.

[2] Member of the Management Board since 1 September 2023. The STI bonus base amount shown reflects this pro rata temporis.

STI 2024 – payment 2025

For the performance period of the 2024 financial year, the Supervisory Board determined the STI target achievement on 10 March 2025 and converted it into an overall target achievement, taking into account the weighting of the individual targets.

The table shows the weighting, the agreed target values and the actual value (if these can be quantified in each case), the resulting target achievement, the upper target limits and the payment factors (if applicable).

The personal strategy and sustainability targets set for the 2024 financial year included, on the one hand, the sub-target defined uniformly for all members of the Management Board of implementing business strategy initiatives defined in greater detail and creating market access and entry for these initiatives. As in the previous year, they also included an additional individual sub-target for each member of the Management Board. For Kruno Crepulja, this consisted of developing management concepts for certain ESG topics and anchoring their implementation in the organisational structure, for Andreas Gräf it consisted of increasing the company-wide diversity ratio in the promotion of (junior) managers as part of the internal development programmes, and for David Dreyfus it consisted of developing and implementing a concept for diversifying and/or relieving the burden on the company's corporate financing in greater detail. Achievement of each target was assessed by considering the two sub-targets as a whole, with both sub-targets having an identical weighting of 50%.

STI financial year 2024 – payment 2025

TABLE 120

Board member	Target	Weighting	STI bonus base amount	Targets set for the 2024 financial year		Information on target achievement				STI bonus	
						Target upper limit		Target achievement			
		In %	In thousands of euros	Value	In %	Value	In %	Value	In %	Payout factor (in %)	In thousands of euros
Kruno Crepulja	EAT (adjusted)	37.5		€ 35.0 million	100	€ 62.3 million	175	€ 36.9 million	105.4	110.8	
CEO	Volume of sales contracts	37.5		€ 300.0 million	100	€525.0 million	175	€ 330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100	n/a	175	n/a	112.5	125.0	
	Total	**100.0**	**325**		**100**	**€ 650 thousand**	**150**		**108.9**	**117.9**	**383.1**
David Dreyfus	EAT (adjusted)	37.5		€ 35.0 million	100	€ 62.3 million	175	€ 36.9 million	105.4	110.8	
CFO	Volume of sales contracts	37.5		€ 300.0 million	100	€525.0 million	175	€ 330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100	n/a	175	n/a	125.6	151.3	
	Total	**100.0**	**300**		**100**	**€ 600 thousand**	**150**		**112.2**	**124.4**	**373.3**
Andreas Gräf	EAT (adjusted)	37.5		€ 35.0 million	100	€ 62.3 million	175	€ 36.9 million	105.4	110.8	
COO	Volume of sales contracts	37.5		€ 300.0 million	100	€525.0 million	175	€ 330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100	n/a	175	n/a	115.0	130.0	
	Total	**100.0**	**250**		**100**	**€ 500 thousand**	**150**		**109.6**	**119.1**	**297.8**

Multi-year variable remuneration (long-term incentive (LTI))

Allocation of the LTI 2024 – performance period 2025–2027

At the end of the 2024 financial year, the provisional tranche of virtual shares (base number) shown in the table below was allocated to the members of the Management Board on the basis of the parameters set out below for the performance period from 1 January 2025 up to and including 31 December 2027 **(LTI 2024 – performance period 2025–2027)**.

The targets for the LTI 2024 are set using the existing specifications of the remuneration system. page 242 et seqq.

The definition and measurement of the target achievement and the payment of the LTI 2024 – performance period 2025–2027 will take place after the end of the performance period in the 2028 financial year.

Long-term variable remuneration (LTI) TABLE 121

In thousands of euros

	Kruno Crepulja	David Dreyfus	Andreas Gräf
	CEO	CFO	COO
Tranche	LTI 2024-2027	LTI 2024-2027	LTI 2024-2027
LTI bonus base amount	455.0	402.5	350.0
Allocation rate (In euros)	8.77	8.77	8.77
Base number (In units)	**51,897.6**	**45,909.5**	**39,921.3**
LTI cap limit	1,365.0	1,207.5	1,050.0

LTI tranches granted

The LTI tranches granted as of 31 December 2024 are shown in the table below, broken down by current and former members of the Management Board.

The LTI tranches have a performance period of three years and are only paid out upon expiry of the relevant performance period at the average closing price of Instone Group shares determined at that time.

In the case of the LTI tranches referred to as "(old)", which were still granted under the remuneration system applicable until 30 June 2021, the basic number of virtual shares granted is multiplied by the average closing price of the Instone Group share during the last 20 trading days of the relevant term, plus any dividend paid. The payout amount calculated in this way is capped for each virtual share in the LTI tranches (old) at the amount that corresponds to 200% of the initial value determined for the relevant bonus year. For the determination of the LTI initial value at the time the LTI tranches were granted, a planned/actual comparison was made of the adjusted earnings before tax for the bonus year as well as the two previous years and virtual shares were allocated at the average price during the last 20 trading days before the end of the bonus year. During the term of the LTI tranches (old), no performance criteria are applied, so the final payout amount is therefore exclusively dependent on the share price performance of Instone Group shares.

For the LTI tranches referred to as (new), the payment is made using the outline parameters described in I. D. of this remuneration report.

LTI tranches TABLE 122

In thousands of euros

		Basic number of virtual shares (In units)	Share price for payment (In euros)	LTI bonus (In thousands of euros)	Payment
Kruno Crepulja, CEO	LTI 2021-2024 (old)	8,654.8	9.85	85.2	January 2025
	LTI 2021-2024 (new)	8,132.9	8.77	82.4	in 2025
	LTI 2022-2025 (new)	57,587.7	n/a	n/a	in 2026
	LTI 2023-2026 (new)	91,733.9	n/a	n/a	in 2027
Dr Foruhar Madjlessi, CFO[1]	LTI 2021-2024 (old)	7,212.4	9.85	71.1	January 2025
	LTI 2021-2024 (new)	5,675.1	8.77	57.5	in 2025
	LTI 2022-2025 (new)	47,842.1	n/a	n/a	in 2026
	LTI 2023-2026 (new)	84,677.4	n/a	n/a	in 2027
David Dreyfus, CFO[2]	LTI 2021-2024 (old)	0.0	n/a	n/a	January 2025
	LTI 2021-2024 (new)	0.0	n/a	n/a	in 2025
	LTI 2022-2025 (new)	0.0	n/a	n/a	in 2026
	LTI 2023-2026 (new)	77,621.0	n/a	n/a	in 2027
Andreas Gräf, COO	LTI 2021-2024 (old)	5,192.9	9.85	51.2	January 2025
	LTI 2021-2024 (new)	6,256.0	8.77	63.4	in 2025
	LTI 2022-2025 (new)	44,298.3	n/a	n/a	in 2026
	LTI 2023-2026 (new)	70,564.5	n/a	n/a	in 2027

[1] Member of the Management Board until 31 July 2023.

