INSTONE REAL ESTATE

Q1 2018 RESULTS PRESENTATION

MAY 2018

Today‘s Speakers

Kruno Crepulja
Chief Executive Officer
since 2008

- Joined Instone’s predecessor in 2008
- CEO since 2008
- 21 years experience in real estate development
- Previously Managing Director of Wilma Wohnen Süd GmbH from 2003 to 2008

Oliver Schmitt
Chief Financial Officer
since 2010

- Joined Instone’s predecessor in 1984
- CFO since 2010
- 33 years experience in construction and real estate development

Q1 2018 wrap-up

- ✓ **Successful start into the year, in line with expectations**
- ✓ Confirmed outlook for financial year 2018
- ✓ Strong project portfolio ensures sustainable profitable growth

Q1 performance in line with expectations

In € thousands	Q1 2017 (reported)	Q1 2018 (reported)	IFRS 15 effect	Q1 2018 (pre IFRS 15)	PPA effect	Q1 2018 (pre IFRS 15 + PPA)
Revenues (from completed contracts)	26,154	34,847	-3,869	30,978	1,549	32,528
Operating performance	39,590	69,276	-3,869	65,407	1,549	66,957
Cost of materials	-30,160	-46,961		-46,961		-46,961
Cost of sales	-4,454	-1,343		-1,343		-1,343
Gross profit[1]	4,976	20,972	-3,869	17,103	1,549	18,653
Gross margin	19.0%	60.2%		55.2%		57.3%
EBIT	-3,251	9,115	-3,869	5,246	1,549	6,795
EBIT margin	-12.4%	26.2%		16.9%		20.9%
EBT	-8,528	6,019	-3,869	2,150	1,549	3,699
EAT	-8,204	-7,015	-2,652	-9,666	1,055	-8,612
EAT attributable to shareholders	-8,488	-6,373	-2,652	-9,024	1,055	-7,969
EPS (€)[2]	-0.23	-0.17		-0.24		-0.22
LTV[3]	134.3%	52.1%				

[1] Gross profit = Operating performance – cost of materials – cost of sales; [2] Shares outstanding = 36,988,336
[3] Loan = Provisions + financial liabilities – cash & cash equivalents – liabilities to shareholders; Value = Total assets – cash & cash equivalents – trade payables – other liabilities

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Development of KPIs

in € million	Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 18
Volume of sales contracts	90.8	120.4	88.5	58.4	358.1	30.0
Volume of new permits	0.0	174.2	203.8	128.1	506.1	0.0
Handovers	17.9	25.8	82.4	75.5	201.8	30.3
Project portfolio (existing projects, as per)	n/a	3,039.8	3,374.8	3,410.0	3,410.0	3,408.5

in units	Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 18
Volume of sales contracts	193	334	189	110	826	56
Volume of new permits	0	555	548	268	1,371	0
Handovers	10	52	208	190	460	75
Project portfolio (existing projects, as per)	n/a	7,675	8,042	8,390	8,390	8,355

- KPIs varies quarterly based on individual timing of project execution
- Handovers and therefore revenues from completed contracts are in general back-ended

Q1 2018 wrap-up

- ✓ Successful start into the year, in line with expectations

- ✓ **Confirmed outlook for financial year 2018**

- ✓ Strong project portfolio ensures sustainable profitable growth

We confirm our positive guidance for financial year 2018

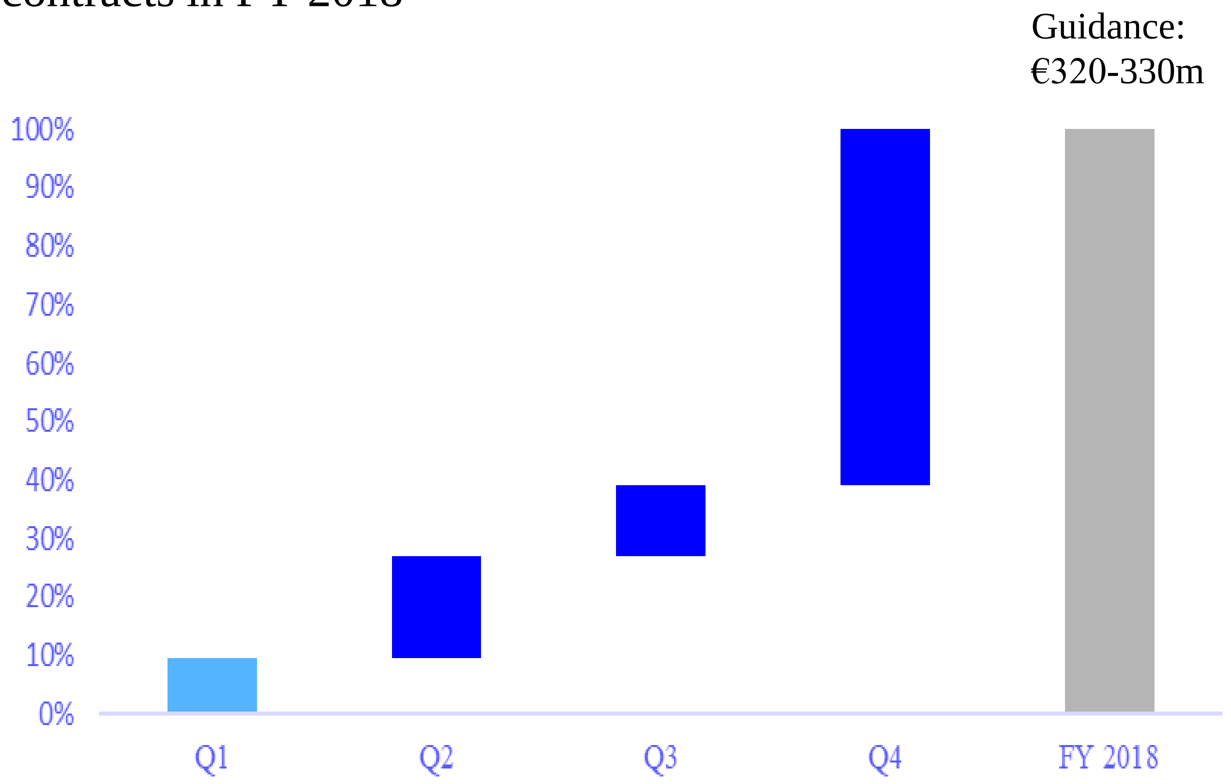
Revenues	€320-330m (largely back-ended during year)
Operating performance	>€500m
Volume of concluded sales contracts	>€500m
Gross profit margin[1]	~28%
Adj.[2] EBIT	€42-48m
Adj[2]. EBT	€25-30m
Tax rate	Stable at 30%

[1] Pre PPA (expected PPA in 2018: ~€12m) and including sales commissions
[2] Pre PPA

- Guidance does not take into account the adoption of IFRS 15

FY 2018 revenue development largely back-ended

Planned ramp-up of revenues from completed contracts in FY 2018

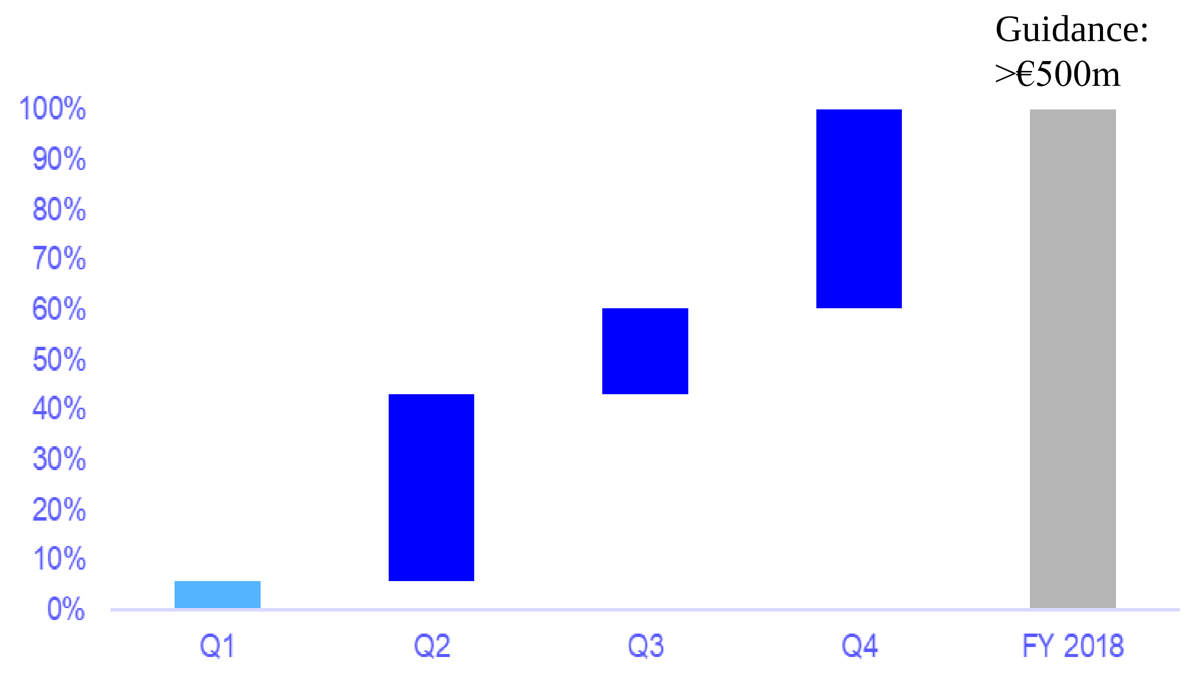


- Q1 revenues of €35m in line with expectations
- Significant revenue contribution in FY 2018 from following projects:

Project	City	Revenue
NMA	Hamburg	~€90m
Therese	Munich	~€70m
Halle 17	Bonn	~€30m

Main contribution for FY 2018 volume of concluded sales contracts expected in Q2 and Q4

Planned ramp-up of volume of concluded sales contracts in FY 2018



- Large projects with sales start this year:

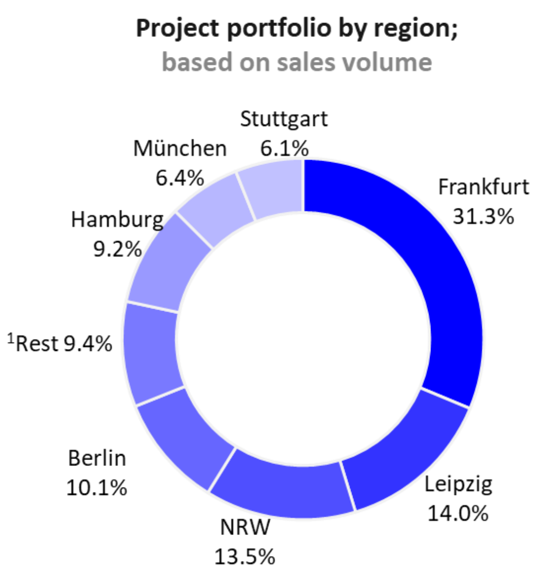
Project	City	Expected total sales volume
Marie	Frankfurt	~€197m
City-Prag	Stuttgart	~€115m
Westside	Bonn	~€178m