[2] David Dreyfus has been a member of the Management Board since 1 September 2023 and will only participate in LTI Tranche 2023–2026.

Pension commitments

The following table shows the contributions (additions) to the pension plan attributed to the individual Management Board members and the corresponding itemised cash values under the IFRSs and HGB.

Pension commitments TABLE 123

In thousands of euros

		2024	Allocation	2023
Kruno Crepulja (CEO)	German Commercial Code (HGB)	506.5	33.9	472.6
	IFRS	340.2	33.1	307.1
Andreas Gräf (COO)	German Commercial Code (HGB)	460.6	25.4	435.2
	IFRS	327.8	27.6	300.2
	German Commercial Code (HGB)	**967.1**	**59.3**	**907.8**
	IFRS	**668.0**	**60.7**	**607.3**

The pension obligations and the corresponding itemised cash values under the IFRS and HGB to former members of the Management Board are shown in the following table.

Pension commitments of former members of the Management Board TABLE 124

In thousands of euros

		2024	Allocation	2023
Pension commitments of former members of the Management Board	German Commercial Code (HGB)	1,496.4	4.9	1,491.5
	IFRS	1,119.4	36.3	1,083.1

Share ownership guideline

The share ownership guideline agreed with all members of the Management Board was continued to be satisfied by the Management Board members in the 2024 financial year. Management Board member David Dreyfus has begun to build up the share position specified in the Management Board remuneration system. The following table shows the shareholding of the members of the Management Board as of 31 December 2024 as reported to the company:

Shareholding TABLE 125

	Number of shares	Investment in registered capital in %
Kruno Crepulja (CEO)	105,775	0.225
David Dreyfus (CFO)	20,406	0.043
Andreas Gräf (COO)	50,319	0.107

Remuneration decisions by the Supervisory Board in the 2024 financial year

In December 2024, the Supervisory Board decided to increase David Dreyfus' salary package to the remuneration level of the former CFO, Dr Foruhar Madjlessi, with effect from 1 July 2024. This decision was made on the basis of the Supervisory Board's contractual obligation to review the current level of remuneration and a corresponding recommendation by the remuneration committee, which was made after a detailed review of David Dreyfus' performance.

III. Supervisory Board remuneration

Remuneration system

The remuneration of the Supervisory Board is set out in Section 14 of Instone Real Estate Group SE's articles of association and is designed as a purely fixed remuneration.

On 9 June 2021, the Annual General Meeting of Instone Real Estate Group AG approved the proposal to approve the system for the remuneration of the members of the Supervisory Board, together with a resolution to amend the articles of association of Instone Real Estate Group SE, with a majority of 99.05% of the votes cast.

According to the remuneration system approved by the Annual General Meeting, Supervisory Board members receive a fixed annual remuneration of €75.0 thousand. The Chair of the Supervisory Board receives double and the Deputy Chairman one and a half times the remuneration. Members of the audit committee receive an additional remuneration in the amount of €15.0 thousand,while members of the remuneration and nomination committees shall each receive an additional €7.5 thousand per financial year for their work in these committees. The respective committee chair receives twice the remuneration. Reasonable out-of-pocket expenses are also reimbursed to the members of the Supervisory Board by the company. In addition, the company has included the members of the Supervisory Board in a D&O group insurance policy for executive bodies, for which a deductible of the members of the Supervisory Board has not been agreed. No performance-related remuneration or meeting attendance amounts are paid to Supervisory Board members.

Supervisory Board remuneration

TABLE 126

In thousands of euros	Remuneration for 2024 financial year (earned)			Remuneration for 2023 financial year (inflow)		
	Remuneration Role General Committee	Remuneration Role Committees	Remuneration Total	Remuneration Role General Committee	Remuneration Role Committees	Remuneration Total
Stefan Brendgen	150.0	37.5	187.5	135.0	30.7	165.7
Dr Jochen Scharpe	112.5	37.5	150.0	101.3	33.8	135.0
Dietmar P. Binkowska	75.0	15.0	90.0	67.5	13.5	81.0
Thomas Hegel[1]	0.0	0.0	0.0	33.9	13.6	47.5
Christiane Jansen	75.0	7.5	82.5	67.5	6.8	74.3
Stefan Mohr	75.0	22.5	97.5	0.0	0.0	0.0
Sabine Georgi	75.0	0.0	75.0	33.7	0.0	33.7
Total remuneration	**562.5**	**120.0**	**682.5**	**438.8**	**98.3**	**537.1**

[1] Member of the Supervisory Board until 14 June 2023.

If a member of the Supervisory Board does not belong to the Supervisory Board or to a committee for the entire financial year, their remuneration is reduced pro rata temporis.

Remuneration of the members of the Supervisory Board during the 2024 financial year

The total remuneration of the Supervisory Board in the 2024 financial year was €682.5 thousand (previous year: €645.2 thousand). Of which, €562.5 thousand (previous year: €525.1 thousand) was remuneration for work on the general committee. Remuneration for work in committees amounted to €120 thousand (previous year: €121.0 thousand). table 126 above shows the remuneration paid to the members of the Supervisory Board under Section 162 (1) sentence 1 AktG, in other words the remuneration (inflows) granted and owed for the activities in the 2023 financial year, paid in the first quarter of 2024, and the remuneration earned for the activities of the Supervisory Board in the 2024 financial year is reported on an individual basis.

As a representative of the company's largest individual shareholder, Stefan Mohr voluntarily waived his remuneration for his work on the company's Supervisory Board and its committees.

In the 2024 financial year, the companies of the Instone Group 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. GRI 2-21

V. Vertical comparison

The following table provides a comparison of the annual change in remuneration, the earnings development of the company and the average remuneration of employees on a full-time equivalent basis over the last five financial years under Section 162 (1) sentence 2 No. 2 AktG.

The remuneration of the Management Board members on which the vertical comparison is based was determined on the basis of remuneration granted/owed under Section 162 (1) AktG. All employees employed in the entire period from 1 January to 31 December are considered to be the relevant comparison group of employees in accordance with the definition in Section 267 (5) HGB of the Instone Group in Germany. The average remuneration for this comparison group was calculated on the basis of remuneration paid, taking into account the employment rate.

Vertical comparison

TABLE 127

Changes in %

Comparison period	2020 vs. 2019	2021 vs. 2020	2022 vs. 2021	2023 vs. 2022	2024 vs. 2023
Management Board members					
Kruno Crepulja	0	-14	89	-44	55
Dr.Foruhar Madjlessi[1]	115	-23	21	-41	-78
David Dreyfus[2]	-	-	-	-	31
Andres Gräf	0	-11	63	-46	62
Supervisory Board members					
Stefan Brendgen	0	10	18	2	2
Dr Jochen Scharpe	1	10	14	-2	0
Marija Korsch[3]	-8	5	-	-	0
Dietmar P. Binkowska[4]	3	13	24	0	0
Thomas Hegel[5,6]	9	14	23	0	0
Christiane Jansen[7]	-	-	4	4	0
Stefan Mohr[8]	-	-	-	-	0
Sabine Georgi[9]	-	-	-	-	1
Average employee remuneration	7	0	7	-7	8
Net income/loss for the year of Instone Real Estate Group SE (under HGB individual financial statement)	-17	369	-50	-33	69
Adjusted EAT (under IFRS consolidated financial statements)	-61	136	-48	-4	-24

[1] Member of the Management Board from 1 January 2019 to 31 July 2023.

[2] Member of the Management Board since 1 September 2023.

[3] Board members resigned during the year in 2021. Value extrapolated to the entire calendar year 2021.

[4] Board members joined during the year 2019. Value extrapolated to the entire calendar year 2019.

[5] Board members joined during the year 2019. Value extrapolated to the entire calendar year 2019.

[6] Board members resigned during the year in 2023. Value extrapolated to the entire calendar year 2023.

[7] Board members joined during the year 2021. Value extrapolated to the entire calendar year 2021.

[8] Member of the Supervisory Board since 14 June 2023.

[9] Member of the Supervisory Board since 3 July 2023.

Acknowledgment of the remuneration report

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 (3) AKTG

To Instone Real Estate Group SE, Essen/Germany

Audit Opinion

We conducted a formal audit of the remuneration report of Instone Real Estate Group SE for the financial year from 1 January to 31 December 2024 to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (09.2023)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. Our audit firm has applied the requirements of the IDW Quality Management Standards. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report, and to express an opinion on this in a report on the audit.

We planned and conducted our audit in such a way to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

Dusseldorf/Germany, 10 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Rolf Künemann
Wirtschaftsprüfer
(German Public Auditor)

Signed: Nicole Meyer
Wirtschaftsprüferin
(German Public Auditor)

Other Information

Assurance of legal representatives

To the best of our knowledge, we declare that the consolidated financial statements give a true and fair view of the results of operations, net assets and financial position of the Group in accordance with the applicable accounting principles and that the management report of the Group, which is combined with the Company’s management report, includes a true and fair view of the development, performance and results of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, 7 March 2025

The Management Board

Kruno Crepulja   David Dreyfus   Andreas Gräf

Appendix B (unaudited)

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TABLE 128

ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
ESRS 2	GOV-1 Board's gender diversity, Paragraph 21 (d)	Indicator no. 13 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1816[5], Annex II		18 et seq.
	GOV-1 Percentage of Board Members who are independent, Paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		19
	GOV-4 Statement on due diligence, Paragraph 30	Indicator no. 10 in Annex 1, Table 3				25
	SBM-1 Involvement in activities related to fossil fuel activities, Paragraph 40 (d) (i)	Indicator no. 4 Table 1 in Annex 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453[6], Table 1: Qualitative information on Environmental risk, and Table 2: Qualitative information on Social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		-
	SBM-1 Involvement in activities related to chemical production, Paragraph 40 (d) (ii)	Indicator no. 9 in Annex 1, Table 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		-
	SBM-1 Involvement in activities related to controversial weapons, Paragraph 40 (d) (iii)	Indicator no. 14 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1818[7], Article 12 (1); Commission Delegated Regulation (EU) 2020/1816, Annex II		-
	SBM-1 Involvement in activities related to the cultivation and production of tobacco, Paragraph 40 (d) (iv)			Commission Delegated Regulation (EU) 2020/1818, Article 12 (1); Commission Delegated Regulation (EU) 2020/1816, Annex II		-

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
ESRS E1	E1-1 Transition plan for climate neutrality by 2050, Paragraph 14				Regulation (EU) 2021/1119, Article 2 (1)	47
	E1-1 Companies that are exempt from the reference values of the Paris Agreement, Paragraph 16 (g)		Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Registration Form 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Commission Delegated Regulation (EU) 2020/1818, Article 12 (1) (d) to (g) and Article 12 (2)		-
	E1-4 GHG emission reduction targets,Paragraph 34	Indicator no. 4 in Annex 1, Table 2	Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Registration Form 3: Banking book – Climate Change transition risk: Adjustment indicators	Commission Delegated Regulation (EU) 2020/1818, Article 6		50
	E1-5 Energy consumption from fossil fuels disaggregated by sources (only high climate impact sectors), Paragraph 38	Indicator no. 5 in Annex 1, Table 1 and indicator no. 5 in Annex 1, Table 2				52
	ESRS E1-5 Energy consumption and mix, Paragraph 37	Indicator no. 5 in Annex 1, Table 1				52
	E1-5 Energy intensity associated with activities in high climate impact sectors, Paragraphs 40 to 43	Indicator no. 6 in Annex 1, Table 1				52
	E1-6 Gross Scope 1, 2 and 3 and Total GHG emissions, Paragraph 44	Indicators no. 1 and no. 2 in Annex 1, Table 1	Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Registration Form 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Commission Delegated Regulation (EU) 2020/1818, Article 5 (1), Article 6 and Article 8 (1)		52 et seqq.