Q1 2018 wrap-up

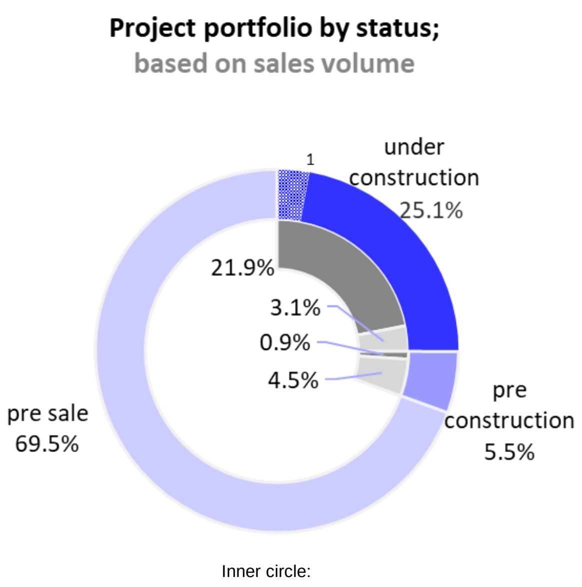
- ✓ Successful start into the year, in line with expectations
- ✓ Confirmed outlook for financial year 2018
- ✓ **Strong project portfolio ensures sustainable profitable growth**

Project portfolio remains strong at €3.4 bn expected sales volume

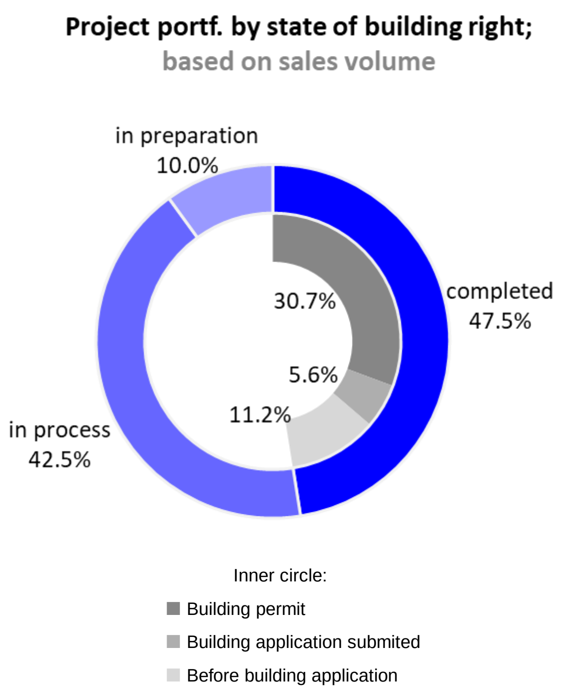
- 45 projects with 8,355 units pointing to an overall expected sales volume of €3.4bn
- 91% of sales volume located in key metropolitan regions
- 23% of sales volume already sold
- 25% of sales volume already under construction



1) includes Wiesbaden, Ulm, Freiburg, Mannheim



1) 2.9% of the project portfolio were already handed over



Project portfolio data per 31.03.2018

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Project portfolio by status (projects >€30m sales volume, representing total: >€3.3bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Hamburg						
NMA gesamt	Hamburg	145 Mio. €	●	●	●	●
Essener Straße, Hamburg	Hamburg	89 Mio. €	●			
Schulterblatt / Amandastraße	Hamburg	79 Mio. €	●	◐		
Berlin						
Quartier Stallschreiber Straße / Luisenpark	Berlin	232 Mio. €	●	●	●	◐
Wendenschloss, Berlin	Berlin	119 Mio. €	●	◐		
NRW						
Sebastianstraße, Bonn / Schumanns Höhe	Bonn	63 Mio. €	●	◐		
Halle 17 - Clouth Areal	Köln	31 Mio. €	●	●	●	●
Niederkasseler Lohweg Düsseldorf	Dusseldorf	72 Mio. €	●	◐		
Düsseldorf Unterbach / Wohnen im Hochfeld	Dusseldorf	149 Mio. €	●	◐		
west.side Bonn	Bonn	178 Mio. €	●	●		

a) Status as per 31.03.2018

b) Semi filled circle means that the milesstone has been yet achieved for the sections of project (land plot acquisition, start of sales or construction). Concerning the building right the semicircle means that the zoning process has been initiated.

Project portfolio by status (projects >€30m sales volume, representing total: >€3.3bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Rhine-Main						
Wiesbaden-Delkenheim, Lange Seegewann	Wiesbaden	89 Mio. €		◑		
Siemens-Areal	Frankfurt am Main	328 Mio. €	●	◑		
St. Marienkrankenhaus	Frankfurt am Main	197 Mio. €	●	●	◑	
Frankfurt, Wohnen an der Lange Straße	Frankfurt am Main	43 Mio. €		●		
Rebstock BF 1.2	Frankfurt am Main	49 Mio. €	●	●	●	●
Friedberger Landstraße	Frankfurt am Main	305 Mio. €		◑		
Elisabethenareal Frankfurt	Frankfurt am Main	60 Mio. €	●			
Siemens Fermont	Frankfurt am Main	61 Mio. €	●	◑		
Wiesbaden - Wohnen am Kurpark / Wilhelms IX	Wiesbaden	94 Mio. €	●	●	●	●
Steinbacher Hohl, Frankfurt a. M.	Frankfurt am Main	41 Mio. €	●			
Kosmos	Frankfurt am Main	33 Mio. €	●	◑		

 a) Status as per 31.03.2018

b) Semi filled circle means that the milesstone has been yet achieved for the sections of project (land plot acquisition, start of sales or construction). Concerning the building right the semicircle means that the zoning process has been initiated.

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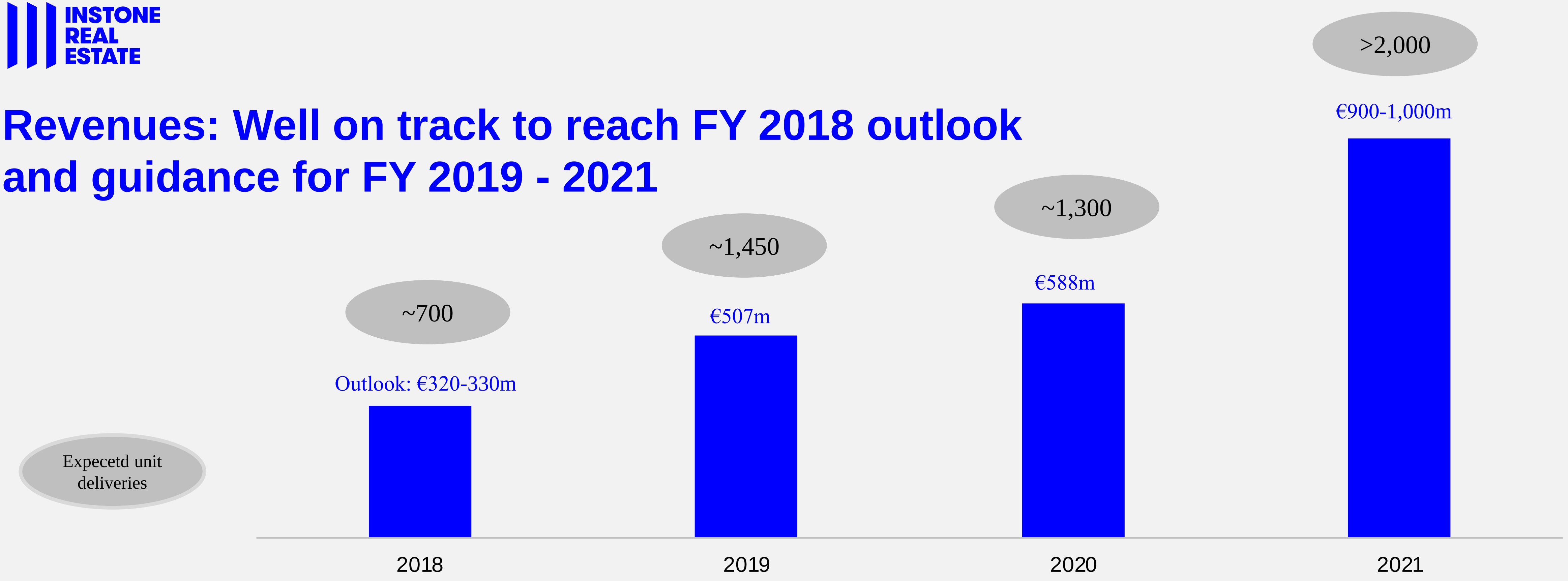
Project portfolio by status (projects >€30m sales volume, representing total: >€3.3bn)

Project	Location	Sales volume (expected)	Land plot acquired	Building right obtained	Sales started	Construction started
Baden-Wurttemberg						
Stuttgart, City-Prag - Wohnen im Theaterviertel	Stuttgart	115 Mio. €	●	●		
Ulm, Wohnen am Safranberg	Ulm	49 Mio. €	●	●	●	●
Mannheim Franklin	Mannheim	68 Mio. €	●	●	●	◐
Herrenberg, Schwarzwaldstraße	Herrenberg	34 Mio. €	●	◐		
Schorndorf, S`Lederer	Schorndorf	70 Mio. €	◐			
Bavaria						
Therese München	Munich	136 Mio. €	●	●	●	●
MUC Ottobrunner Str. 90/92	Munich	83 Mio. €	●			
Leipzig						
Heeresbäckerei, Leipzig	Leipzig	121 Mio. €	●	●	●	◐
Parkresidenz Leipzig	Leipzig	196 Mio. €	●	◐		

a) Status as per 31.03.2018

b) Semi filled circle means that the milesstone has been yet achieved for the sections of project (land plot acquisition, start of sales or construction). Concerning the building right the semicircle means that the zoning process has been initiated.

Revenues: Well on track to reach FY 2018 outlook and guidance for FY 2019 - 2021



	2018	2019	2020	2021
From projects under construction:	92%[1]	97%	0%	0%
Thereof already sold:	88%	84%	1%	0%

[1] 8% relating to the sale of a land plots

APPENDIX

Income statement

In €m

		2017 Q1	2018 Q1
	Total revenue	**26.2**	**34.8**
	Changes in inventories	13.4	34.4
1	**Operating performance**	**39.6**	**69.3**
	Other operating income	1.4	2.7
2	Cost of materials	-30.2	-47.0
3	Staff costs	-6.4	-7.2
	Other operating expenses	-7.6	-8.6
	Income from associated affiliates	0.0	-0.1
	Other net income from investments	0.0	0.1
	EBITDA (reported)	**-3.2**	**9.2**
	Depreciation and amortization	-0.1	-0.1
	EBIT (reported)	**-3.3**	**9.1**
	Finance income	0.0	0.1
	Finance costs	-5.3	-3.2
	Write-down of long-term securities	0.0	0.0
	Finance result	**-5.3**	**-3.1**
	EBT (reported)	**-8.5**	**6.0**
4	Income taxes	0.3	-13.0
	Net income (reported)	**-8.2**	**-7.0**

Commentary

1 Operating performance consists of booked revenues from realized projects as well as change in inventories due to projects currently ramping up

Due to the first-time adoption of IFRS 15 in Q1 2018 the operating performance includes also revenues from recognitions over time.

2 The cost of materials in Q1 2018 were higher compared to Q1 2017 by aprox. €17 million resulting from the higher work in progress for the projects under construction.