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
ESRS E1	E1-6 Gross GHG emissions intensity, Paragraphs 53 to 55	Indicator no. 3 in Annex 1, Table 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Registration Form 3: Banking book – Climate Change transition risk: Adjustment indicators	Commission Delegated Regulation (EU) 2020/1818, Article 8 (1)		52 et seqq.
	E1-7 GHG removals and carbon credits, Paragraph 56				Regulation (EU) 2021/1119, Article 2 (1)	55
	E1-9 Exposure of the benchmark portfolio to climate-related physical risks, Paragraph 66			Commission Delegated Regulation (EU) 2020/1818, Annex II; Commission Delegated Regulation (EU) 2020/1816, Annex II		55 et seqq.
	E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, Paragraph 66 (a) E1-9 Location of significant assets at material physical risk, Paragraph 66 (c).		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Paragraphs 46 and 47; Registration Form 5: Banking book – Climate change physical risk: Exposures subject to physical risk			-
	E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, Paragraph 67 (c)		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Paragraph 34; Registration Form 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – energy efficiency of the collateral			-
	E1-9 Degree of exposure of the portfolio to climate-related opportunities, Paragraph 69			Commission delegated Regulation (EU) 2020/1818, Annex II		55 et seqq.
ESRS 2	SBM-3 – E4 Paragraph 16 (a) (i)	Indicator no. 7 in Annex 1, Table 1				59
	SBM-3 – E4 Paragraph 16 (b)	Indicator no. 10 in Annex 1, Table 2				59
	SBM-3 – E4 Paragraph 16 (c)	Indicator no. 14 in Annex 1, Table 2				59

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
ESRS E4	E4-2 Sustainable land/agriculture practices or policies, Paragraph 24 (b)	Indicator no. 11 in Annex 1, Table 2				60
	E4-2 Sustainable oceans/seas practices or policies, Paragraph 24 (c)	Indicator no. 12 in Annex 1, Table 2				
	E4-2 Policies to address deforestation, Paragraph 24 (d)	Indicator no. 15 in Annex 1, Table 2				60
ESRS E5	E5-5 Non-recycled waste, Paragraph 37 (d)	Indicator no. 13 in Annex 1, Table 2				67
	E5-5 Hazardous waste and radioactive waste, Paragraph 39	Indicator no. 9 in Annex 1, Table 1				67
ESRS 2	SBM3 – S1 Risk of incidents of forced labour, Paragraph 14 (f)	Indicator no. 13 in Annex I, Table 3				-
	SBM3 – S1 Risk of incidents of child labour, Paragraph 14 (g)	Indicator no. 12 in Annex I, Table 3				-
ESRS S1	S1-1 Human rights policy commitments, Paragraph 20	Indicator no. 9 in Table 3 of Annex I and indicator no. 11 in Annex I, Table 1				77 et seq.
	S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, Paragraph 21			Commission delegated Regulation (EU) 2020/1816, Annex II		77 et seq.
	S1-1 Processes and measures for preventing trafficking in human beings, Paragraph 22	Indicator no. 11 in Annex I, Table 3				-
	S1-1 Workplace accident prevention policy or management system, Paragraph 23	Indicator no. 1 in Annex I, Table 3				-
	S1-3 Grievance/complaints handling mechanisms, Paragraph 32 (c)					78
	S1-14 Number of fatalities and number and rate of work-related accidents, Paragraph 88 (b) and (c)	Indicator no. 2 in Annex I, Table 3		Commission delegated Regulation (EU) 2020/1816, Annex II		83
	S1-14 Number of days lost to injuries, accidents, fatalities or illness, Paragraph 88 (e)	Indicator no. 3 in Annex I, Table 3				83
	S1-16 Unadjusted gender pay gap, Paragraph 97 (a)	Indicator no. 12 in Annex I, Table 1		Commission delegated Regulation (EU) 2020/1816, Annex II		83

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
	S1-16 Excessive CEO pay ratio, Paragraph 97 (b)	Indicator no. 8 in Annex I, Table 3				83
	S1-17 Incidents of discrimination, Paragraph 103 (a)	Indicator no. 7 in Annex I, Table 3				83
	S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, Paragraph 104 (a)	Indicator no. 10 in Annex I, Table 1 and indicator no. 14 in Annex I, Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II; Commission Delegated Regulation (EU) 2020/1818 Article 12 (1)		-
ESRS 2	SBM3 – S2 Significant risk of child labour or forced labour in the value chain, Paragraph 11 (b)	Indicators no. 12 and no. 13 in Annex I, Table 3				85
ESRS S2	S2-1 Human rights policy commitments, Paragraph 17	Indicator no. 9 in Annex 1, Table 3 and indicator no. 11 in Annex 1, Table 1				86
	S2-1 Policies related to value chain workers, Paragraph 18	Indicators no. 11 and no. 4 in Annex 1, Table 3				86
	S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, Paragraph 19	Indicator no. 10 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II; Commission Delegated Regulation (EU) 2020/1818 Article 12 (1)		-
	S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, Paragraph 19			Commission delegated Regulation (EU) 2020/1816, Annex II		-
	S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, Paragraph 36	Indicator no. 14 in Annex 1, Table 3				-
ESRS S3	S3-1 Human rights policy commitments, Paragraph 16	Indicator no. 9 in Annex 1, Table 3 and indicator no. 11 in Annex 1, Table 1				-
	S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, Paragraph 17	Indicator no. 10 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II; Commission Delegated Regulation (EU) 2020/1818 Article 12 (1)		-

Appendix B

TABLE 128

ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Column 3 reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
	S3-4 Human rights issues and incidents, Paragraph 36	Indicator no. 14 in Annex 1, Table 3				-
ESRS S4	ESRS S4-1 Policies related to consumers and end-users, Paragraph 16	Indicator no. 9 in Annex 1, Table 3 and indicator no. 11 in Annex 1, Table 1				-
	S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, Paragraph 17	Indicator no. 10 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II; Commission Delegated Regulation (EU) 2020/1818 Article 12 (1)		-
	S4-4 Human rights issues and incidents, Paragraph 35	Indicator no. 14 in Annex 1, Table 3				-
ESRS G1	G1-1 United Nations Convention against Corruption, Paragraph 10 (b)	Indicator no. 15 in Annex 1, Table 3				-
	G1-1 Protection of whistle-blowers, Paragraph 10 (d)	Indicator no. 6 in Annex 1, Table 3				96
	G1-4 Fines for violation of anti-corruption and anti-bribery laws, Paragraph 24 (a)	Indicator no. 17 in Annex 1, Table 3		Commission delegated Regulation (EU) 2020/1816, Annex II		-
	G1-4 Standards of anti- corruption and anti- bribery, Paragraph 24 (b)	Indicator no. 16 in Annex 1, Table 3				-

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law") (OJ L 243, 9.7.2021, p. 1).

[5] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406 of 3.12.2020, p. 1).

[6] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324 of 19.12.2022, p. 1).

[7] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406 of 3.12.2020, p. 17).

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TCFD reporting index

TABLE 130

Dimension	Recommended Disclosure	Reference	Page
Governance			
Disclose the organization's governance around climate-related risks and opportunities	A. Describe the board's oversight of climate-related risks and opportunities.	Sustainability report – general disclosures: GOV-1	18 et seqq.
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability report – general disclosures: SBM-1, GOV-1	27, 18 et seqq.
		Sustainability report – environment: E1-9	55 et seqq.
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainability report – environment: E1-9, E4-2, E4-3, ESRS E4	55 et seqq., 60 et seqq., 62, 58 et seqq.
		Sustainability report – general disclosures: SBM-3, IRO-1, IRO-2	29 et seqq., 34 et seqq., 39 et seqq.
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainability report – environment: E1-1, E1-9, E4-6, E5-2, ESRS 2 SBM3, ESRS E5	47, 55 et seqq., 63, 66, 29 et seqq., 64 et seqq.
		Sustainability report – general disclosures: SBM-1, SBM-3, IRO-1, IRO-2	27, 29 et seqq., 34 et seqq., 39 et seqq.
	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sustainability report – environment: E1-9	55 et seqq.
		Sustainability report – general disclosures: SBM-3, IRO-1, IRO-2	29 et seqq., 34 et seqq., 39 et seqq.
		Risk and opportunities report – sustainability strategy	133 et seq.

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Dimension	Recommended Disclosure	Reference	Page
RIsk Management			
Disclose how the organization identifies, assesses, and manages climate-related risks.	A. Describe the organization's processes for identifying and assessing climate-related risks.	Sustainability report – environment: E1-9	55 et seqq.
		Risk and opportunities report – risk management system	126 et seqq.
		Sustainability report – general disclosures: IRO-1, IRO-2, GOV-5	34 et seqq., 39 et seqq., 26
	B. Describe the organization's processes for managing climate related risks.	Sustainability report – environment: E1-9	55 et seqq.
		Risk and opportunities report – risk management system	126 et seqq.
		Sustainability report – general disclosures: GOV-5	26
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Sustainability report – environment: E1-9	55 et seqq.
		Risk and opportunities report – risk management system	126 et seqq.
		Risk and opportunities report – sustainability strategy	133 et seq.
		Sustainability report – general disclosures: IRO-1, IRO-2	34 et seqq., 39 et seqq.
Metrics and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability report – environment: E1-4, E1-9	50 et seq., 55 et seqq.
		Sustainability report – general disclosures: IRO-2	39 et seqq.
	B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Sustainability report – environment: E1-6	52 et seqq.
	C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Sustainability report – environment: E1-9, E4-4, E5-3	55 et seqq., 62 et seq., 67
		Sustainability report – EU Taxonomy (III): Metrics and targets	68 et seqq.

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TABLE 131

Dimension	Recommended Disclosure	Reference	Page
Governance			
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	Sustainability report – general disclosures: GOV-1, GOV-2, GOV-4, GOV-5	18 et seqq., 22 et seqq., 25, 26
	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	Sustainability report – general disclosures: GOV-1, GOV-2, IRO-1	18 et seqq., 22 et seqq., 34 et seqq.
	C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	Sustainability report – general disclosures: GOV-2, GOV-4, SBM-2	22 et seqq., 25, 27 et seq.
		Sustainability report – environment: E4-2, E4-3	60 et seqq., 62
Strategy			
Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	A. Describe the nature-related dependencies , impacts, risks and opportunities the organisation has identified over the short, medium and long term	Sustainability report – general disclosures: IRO-1, SBM-3	34 et seqq., 29 et seqq.
	B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place	Sustainability report – general disclosures: SBM-3	29 et seqq.
		Sustainability report – environment: E4-1, E4-2, E4-3, E4-4, E4-6, E5-1, E5-2, E5-3, E5-6	59 et seq., 60 et seqq., 62 et seq., 63, 65 et seq., 66, 67
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios	Sustainability report – environment: E4-3, E4-5, E4-6, E5-6	62, 63, 67
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations	Sustainability report – general disclosures: IRO-1	34 et seqq.

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TABLE 131

Dimension	Recommended Disclosure	Reference	Page
Risk Management			
Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	A. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in i) its direct operations ii) in its upstream and downstream value chain(s)	i) Sustainability Report – general disclosures: IRO-1	34 et seqq.
		ii) Sustainability Report – general disclosures: IRO-1, SBM-1, SBM-3	34 et seqq., 27, 29 et seqq.
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities	Sustainability report – general disclosures: IRO-1	34 et seqq.
		Sustainability report – environment: E4-2, E5-1	60 et seqq., 65 et seq.
	C. Describe how processes for identifying,assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes	Sustainability report – general disclosures: IRO-1	34 et seqq.
Metrics and Targets			
Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process	Sustainability report – environment: E4-6, E5-6	63, 67
	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature	Sustainability report – general disclosures: SBM-3	29 et seqq.
		Sustainability report – environment: E4-5, E5-4, E5-5	63, 67
	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these	Sustainability report – environment: E1-1, E4-4	47, 62 et seq.

Action areas matrix for Instone Group and UN Sustainable Development Goals

Action areas matrix for the Instone Group and UN Sustainable Development Goals

FIGURE 025

Material action areas of the Instone Group		UN Sustainable Development Goals
Environment	E1 Climate change E4 Biodiversity E5 Resource use and circular economy	
Social	S1 Own workforce S2 Workers in the value chain S3 Affected communities	
Governance	G1 Business conduct	
Company-specific	U1 Company-specific topics (affordable living)	

Glossary

A/core cities
A cities: Refers to the metropolitan cities of Berlin, Hamburg, Munich, Cologne, Stuttgart, Frankfurt am Main and Dusseldorf, which are considered in the real estate industry to be the seven most desirable locations in Germany.