3 Staff costs increased in Q1 2018 compared to Q1 2017 slightly due to the increase in employees of the group.

4 The increase of income taxes with regard to the comparative period of the previous year is mainly due to the taxable income of the subsidiaries.

 Source: Audited historical financials, Company information.

Balance sheet (1/2)

In €m

	2017A	2018 Q1
Intangible assets	0.0	0.0
Tangible assets	1.6	1.6
Investments accounted for using the equity method	0.4	0.3
Other financial assets	0.3	0.3
Financial receivables	0.7	0.7
Non-current assets	**4.0**	**3.9**
5 Inventories	659.4	386.3
Financial receivables	32.4	6.7
6 Trade receivables	4.2	117.7
Other receivables and other assets	15.5	23.3
Income tax assets	0.0	0.0
Cash and cash equivalents	73.6	140.2
Current assets	**785.1**	**675.2**
Total assets	**789.1**	**679.1**

Source: Audited historical financials, Company information.

Commentary

5 The decrease in inventories is essentially the result of the first-time adoption of IFRS 15 for the reporting period from 1 January 2018 to 31 March 2018. Taking this new standard into account, the previously as inventories reported projects with already concluded purchase agreements with customers are now reported as receivables.

6 The first-time adoption of IFRS 15 leads to an increase in trade receivables due to the project previously reported as inventories with already concluded customer contracts. However, the increase in receivables is lower than the reduction in inventories, as prepayments received are netted off against trade receivables.

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Balance sheet (2/2)

In €m

		2017A	2018 Q1
	Share capital	0.0	37.0
	Capital reserve	85.4	192.3
	Retained earnings / loss carryforwards	-34.3	-14.6
	Other equity components	-0.3	-0.3
	Equity attributable to shareholders	**50.7**	**214.3**
	Non-controlling interests	1.5	0.9
	Total equity	**52.2**	**215.2**
	Provisions for pensions and similar obligations	4.2	4.3
	Other provisions	1.3	1.3
7	Financial liabilities	241.0	183.7
	Other liabilities	0.0	0.0
	Deferred tax liabilities	7.7	31.4
	Non-current liabilities	**254.2**	**220.9**
8	Other provisions	49.2	14.9
	Financial liabilities	134.7	121.5
9	Trade payables	275.7	77.7
	Other liabilities	9.4	13.0
	Income tax liabilities	13.8	15.8
	Current liabilities	**482.7**	**243.1**
	Total equity and liabilities	**789.1**	**679.1**

Commentary

7 Financial liabilities for the period under review were reduced to €305.2 million (2017: €375.7 million). This positive change resulted mainly from the repayment of the shareholder loan amounting to €55.6 million from the proceeds of the new issue of the shares in February 2018.

8 The short-term provisions has been reduced by €34.3 million, as the deferred transaction-related costs resulted in payments during the reporting period. These payments were both neutral in terms of profit and liquidity for the Group, as the former sole shareholder exempted the Group from these costs.

9 Trade payables decreased to €77.7 million in the period under review (2017: €275.7 million). This was primarily due to the first-time adoption of IFRS 15 for the reporting period and the involved offsetting of advance payments received with the trade receivables to customers.

Source: Audited historical financials, Company information.

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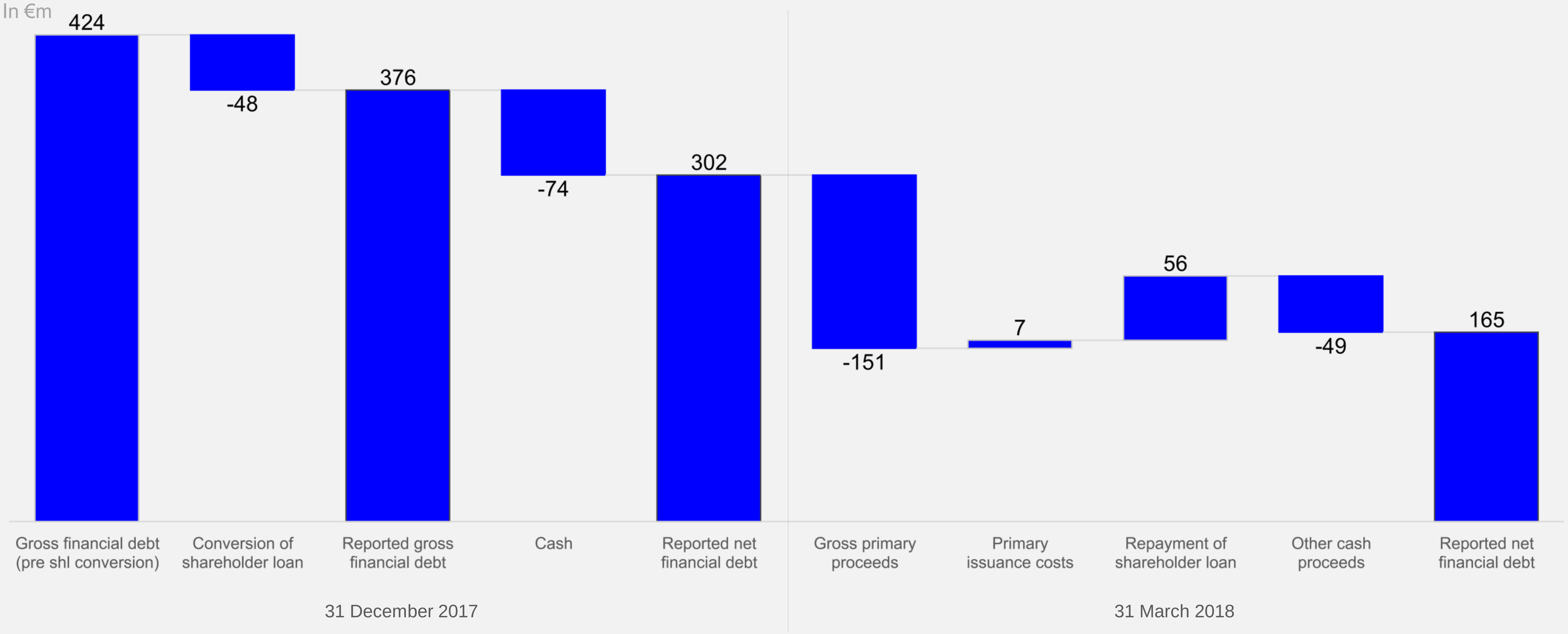
Net financial debt



Source: Company information based on balance sheet as of 31 March 2018.

ADDITIONAL COMPANY INFORMATON

We confirm our Medium Term Plan

Target annual delivery volume	>2,000 units
Target annual sales volume	€900-1,000m
Target gross margin (incl. sales commissions)	~25%
Target platform costs	~€50m
Cost of debt as % of gross debt	~7%
Tax rate	~30%
Target Inventory	~€1.5bn
Target NWC as % of sales volume	~60%

Source: Management estimates.
Note: **Financial outlook prepared excluding impact of PPA amortization.**
PPA impacts not only EBIT but also inventories and operating performance.
(1) ~29% excluding sales commissions.
(2) Without staff cost inflation.

INSTONE REAL ESTATE

Identified aquisition potential of >€13.0bn[1] GDV is the fundament for sustainable profitable growth

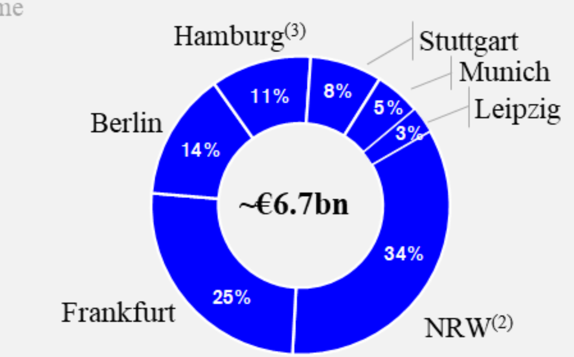
Overview of identified acquisition opportunities

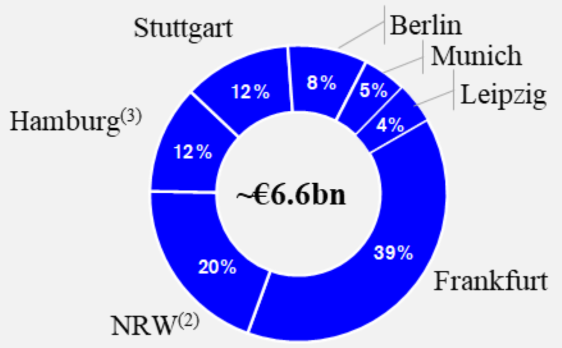
Near- to medium-term acquisitions	# of projects	40
	Sellable area in sqm	1.4m
	Expected sales volume	~€6.7bn
Long-term acquisitions	# of projects	31
	Sellable area in sqm	1.4m
	Expected sales volume	~€6.6bn

Number of identified acquisition opportunities: 71

Breakdown by geography

By expected sales volume





(1) Near- to long-term identified potential acquisition opportunities as of 31 December 2017.
(2) NRW = North Rhine-Westphalia (state in Germany) includes Bonn, Cologne, Dusseldorf.
(3) Includes Hamburg, Hanover.

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Filling up the pipeline to ensure future growth

	Hannover	Leipzig	Town south of Stuttgart	Town western of Munich
Sales Volume	~€110m	~€60m	~€80m	~€220m
Units	~280	~160	~300	~600
Living space	~23,000 sqm	~12,000 sqm	~23,000 sqm	~45,000 sqm
Exp. project start	2018	2018	2019	2019
Exp. completion	2024	2022	2023	2025

- Exclusive negotiations for 4 significant projects
- Expected signing in next 2-3 months, depending on results of due diligence
- Total: ~1,340 units, ~€470m sales volume, ~103,000 living space
- Intend to reinvest primary proceeds within next 12-18 months

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The Instone opportunity:

I We benefit from unique **market** conditions across the German key metropolitan regions

II We have a process-and-control driven nationwide **platform** with a track record greater than 26 years

III We have the pipeline and sourcing capabilities in place for profitable **growth** and strong returns

2010-2016 residential price increase(1): **+58%**

Unmatched housing demand through 2020(2): **90,000 units**

Incremental addressable market from unmatched demand through 2020(3): **€36bn**

Instone project portfolio(4): **€3.4bn**

Note: Key metropolitan regions include Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Leipzig, Munich, Stuttgart.
(1) For Germany's key metropolitan regions, based on average purchase prices for new units as reported by Bulwiengesa.
(2) Bulwiengesa, Potential Analysis German Housing Market, compiled for Instone Real Estate GmbH ("Instone") as of 24 October 2017.
(3) Management estimate assumes 90,000 units unmatched demand over 3 years and €400,000 average sales price per unit.
(4) Based on expected sales volume for ongoing projects when fully developed; as of 31 March 2018.

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Instone is a leading residential developer in Germany

Proven track record

>26 years
Company experience

1 million sqm
Successfully developed and marketed since 1991

~1,000 units
Completed on average per annum between '14-'16[(1)]

Nationwide platform

7+HQ
Branches + Essen

~247
FTE[(2)]

Secured revenues supplemented with future acquisitions

€343m
Operating performance for 2017[(3)]

€3.4bn
Project portfolio[(4)]

>€13.0bn
Identified acquisition opportunities[(5)]

Strict acquisition criteria

~25%
Target average[(6)] project level gross margin at spot house prices[(7)] vs. **24%** achieved[(8)]

>20%
Min. required project level IRR (levered)

>15%
Min. required project level IRR (unlevered)

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

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

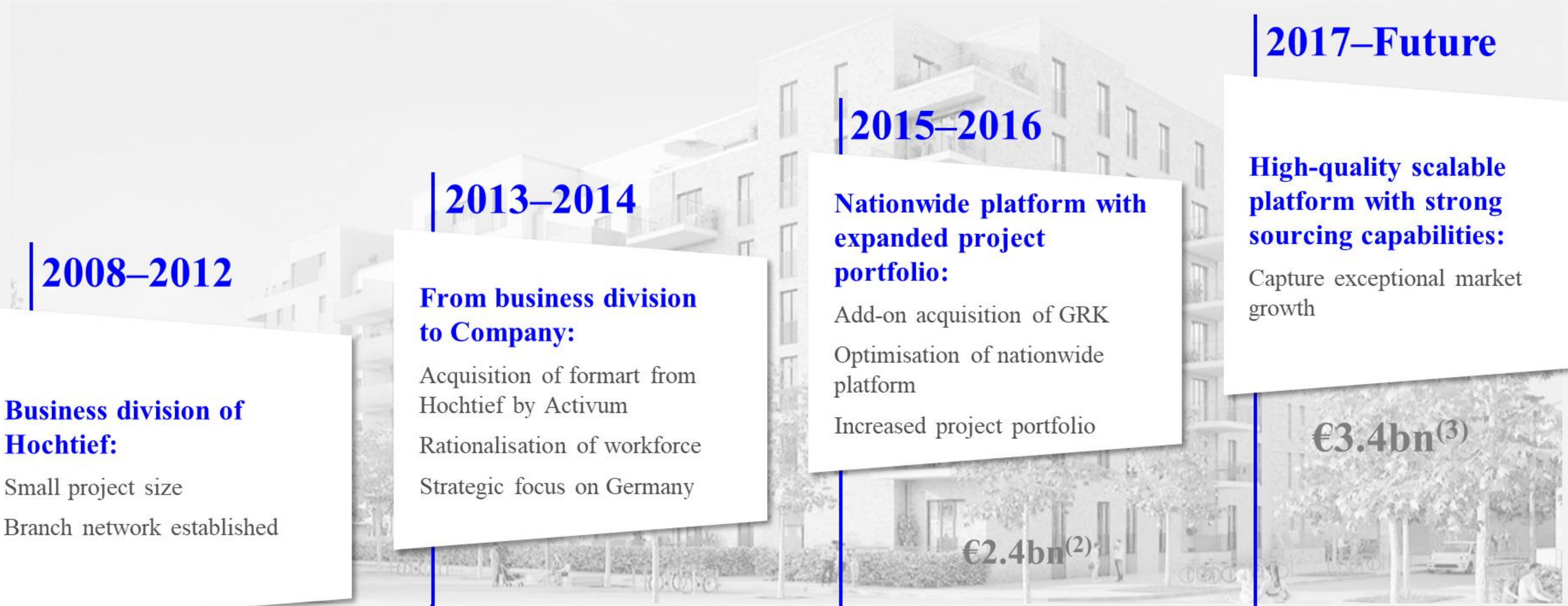
Established operating platform with **ability to achieve further scale gains**

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

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

(1) ~270 units completed in first nine months of 2017 due to low acquisition volume in 2013 and 2014.
(2) Full time equivalent ("FTE") numbers as of 31 March 2018.
(3) Operating performance = revenues + net changes in inventories. Preliminary unaudited consolidated IFRS. Financials adjusted for allocation of purchase price paid for formart and GRK. No adjustment made for one-off items and current mixed project accounting (percentage of completion and completed contract).
(4) Based on expected sales volume for ongoing projects when fully developed; as of 30 September 2017. Includes six projects with sales volume of €409m (€359m + €50m in Wiesbaden-Delkenheim) not captured by the BNPP RE appraisal. Excluding newly acquired projects in Frankfurt and Halle with sales volume of €58m (€33m + €25m).
(5) Near- to long-term identified potential acquisition opportunities as of 31 December 2017.
(6) Minimum target is 20% gross margin for individual projects.
(7) Gross margin = project income - total project costs for fully developed projects (pre deduction of financing, personnel and corporate expense)/ Revenue at spot house price (includes 1.5% construction cost inflation assumption).
(8) For projects completed in 2015, 2016 and up to 30 September 2017.

Instone has successfully positioned itself as a leading and scalable real estate development platform with rapid growth prospects



2008–2012

Business division of Hochtief:

Small project size

Branch network established

2013–2014

From business division to Company:

Acquisition of formart from Hochtief by Activum

Rationalisation of workforce

Strategic focus on Germany

2015–2016

Nationwide platform with expanded project portfolio:

Add-on acquisition of GRK

Optimisation of nationwide platform

Increased project portfolio

2017–Future

High-quality scalable platform with strong sourcing capabilities:

Capture exceptional market growth

Project portfolio: €1.1bn(1) | €2.4bn(2) | €3.4bn(3)

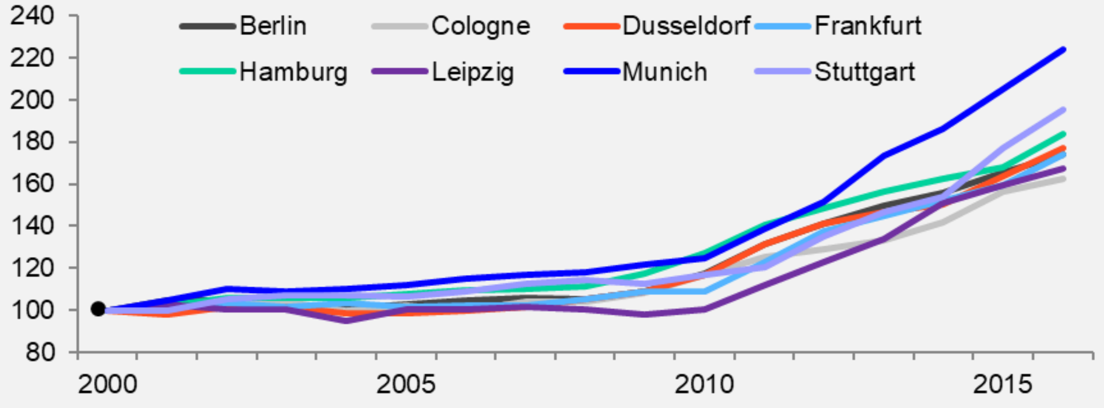
Source: Company information.
(1) Based on expected sales volume for fully developed projects as of 31 December 2014.
(2) Based on expected sales volume for fully developed projects as of 31 December 2016.
(3) Based on expected sales volume for ongoing projects when fully developed; as of 31 March 2018

![INSTONE REAL ESTATE]

Fast-growing German metropolitan housing market

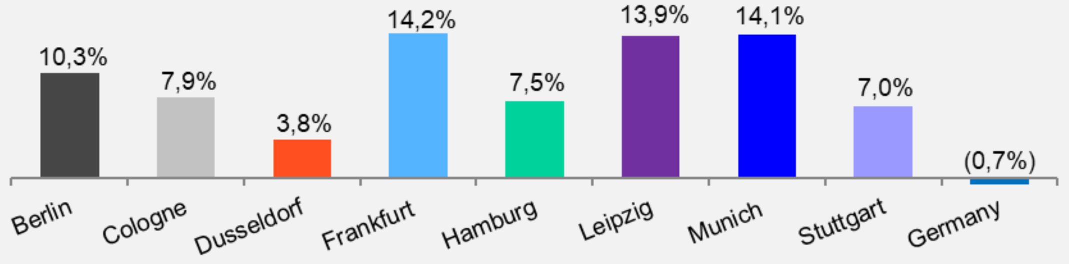
Price momentum in the steady German residential market is increasing

Price development in key metropolitan regions indexed as of 1 January 2000[(1)]



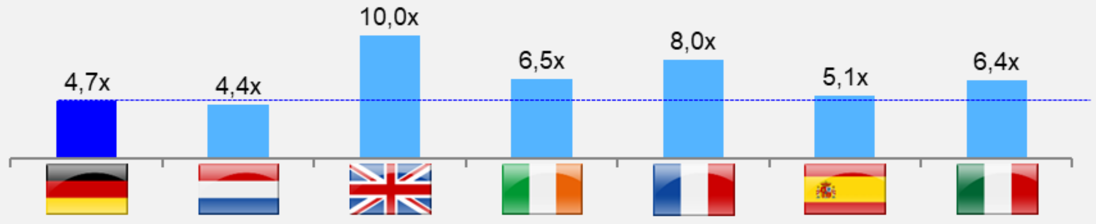
Population growth is stronger in key metropolitan regions

% expected population growth from 2012 to 2030[(2)]



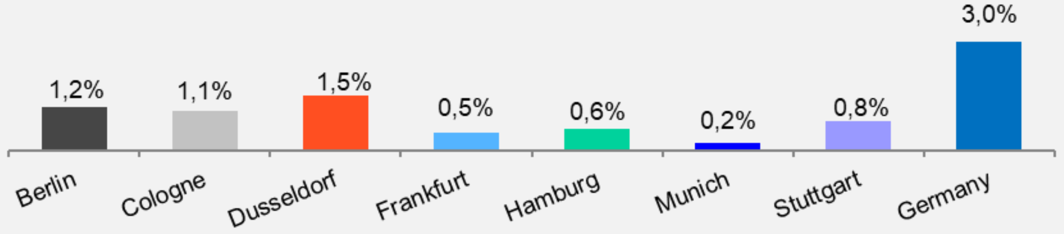
Housing affordability remains high

Years of gross salaries required in exchange for a standardized new dwelling (70 sqm)[(3)]



Vacancy is extremely low

% housing stock vacant[(4)]



(1) Bulwiengesa, Potential Analysis German Housing Market, compiled for Instone as of 24 October 2017.
(2) Bertelsmann population report.
(3) Deloitte, Property Index July 2017.
(4) CBRE Germany Real Estate Market Outlook 2017.

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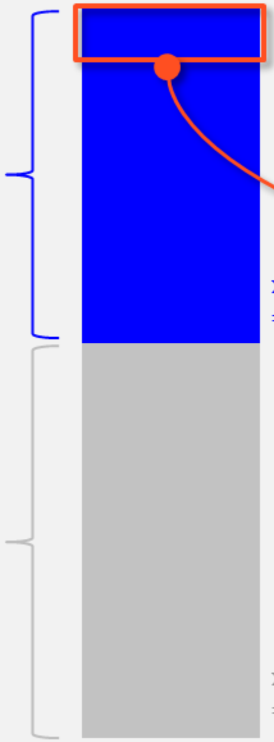
Structural housing need with material unmatched demand

Snapshot of housing need in key metropolitan regions[1]



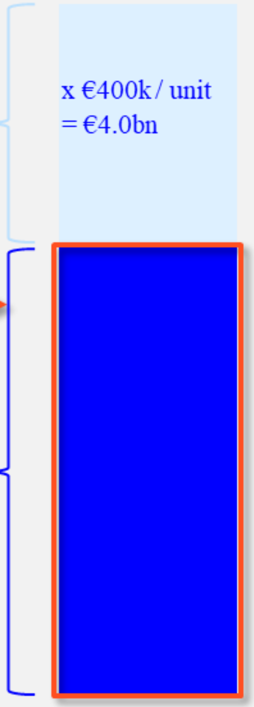
Unmatched demand through 2020[1]:
90,000 units

x €400k / unit
= €36bn

Supply of new build units through 2020[1]:
105,000 units

x €400k / unit
= €42bn

Illustrative impact of Brexit on housing need in Frankfurt[2]



Additionally needed units through 2020 as a consequence of Brexit[2]:
10,000 units

x €400k / unit
= €4.0bn

of which in Frankfurt

Unmatched demand through 2020[1]:
19,000 units

x €400k / unit
= €7.6bn

Frankfurt – a top destination post-Brexit

Bloomberg

20 New Residential Towers Are Being Built in Frankfurt Because of ...

28 Nov 2017 - Unlike other cities, **Frankfurt** offers little land potential. That applies especially in the city center, he said. Skyscraper are the answer. A factor should also be the exit of Great Britain from the EU. "The expected influx of **Brexit** newcomers will help to absorb the volume of high-rise housing," Carstensen said.