Core cities: The Instone Group also ranks Leipzig as an A city; all these A cities together are referred to as core cities. The Instone Group site in Erlangen is also classed as a core city (Nuremberg) as a result of its size and proximity to Nuremberg.

Anticipated items
Deferred items in the balance sheet that reflect that expenses or income incurred during the financial year do not result in income or expenditure until the following year.

Realignment of boundaries (boundary areas)
When realigning boundaries, scattered plots are grouped into a larger plot and surrounding plots are assigned to a central plot to increase the usability of the land.

Asset deal
In an asset deal, the assets held in a company or just a single asset are purchased and the individual assets are transferred.

B and C cities/add cities
B cities: Major cities of national and regional importance.

C cities: key Key German cities of regional and, to a limited extent, national importance that significantly impact the surrounding regions.

The Instone Group uses the generic term "add cities" for these attractive cities.

Contractual trust arrangement (CTA)
Pension trust company

Corporate Sustainability Reporting Directive (CSRD)
The CSRD is an EU directive that requires companies to report sustainability in detail. It extends the existing Non-Financial Reporting Directive (NFRD) and requires large companies and listed SMEs to report comprehensively on environmental, social and governance (ESG) aspects. The aim is to increase the transparency and comparability of sustainability-related information.

Deferred compensation
Deferred compensation: A pension commitment within the company pension scheme that is financed by a waiver of remuneration by the employee.

Degressive depreciation
In accordance with Section 7 (5a) of the German Income Tax Act (EstG), degressive depreciation allows, under certain conditions, a depreciation of 5% per year for buildings that are used for residential purposes and that have been manufactured by the taxpayer or purchased by the end of the year of completion.

Divestment
Release of restricted capital in longer-term assets by selling them.

Duration
Term of commitment of the capital invested in fixed-income securities.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

Individual sale
In an individual sale, an owner-occupied home only changes owners once after completion, when it is sold by the Instone Group directly to the client. Individual sales are managed either by commissioned sales agents or by the Instone Group.

Equity method
Accounting method for the long-term investments of a company that participates in the voting capital of another company (the investment book value is constantly adjusted to the development of the equity of the company in which the investment has been made).

Euribor
Abbreviation for the reference interest rate Euro Interbank Offered Rate.

European Sustainability Reporting Standards (ESRS)
The European Sustainability Reporting Standards (ESRS) have been developed within the framework of the CSRD. They determine how companies should report on their sustainability performance. The ESRS cover environmental, social and governance (ESG) topics and are intended to improve the transparency and comparability of sustainability reports.

Family offices
Companies or departments of banks managing large private assets.

Zoning and development planning processes
Under Section 1 (2) of the German Building Code (BauGB), a zoning plan is a preparatory urban land-use plan for part of a city and is governed by Sections 5 et seq. BauGB. It regulates the available and probable space requirements for the individual utilisation options, such as housing, work, leisure and traffic. A development plan is a binding urban land-use plan. A development plan regulates how plots of land may be developed and the resulting utilisation of areas to be left free from development.

FTE
Full-time equivalent (FTE) is a key indicator used in staff planning. One FTE is equivalent to the time worked by one full-time employee. The standard used to convert an FTE into working hours is the average number of working hours per work day.

Subsidised residential space
Homes for rent that have been created or modernised with the provision of subsidies from state budgets or development banks and whose occupancy and rent levels have been regulated for a certain period of time (social commitment).

GRI
GRI standards constitute global best practice for public disclosures about various economic, environmental and social impacts. The modular, interlinked GRI standards are supposed to be primarily used as a template for compiling a sustainability report focusing on significant topics. The three universal standards are used by any organisation that publishes a sustainability report.

IFRS 15
International Financial Reporting Standard (IFRS) 15 "Revenue from Contracts with Customers".

IFRS 15 regulates when and the extent to which a company reporting in accordance with IFRS must recognise revenue. Companies preparing the financial statements are also required to provide users of financial statements with more informative, relevant disclosures. The standard offers a single, principle-based, five-step model that can be applied to all contracts with customers.

IFRS 16
International Financial Reporting Standard (IFRS) 16 "Leases".

IFRS 16 governs the recognition, measurement, presentation and disclosure requirements for leases in financial statements for companies reporting in line with IFRS. The lessee uses a single accounting model, according to which all assets and liabilities arising from leases (with a few exceptions) are reported in the statement of financial position. The lessor continues to distinguish between finance and operating leases for accounting purposes.

ICS
The internal control system (ICS) is a system of technical and organisational rules for methodological management and controls in the company and is designed to ensure compliance with regulations and prevent losses.

Investor development
Project developments for the stock owned by an investor or developments at the risk and on behalf of third parties.

Investor sales
Projects are sold to investors by Instone Group key account holders.

Capital market sales
Form of selling characterised by a multi-level agency organisation. The agency organisation sells Instone Group developments to capital investors.

Purchasing power index
Regional purchasing power level per inhabitant or household compared to the national average (with a standard value of 100).

Conversion (conversion areas)
Conversion or change of use.

Life cycle analysis software
Software designed to optimise the energy, economic and environmental aspects of a building. The analyses are based on several elements, including the calculation rules in the context of buildings under DIN 15978 as also applied or to be applied by the DGNB and QNG. The choice of the life cycle models under DIN 15978 includes the manufacturing phase (A1-3), exchange during use (B4), energy consumption during use (B6) and waste management and disposal (C3 and C4).

MaBV
The German Broker and Property Developer Regulation (MaBV) is a legal regulation derived from the German Trade Regulation Act that, in German trade law, primarily provides specifications for the protection of the real estate purchaser when drafting and concluding a property development contract.

Mezzanine financing
Financing with hybrid capital, which includes both equity and debt financing.

New work
New work today means roughly the same as the work of the future. The term new work covers all developments that are significant in terms of a modern, employee-oriented working environment in the 21st century.