FT FINANCIAL TIMES

Brexit arrives early in Frankfurt property market

30 Nov 2017 - Bankers have strolled along Marienstrasse, a side street off one of the main arteries of **Frankfurt**'s financial district, since the 19th century. Back then they hailed from the Brentano family; soon they will come from Goldman Sachs. The US investment bank announced in October that it was taking 10,000 sq ...

Bloomberg

Frankfurt Is the Big Winner in Battle for Brexit Bankers

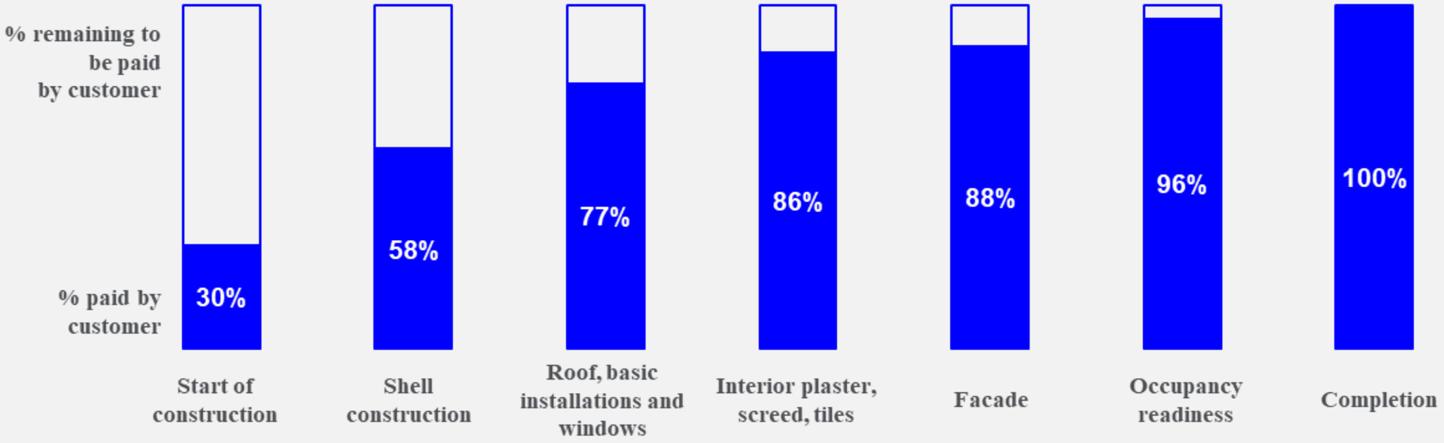
Last updated September 28, 2017. **Frankfurt** has emerged as the biggest winner in the fight for thousands of London-based jobs that will have to be relocated to new hubs inside the European Union after **Brexit**. Morgan Stanley, Citigroup Inc., Standard Chartered Plc and Nomura Holdings Inc have picked the German city for ...

Unmatched demand of 90,000 units through 2020 in Instone's core markets further fuelled by urbanisation and immigration trends

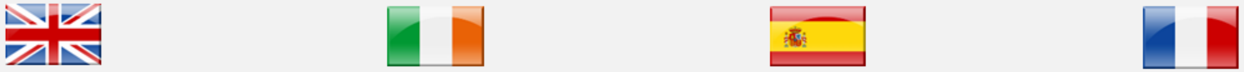
(1) Bulwiengesa, Potential Analysis German Housing Market, compiled for Instone as of 24 October 2017 (Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Leipzig, Munich, Stuttgart).
(2) Winning Frankfurt; WHU-Otto Beisheim School of Management.
(3) Bulwiengesa (project development study).

Favourable regulatory framework leading to attractive cash flow profile

Private customers' payment profile for German residential development projects



German regulatory framework for customer payments compared to other European markets



5% upfront	**10%** upfront	**10%** upfront	**35%** upfront
		10% over construction period	**65%** over construction period
95% at completion	**90%** at completion	**80%** at completion	

- **Derisked:** B2C development process per se low-risk via regulatory framework ("MaBV")(1)
- **Certainty:** No cancellation possibilities(2)
- **Capital-light:** Predefined payment schedule limiting equity requirement from Instone
- **Very favourable payment schedules** vs. other European countries, particularly UK, Ireland and Spain

Significant amount of construction costs covered by customers' regular payments

(1) MaBV - Real estate agent and commercial construction industry ordinance ("Makler- und Bauträgerverordnung").
(2) Unless significant delays occur and are not solved within a set reasonable deadline.

Leading nationwide platform in a fragmented market

Company	Secured projects not yet under construction[1] (In 000s sqm)	Commentary	Presence in key metropolitan regions (Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Leipzig, Munich, Stuttgart)
Instone Real Estate	318	**Presence in key metropolitan regions with multiple sales channels and breadth of products (incl. redevelopment). Highly competent in solving complex situations**	B C D F H L M S
CG Gruppe	298	Limited presence in owner-occupier market	B C D F H L
Groth Gruppe	249	Presence only in Berlin	B
Bonava	223	No presence in Munich, focused on out-of-town affordable residential developments	B C D F H L S
Büschl	199	Subscale competitor, no nationwide presence	M
Zech Group	164	Subscale competitor without unified platform	B C D F H M S
Ten Brinke	153	Subscale competitor, no nationwide presence	B C D F H M
bpd	150	Subscale competitor	B C D F H M S
Patrizia	137	Asset manager with ad-hoc development projects	B C D F H M
Kondor Wessels	94	No nationwide presence	B C

Source: Bulwiengesa, Potential Analysis German Housing Market, compiled for Instone as of 24 October 2017 based on companies' own declarations and Bulwiengesa estimates for Leipzig.
(1) Includes projects in Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Leipzig, Munich, and Stuttgart.

INSTONE REAL ESTATE

Rigorous control over the entire development process

Acquisition	Planning application	Sales	Construction	Completion

Acquisition	Planning application	Sales	Construction	Completion
No speculative land banking	Better building density assessment than competition Outperforms own planning by 1% on average(1)	100%(2) of finished products sold 30% pre-sales hurdle rate prior to construction	Less than 0.5%(3) deviation in construction costs	100%(4) on time deliveries

Average phase duration

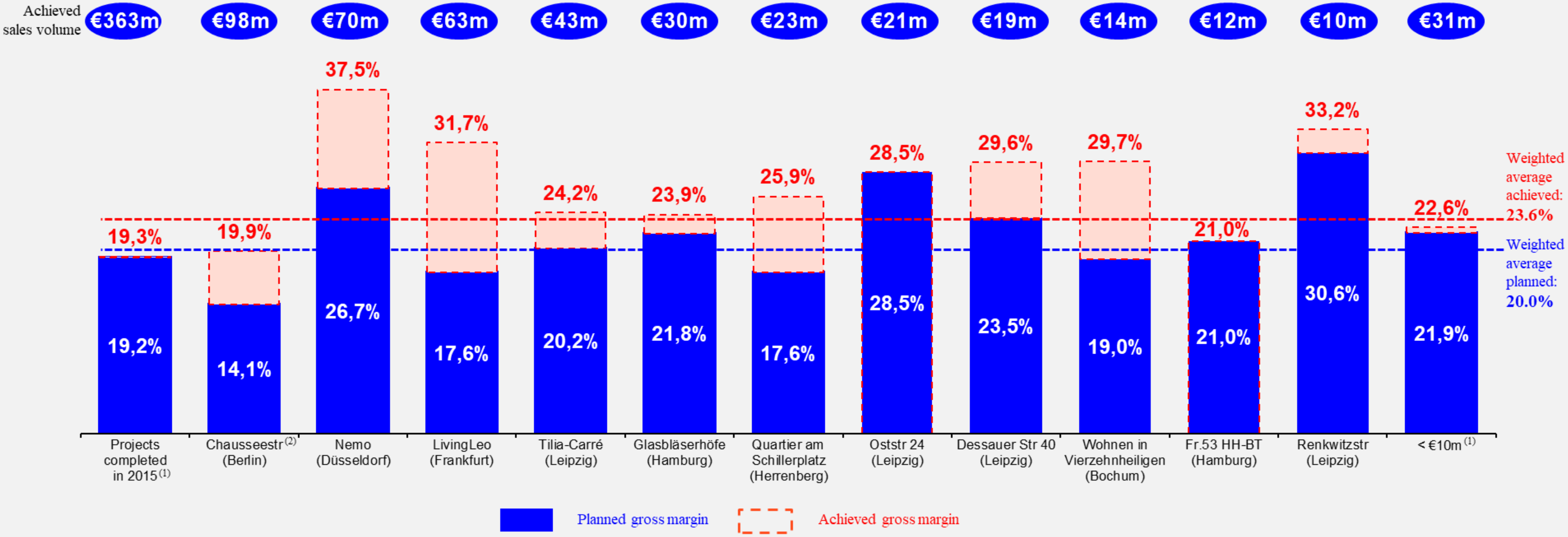
6 to 12 months	12 to 40 months	Dependent on project size and potential phasing

Diligent risk management at every step of the development process

Source: Company information.
Note: Statistics refer to projects completed in 2015, 2016 and 2017 unless otherwise stated.
(1) As measured by sqm achieved vs. planned.
(2) Excluding €1.8m (less than 0.1% of total number) for one unsold commercial unit.
(3) For ground-up development projects delivered between 2015 and 2017.
(4) For projects delivered between 2015 and December 2017.

Instone has achieved consistent project-level returns and margins…

Key metrics for projects completed from January 2015 to September 2017



Strong and consistent gross margin performance

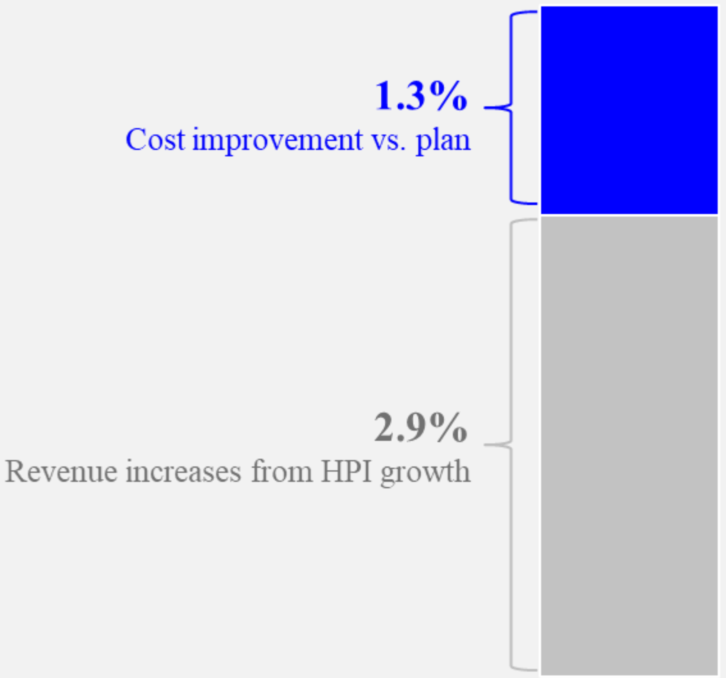
Source: Company information as of 30 September 2017.
(1) Weighted average by expected sales volume.
(2) Lower initially planned margin due to general contracting, rather than usually preferred method of single awarding.

INSTONE REAL ESTATE

… enabled by continued efficiency improvements

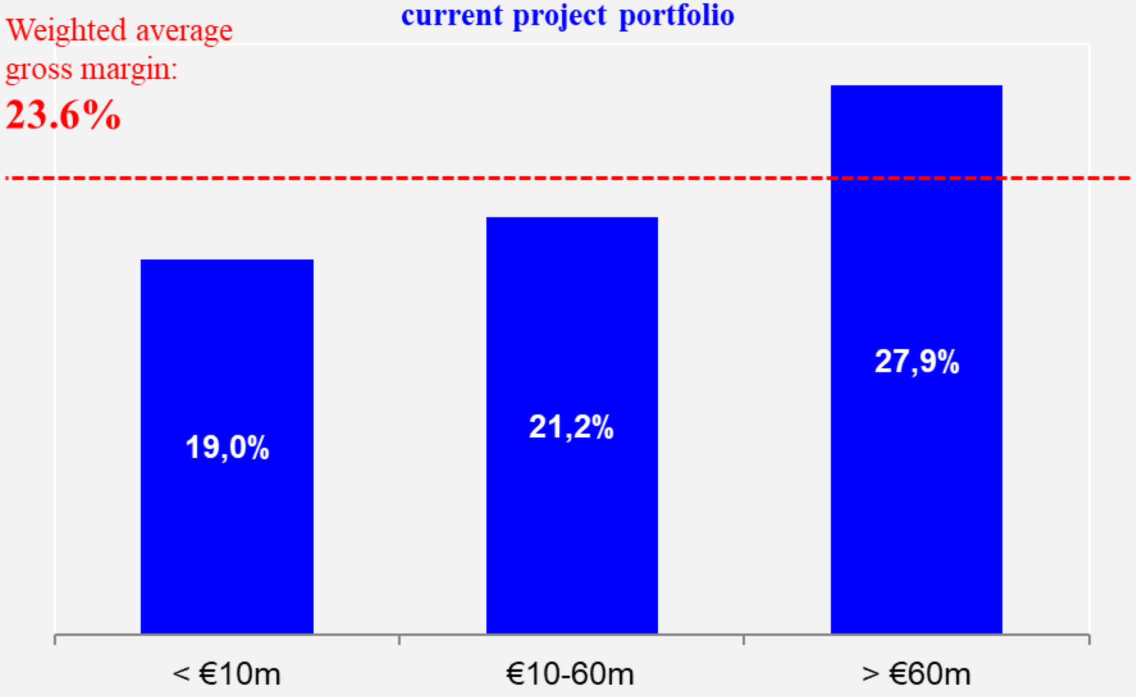
Margin outperformance driven by cost reduction and price increases(1)

4.2%(1)
Gross margin outperformance



Higher gross margins achieved as project size increases

~€70m
average project size for current project portfolio



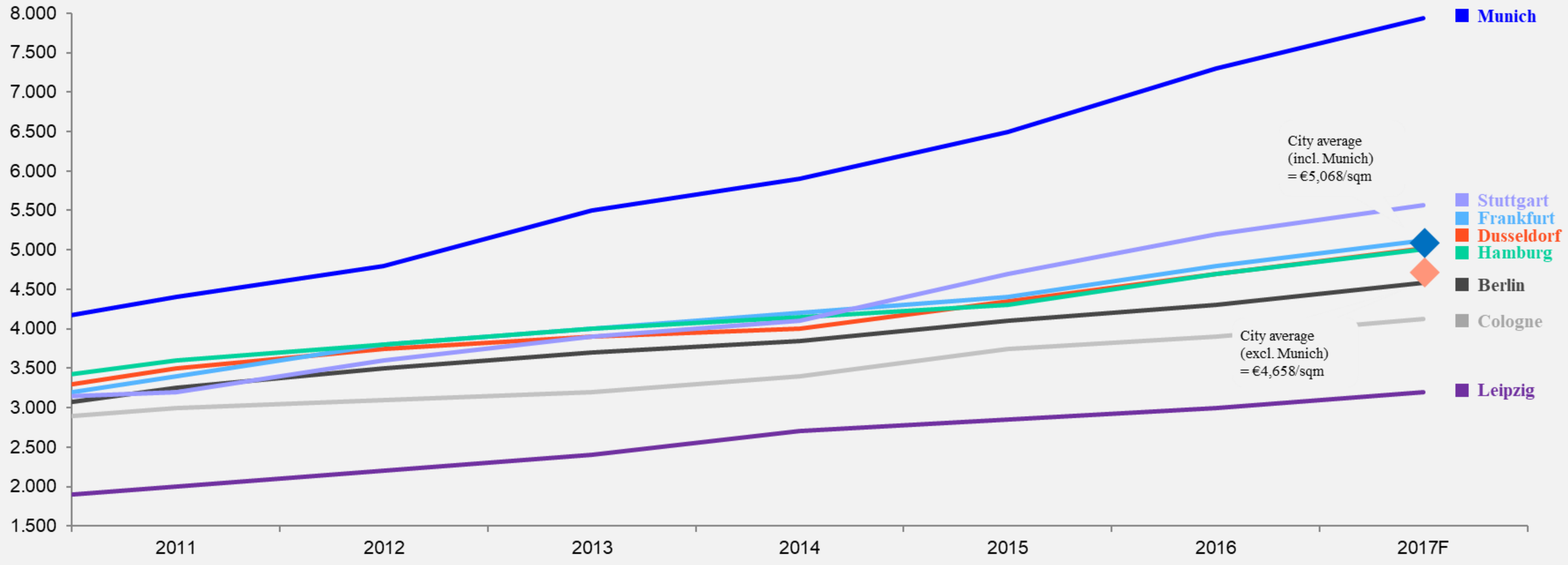
Scaling effects and cost improvements are paired with favourable market conditions

Source: Company information.
Note: Projects approved since 2011 but completed between 2015 and September 2017, weighted by sales volume.
(1) Analysis conducted for Instone Development projects only.

Instone's products are well priced according to local markets

Price momentum in the steady German residential market is increasing

Price development for new builts in key metropolitan regions, €/sqm



Micro locations and build quality drive differences between single projects and market averages

Source: Bulwiengesa, Potential Analysis German Housing Market, compiled for Instone as of 24 October 2017.

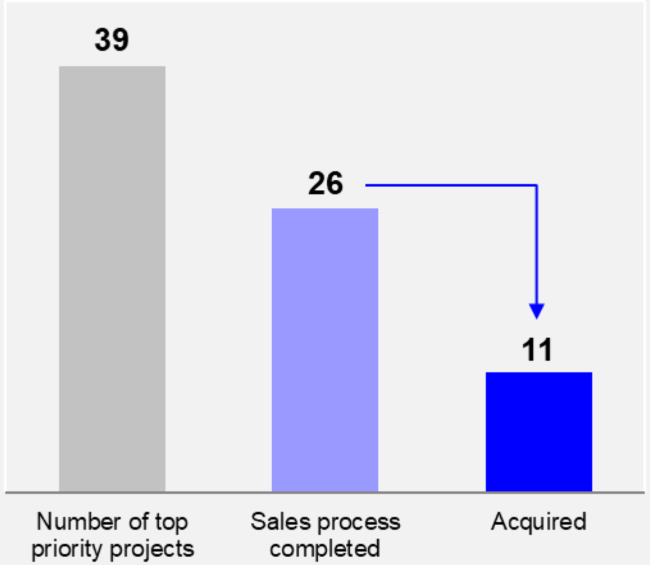
INSTONE REAL ESTATE

Core competency in successfully acquiring top priority projects from wide range of market opportunities

Priority project conversion in 2015

Breakdown based on number of projects

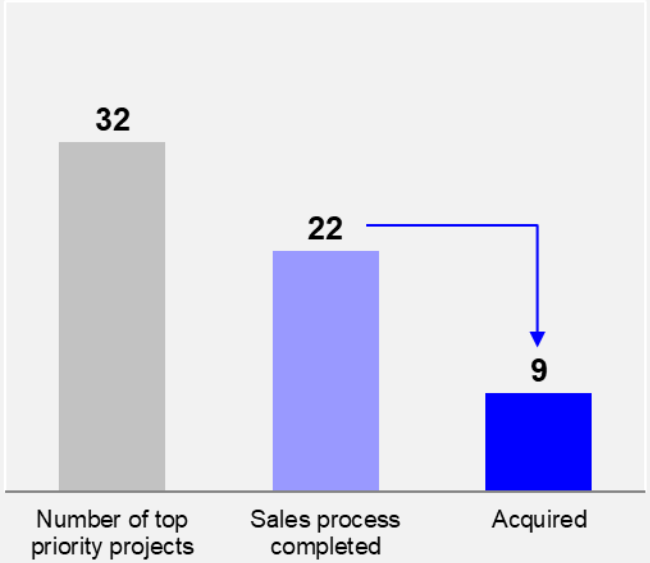
42%
Success rate



Priority project conversion in 2016

Breakdown based on number of projects

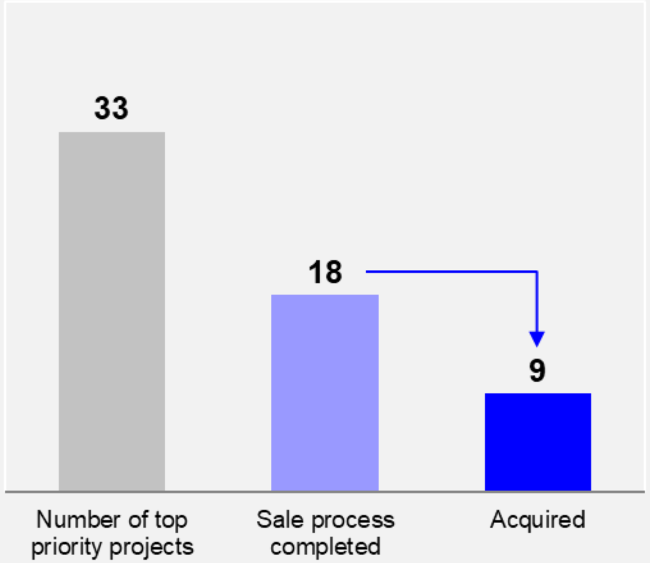
41%
Success rate



Priority project conversion in 2017

Breakdown based on number of projects

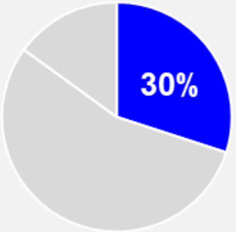
50%
Success rate



p.a. average of 1bn in acquired project volume over the last 3 years

 Source: Company information.