Prosperous medium-sized cities
For the Instone Group, these cities include, but are not limited to: Darmstadt, Dresden, Freiburg im Breisgau, Hanover, Heidelberg, Heilbronn, Karlsruhe, Mainz, Mannheim, Potsdam, Ulm and Wiesbaden.

PoC method
Percentage-of-completion method.

Purpose
Purpose is an important term in the corporate world. It refers to the raison d'etre of a company. It is the motivation that is deeply embedded in the company and has long-term relevance.

QNG certification
Quality seal for sustainable buildings: the certification is intended to ensure that buildings meet sustainable criteria, particularly in the fields of ecology and economy.

Neighbourhood development
The neighbourhood is defined by infrastructure, such as public spaces; residential, service, local amenity and transport buildings; educational, sport, cultural and medical facilities; and green spaces, roads, railways and paths.

The neighbourhood influences and determines emotional factors such as identification, communities, participation processes, sense of security, pedestrian access, building culture and membership of clubs.

The neighbourhood can both create and impair quality of life, opportunities, prospects and engagement, as well as social and economic participation and the diversity of tenants in terms of income and background – in an urban environment at least.

ROCE
Return on Capital Employed (ROCE) is an indicator which measures how efficiently and profitably a company employs the capital it uses. The Instone Group calculates ROCE as follows:

ROCE = EBIT/(two-year average equity + net debt)

Scope 1 emissions
Scope 1 covers direct emissions from the company vehicle fleet.

Scope 2 emissions
Scope 2 covers indirect emissions from purchased energy for internal use.

Scope 3 emissions
Scope 3 covers all indirect emissions from the production of building materials, from the use and dismantling of the property, as well as from business trips, employee commuting and rented properties before the start of the project.

Share deal
In a share deal, purchasers acquire a company by buying all or almost all of the shares of a partnership or corporation.

Social impact
Creation of positive (social) added value in our building and neighbourhood developments.

Special depreciation
In accordance with Section 7b EStG, up to 20% of the cost of acquisition or production can be depreciated within the first four years (max. 5% per year) – in addition to the regular straight-line depreciation and the new degressive depreciation in accordance with Section 7 (5a) EStG.

Task Force on Climate-Related Financial Disclosures (TCFD)
The TCFD is an initiative to improve transparency in the financial world with regard to climate-related risks and opportunities. It develops recommendations for companies on how to disclose climate-related financial information in order to better inform investors and stakeholders.

Task Force on Nature-Related Financial Disclosures (TNFD)
The TNFD is an initiative to improve reporting on climate-related risks and opportunities in companies and financial institutions. It helps organisations to identify, assess and disclose their impact on the environment and, therefore, associated financial risks and opportunities. The aim is to steer investments into environmentally friendly business models and to minimise biodiversity losses.

Thousand-person rate
Reportable accidents at work per 1000 full-time workers.

General contractor activity

This is a form of contract in construction in which a general contractor assumes full responsibility for the planning and execution of a construction project.

Trading development

The project development process takes place at the project developer's own expense. The marketing risk is borne by the project developer itself.

WACC

Weighted average cost of capital. The average is calculated from the cost of equity and the cost of debt and weighted with their share of total capital.

Growth Opportunities Act

An act that came into force in March 2024 to strengthen growth opportunities, investment and innovation, tax simplification and tax fairness.

Target areas

In addition to the core cities, the Instone Group's target areas include prosperous medium-sized cities such as Aachen, Augsburg, Baden-Baden, Erfurt, Halle, Ingolstadt, Kiel, Nuremberg, Regensburg and the Rhine-Main Metropolitan Region.

Quarterly comparison

TABLE 132

In millions of euros		Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Real estate business key performance indicators									
Volume of sales contracts		173.6	34.7	33.9	88.0	120.1	20.2	18.4	52.7
Volume of sales contracts	In units	366	55	68	213	195	37	28	110
Project portfolio (existing projects)		6,891.1	7,111.0	7,124.9	6,885.8	6,972.0	7,015.5	7,182.6	7,600.4
of which already sold		2,755.0	2,675.8	2,784.8	2,781.1	2,693.4	2,822.7	2,868.8	2,958.7
Project portfolio (existing projects)	In units	14,243	14,650	14,760	14,252	14,252	14,269	15,148	16,107
of which already sold	In units	6,188	6,074	6,448	6,430	6,217	6,588	7,017	7,198
Volume of new approvals[1]		0.0	-2.0	263.6	0.0	0.0	0.0	0.0	0.0
Volume of new approvals	In units	0	0	566	0	0	0	0	0
Cash flow from operations		-24.6	107.7	47.0	-27.7	89.0	59.1	34.3	-74.7
Adjusted results of operations									
Revenues adjusted		142.7	129.1	135.9	119.5	182.7	153.8	156.0	123.5
Project costs adjusted		-116.4	-101.8	-102.9	-86.9	-138.9	-115.3	-117.6	-89.7
Gross profit adjusted		**26.3**	**27.3**	**32.9**	**32.7**	**43.8**	**38.5**	**38.4**	**33.8**
Gross profit margin adjusted	In %	**18.4**	**21.1**	**24.2**	**27.4**	**24.0**	**25.0**	**24.6**	**27.4**
Platform costs adjusted		-17.1	-18.9	-19.2	-17.7	-25.6	-17.9	-13.7	-19.3
Share of results of joint ventures adjusted		-34.2	3.6	3.8	0.9	2.1	1.9	2.8	1.3
Earnings before interest and tax (EBIT) adjusted		**12.1**	**12.0**	**17.6**	**15.8**	**20.3**	**22.5**	**27.5**	**15.8**
EBIT margin adjusted	In %	**8.5**	**9.3**	**13.0**	**13.2**	**11.1**	**14.6**	**17.6**	**12.8**
Results from investments adjusted		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result adjusted		-1.2	0.0	-2.5	-3.2	-2.3	-2.6	-6.6	-3.4
Earnings before tax (EBT) adjusted		**10.9**	**11.9**	**15.2**	**12.6**	**18.0**	**19.9**	**20.9**	**12.4**
EBT margin adjusted	In %	**7.6**	**9.2**	**11.2**	**10.5**	**9.9**	**12.9**	**13.4**	**10.0**
Income taxes adjusted		-3.1	-3.3	-4.2	-3.1	-7.0	-6.7	-5.5	-3.9
Earnings after tax (EAT) adjusted		**7.9**	**8.5**	**10.9**	**9.6**	**11.1**	**13.2**	**15.4**	**8.5**
EAT margin adjusted	In %	**5.5**	**6.6**	**8.0**	**8.0**	**6.1**	**8.6**	**9.9**	**6.9**
Earnings per share (adjusted)	In euros	0.18	0.19	0.25	0.22	0.28	0.30	0.36	0.20

[1] Excluding volume of approvals from joint ventures consolidated at equity.

Multi-year overview

TABLE 133

In millions of euros

		2024	2023	2022	2021	2020
Key liquidity figures						
Cash flow from operations		102.5	107.7	70.2	43.9	119.9
Cash flow from operations without new investments		148.0	118.1	187.2	256.3	225.0
Free cash flow		116.6	119.2	79.6	167.4	-64.2
Cash and cash equivalents and term deposits[1]		266.2	267.7	255.6	151.0	232.0
Key balance sheet figures						
Total assets		1,939.0	1,839.6	1,780.3	1,520.8	1,283.1
Inventories		1,188.1	1,085.8	967.3	843.7	777.8
Contract assets		91.1	177.1	333.6	358.0	194.2
Equity		593.4	576.0	573.0	590.9	521.0
Financial liabilities		511.3	532.6	520.6	390.5	481.7
of wich corporate finance		137.2	176.8	179.7	199.1	207.2
of wich project financing		374.1	355.8	341.0	191.4	274.5
Net financial debt[2]		132.5	186.8	265.1	239.5	249.7
Leverage		2.1	2.1	2.8	1.5	2.8
Loan-to-cost[3]	In %	10.5	15.1	20.8	20.1	25.7
ROCE adjusted[4]	In %	8.1	10.3	10.2	22.0	10.3
Employees						
Number		417	468	486	457	413
FTE[5]		341.9	382.5	409.4	387.6	342.5

In millions of euros

		2024	2023	2022	2021	2020
Real estate business key performance indicators						
Volume of sales contracts		330.2	211.4	292.1	1,140.1	464.4
Volume of sales contracts	In units	702	370	530	2,915	1,292
Project portfolio (existing projects)		6,891.1	6,972.0	7,668.8	7,500.0	6,053.6
of which already sold		2,755.0	2,693.4	2,980.5	3,038.9	2,328.8
Project portfolio (existing projects)	In units	14,243	14,252	16,209	16,418	13,561
of which already sold	In units	6,188	6,217	7,309	7,215	5,381
Volume of new approvals[6]		261.6	0.0	336.7	1,587.4	489.9
Volume of new approvals	In units	566	0	749	3,245	1,171
Adjusted results of operations						
Revenues adjusted		527.2	616.0	621.0	783.6	480.1
Project costs adjusted		-408.0	-461.5	-463.8	-562.1	-333.5
Gross profit adjusted		**119.2**	**154.5**	**157.2**	**221.5**	**146.6**
Gross profit margin adjusted	In %	**22.6**	**25.1**	**25.3**	**28.3**	**30.5**
Platform costs adjusted		-72.9	-76.5	-72.5	-80.5	-65.5
Share of results of joint ventures adjusted		11.2	8.1	3.9	14.6	2.7
Earnings before interest and tax (EBIT) adjusted		**57.5**	**86.1**	**88.6**	**155.7**	**83.8**
EBIT margin adjusted	In %	**10.9**	**14.0**	**14.3**	**19.9**	**17.5**
Results from investments adjusted		0.0	0.0	0.0	0.1	-1.2
Financial result adjusted		-6.9	-14.9	-15.9	-19.3	-23.2
Earnings before tax (EBT) adjusted		**50.6**	**71.2**	**72.7**	**136.5**	**59.4**
EBT margin adjusted	In %	**9.6**	**11.6**	**11.7**	**17.4**	**12.4**
Income taxes adjusted		-13.7	-23.1	-22.6	-39.6	-18.3

TABLE 133

In millions of euros

		2024	2023	2022	2021	2020
Earnings after tax (EAT) adjusted		**36.9**	**48.2**	**50.0**	**96.9**	**41.1**
EAT margin adjusted	In %	**7.0**	**7.8**	**8.1**	**12.4**	**8.6**
Earnings per share (adjusted)	In euros	0.84	1.14	1.11	2.10	0.99
Dividend per share	In euros	0.26[7]	0.33	0.35	0.62	0.26
Distribution amount		11.3[7]	14.3	15.2	28.7	12.2

[1] Term deposits comprise cash investments of more than three months. Excluding restricted cash and cash equivalents of €160.0 million (31 December 2023: €115.9 million) from the "Westville" subsidised loan.

[2] Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Excluding the €112.6 million (31 December 2023: €78.1 million) subsidised loan.

[3] Loan-to-cost = net financial debt/(inventories + contract assets).

[4] Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

[5] Full-time equivalent.

[6] Excluding volume of approvals from joint ventures consolidated at equity.

[7] Subject to approval by the Annual General Meeting.

Contact

Head of IR and Capital Market Communication & Strategy

Burkhard Sawazki

Instone Real Estate Group SE
Grugaplatz 2-4, 45131 Essen

Telephone: +49 201 45355-137
Fax: +49 201 45355-904
Email: burkhard.sawazki@instone.de

Legal notice

Instone Real Estate Group SE

Grugaplatz 2-4
45131 Essen
Germany

Telephone: +49 201 45355-0
Fax: +49 201 45355-934
Email: info@instone.de
GRI 2-1, 2-2, 2-3

Management Board

Kruno Crepulja (Chairman/CEO)
David Dreyfus
Andreas Gräf

Chairman of the Supervisory Board

Stefan Brendgen

Commercial Register

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

VAT ID number
DE 300512686

Concept, design und implementation

RYZE Digital GmbH
www.ryze-digital.de

Financial calendar

18/03/2025	Publication of financial report for year ended 31 December 2024
08/05/2025	Publication of quarterly statement as at 31 March 2025
07/08/2025	Publication of half-year report as at 30 June 2025
06/11/2025	Publication of quarterly statement as at 30 September 2025

GRI 2-3

Instone Real Estate Group SE

Grugaplatz 2–4
45131 Essen
Germany

Email: info@instone.de
www.instone-group.de/en