Solution provider to sellers of land



Public entities

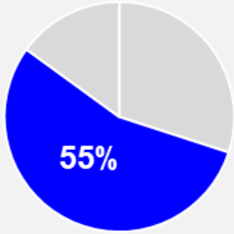
- Public goal of increasing housing accessibility
- Complex urban planning, neighbourhood regeneration
- Auction processes

Stadt Ulm

ulm

Bundesrepublik Deutschland

STADT MANNHEIM²



Commercial owners

- Transaction certainty
- Well-known locally

OFB Projektentwicklung

Joint venture

Frauenrath P&Z

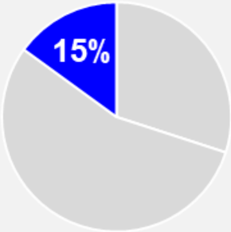
HAUCK & AUFHÄUSER PRIVATBANKIERS SEIT 1796

Katharina Kasper-Stiftung LEBEN WÄHLEN – IN SEINER VIELFALT!

BEOS

SIEMENS

Deka



Private owners

- Fair valuation

Source: Company information.
Note: Breakdown based on 2015-2016 acquisitions.

Strong access to land due to master planning expertise and deep local networks

INSTONE REAL ESTATE

Leading nationwide platform with scalability potential

Illustrative scalability potential

	Current[1]		Medium-term potential
FTEs	~240	+34%	~319[2]
Platform costs	~€40m[2,3]	+25%	~€50m[2,5]
Annual sales volume	~€400m[2,4]	+138%	€900m to 1,000m[2,6]

- No incremental top management staff[2]
- No incremental branch management staff[2]
- Incremental staff required mostly at project management level[2]

Low-risk scale-up strategy by adding modular project teams at branch level

(1) As of 30 September 2017.
(2) Management estimate.
(3) Includes staff costs of approx. €25m, professional costs of approx. €4m, property costs of €3m and transportation costs of €2m.
(4) Based on an average/ expectation number of 1,000 units (2014 to 2016) and an average sales price of €400,000.
(5) Without staff cost inflation.
(6) Based on projected unit deliveries from €3.4bn project portfolio and potential future acquisitions.

INSTONE REAL ESTATE

Strong target project level and group returns

Typical project investment breakdown

Total costs

Equity	~15%
Financial debt	~25%
Funded by B2C customers' prepayments according to MaBV framework	~60%

~ 4 years

Typical sales volume breakdown at completion

Total sales volume

~25%	Gross margin
~57%	Construction costs, etc.
~18%	Land costs

Attractive returns

Minimum required unlevered project level IRR	>15%
Minimum required levered project level IRR	>20%
Target medium-term group ROCE(1)	>30%

Source: Management estimates.

Note: **Financial outlook prepared excluding impact of PPA amortization.**

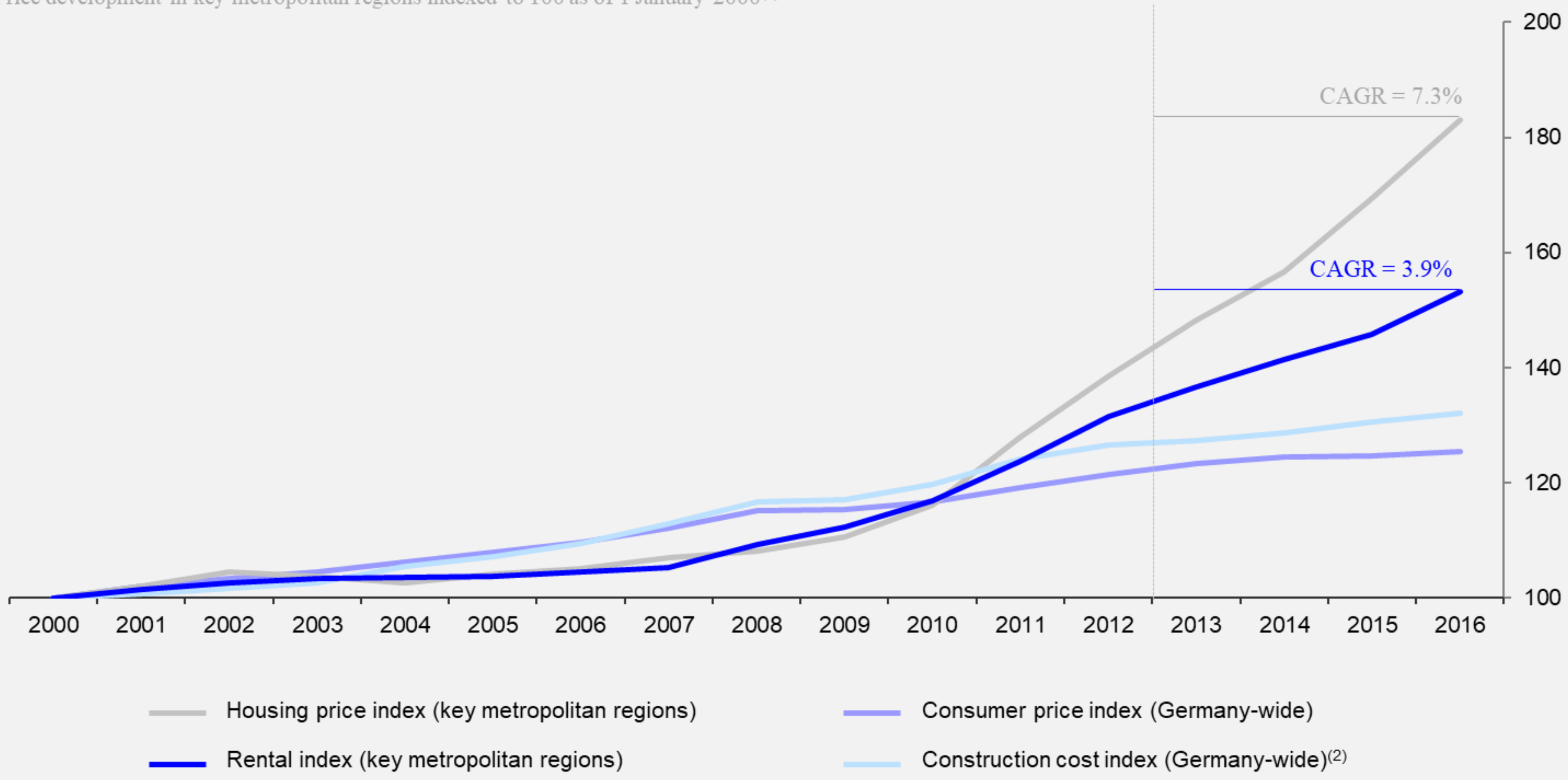
(1) ROCE defined as EBIT pre PPA / (2-year average GAV) with GAV defined as equity (NAV) + net debt.

INSTONE REAL ESTATE

Attractive newbuild economics in key German metropolitan regions

House price appreciation outpaces construction costs and inflation

Price development in key metropolitan regions indexed to 100 as of 1 January 2000(1)



Costs fixed and guaranteed by contractor prior to start of construction

Increases in construction costs to be passed along to customers

House prices outpacing construction costs and inflation

Source: Bulwiengesa, Destatis.

(1) Note: Housing price index and rental index represent new units and are calculated as averages of Germany's key metropolitan regions. Key metropolitan regions includes city-level data for Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Leipzig, Munich and Stuttgart. Construction cost index and consumer price index represent data for Germany on a country-wide basis.

(2) Includes material and labour costs, excludes land costs.

INSTONE REAL ESTATE

BNPP RE independent appraisal report methodology

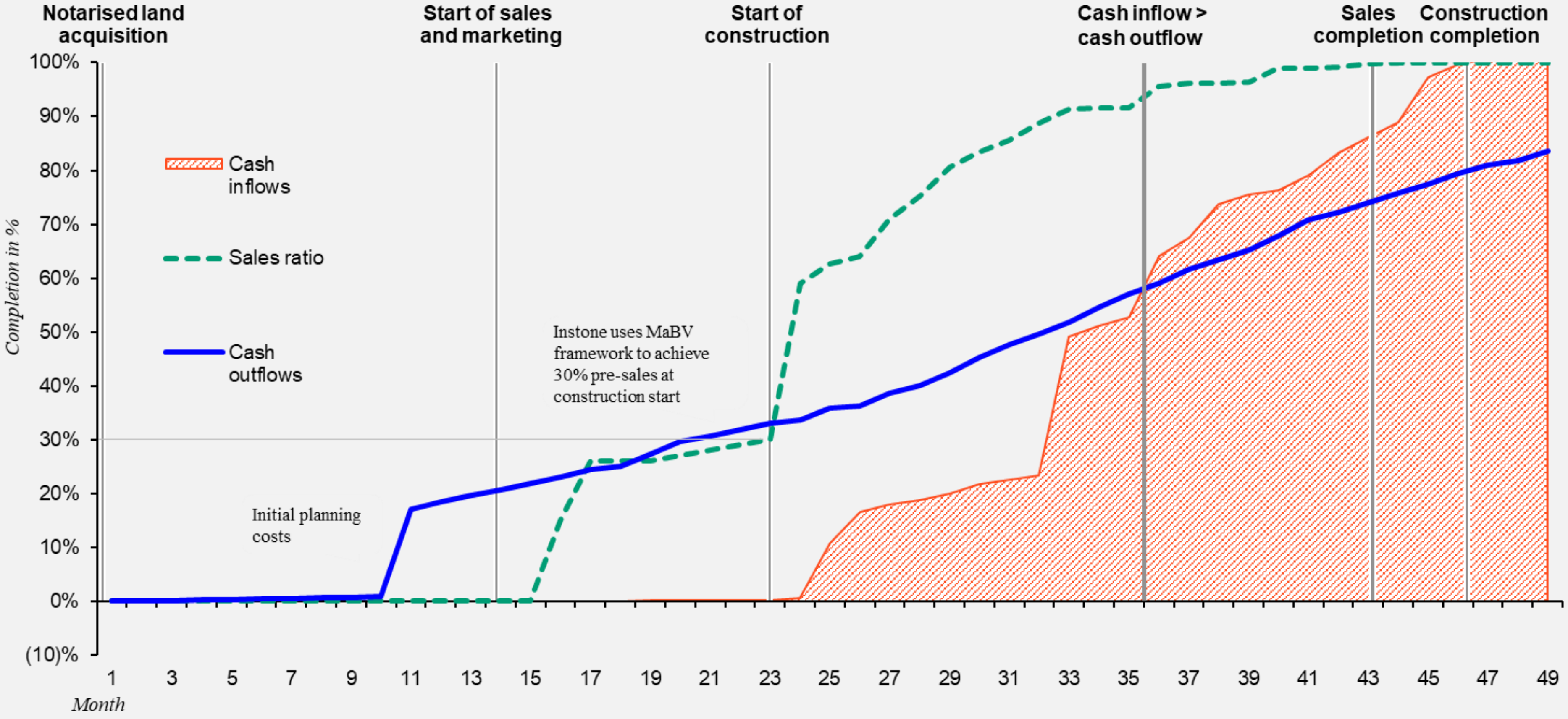
Summary of appraisal report methodology

- Appraisal was conducted using the Residual Value approach; projects close to completion status are valued based on the Comparison method (sales price condominiums)
- Sales volume was derived from BNPP RE market data; already sold units were valued at the agreed contract value
- Costs are based on BNPP RE market data; for project specific features (i.e. cost of infrastructure for development or follow-up costs from urban development contracts) calculations by Instone were used
- On the cost side, full costs were used for the project development
- Furthermore, a deduction for development risk and profit on a project by project base of up to 30% was applied (€459m for total appraised portfolio)
- Sales volume and costs were valued at the reference date 30 Sep 2017; no forward looking adjustments were included
- The Residual Value is in reference to the status of development and completion of the respective project on 30 Sep 2017
- The valuation report is in accordance with International Valuation Standards, IVS 103 and RICS Valuation – Professional Standards by the Royal Institution of Chartered Surveyors (Red Book)

Source: BNPP Real Estate.

Typical project cash flow profile

Example project



- Minimum pre-sales threshold of 30% required to start construction
- Typically 100% of sales agreed by 80% construction finalisation
- For new projects, revenue is recognised at completion of the project (projects pre-August 2015 were recognised in percentages of completion throughout the project duration)

Project cash flows driven by pre sales and the MaBV framework

 Source: Company information.

Operating performance under CC method

CC method applied to all projects started after August 2015

- Operating performance is the P&L measure by which developers account for revenue
- Under IFRS accounting rules, operating performance moreover includes change in inventory, such that **operating performance = total revenue + change in inventory**
- Change in inventory is explained as the **project-specific capitalized value in inventory** (assets on balance sheet), effectively the cost of land acquisition + capitalized development costs + capitalized project-related interest expenses but excluding commission fees
- Therefore, **project EBT is zero or negative throughout the development phase and only turns positive once the project is completed and delivered to customers**

Illustrative snapshot of operating performance/ project EBT (cumulative)

Revenue and EBT realised at project delivery

Land acquisition

In €m	Δ	Cum.
Revenue	–	–
Change in inventory	22	22
Operating performance	**22**	**22**
Cost of materials	(20)	(20)
Staff costs[1]	(1)	(1)
Net other expenses[1]	(2)	(2)
Finance costs	–	–
EBT	**(1)**	**(1)**

Start of construction

In €m	Δ	Cum.
Revenue	–	–
Change in inventory	5	27
Operating performance	**5**	**27**
Cost of materials	(3)	(23)
Staff costs[1]	(1)	(2)
Net other expenses[1]	(1)	(3)
Finance costs	(1)	(1)
EBT	**(1)**	**(2)**

Sale completion (100% sold)

In €m	Δ	Cum.
Revenue	–	–
Change in inventory	29	56
Operating performance	**29**	**56**
Cost of materials	(28)	(51)
Staff costs[1]	(1)	(3)
Net other expenses[1]	(1)	(4)
Finance costs	(1)	(2)
EBT	**(2)**	**(4)**

Delivery

In €m	Δ	Cum.
Revenue	100	100
Change in inventory	(56)	–
Operating performance	**44**	**100**
Cost of materials	(20)	(71)
Staff costs[1]	(1)	(4)
Net other expenses[1]	(1)	(5)
Finance costs	–	(2)
EBT	**22**	**18**

Cumulative view of a single project over time

Source: Company information.
(1) Partially capitalized.

INSTONE REAL ESTATE

Attractive funding terms

Land and project financing

	Total costs
Equity	~15%
Financial debt	~25%
Funded by B2C customers' prepayments according to MaBV framework	~60%

Example assuming a €100m project:

- One-off fee + cost for MaBV guarantees of 0.8%–1.5% of LTC of €80–85m: **~€1m**

+

- Interest of 200bps for land financing and 300–600bps for construction financing
  → blended 300-350 bps of €25m = **~€0.8m**

=

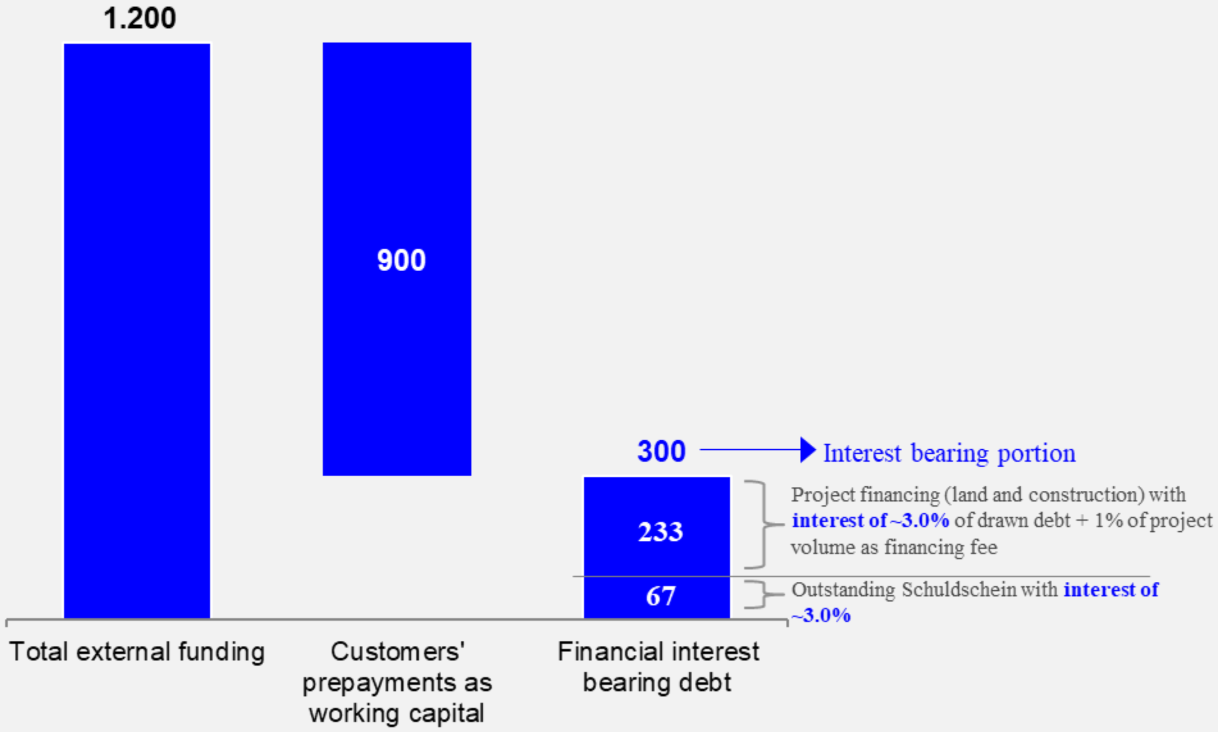
- **~€1.8m** or ~7% of €25m(1)

Debt funding requirement for approximately half of total project duration

Group level financing (based on medium term plan)

In €m

Based on target sales volume of €0.9–1.0bn and target inventory of €1.5bn



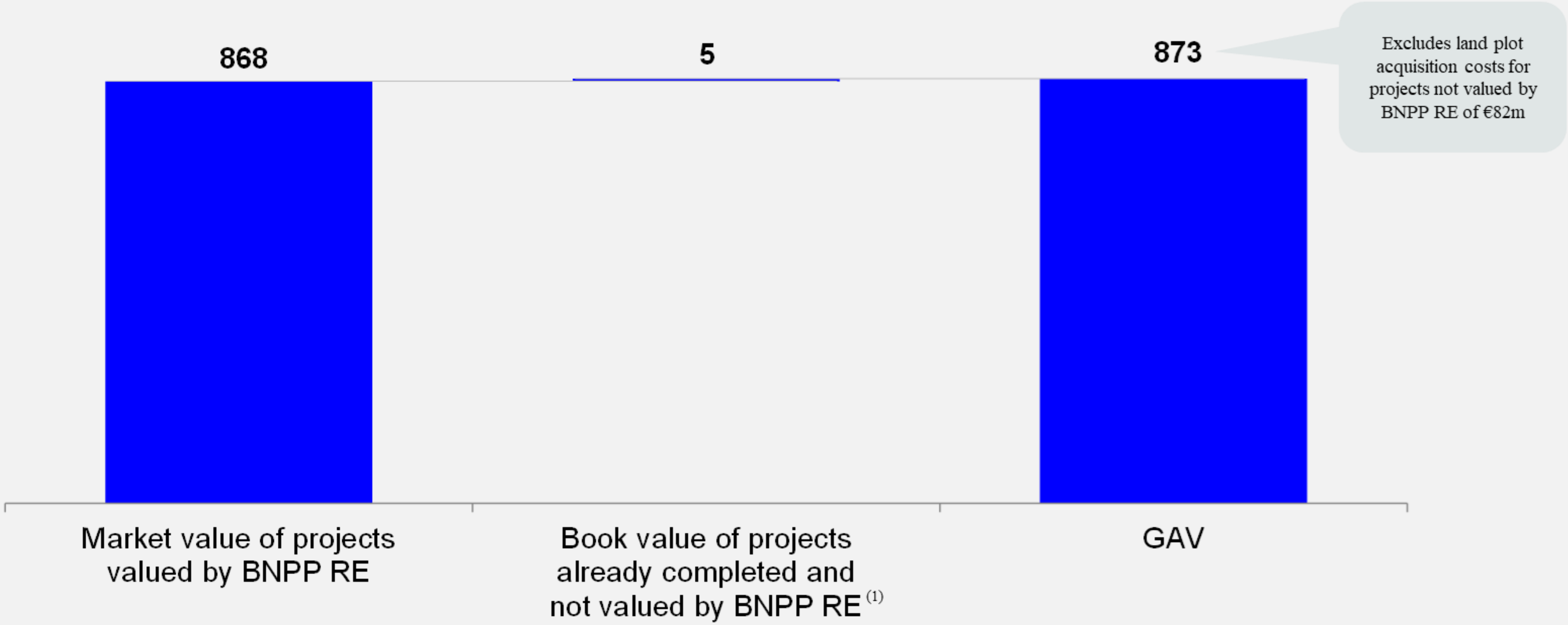
Debt funding requirement limited in terms of quantum and duration

Source: Company information.
Note: **Financial outlook prepared excluding impact of PPA amortization.**
(1) In the first year including the one-off costs, only interests due of approx. 300-350 bps (blended) for subsequent years.

Summary independent appraisal report of project portfolio

Project portfolio

In €m



Acquisition costs of €82m for land plots not valued by BNPP RE (project volume €409m) lead to a GAV of €955m

Source: Company information based on balance sheet as of 30 September 2017, BNPP RE independent valuation appraisal.

(1) Does not relate to the six future projects not valued by BNPP RE with an estimated sales volume of €409m.

Overview of social housing requirements for Germany's main cities

Overview of social housing quotas in key cities per newbuild project

Berlin	**30% of rental apartments**
Dusseldorf	**40% of total** (with 20%-30% subsidised rental apartments)
Frankfurt	**30% of rental apartments**
Hamburg	**33% of rental apartments**
Cologne	**30% of rental apartments**
Munich	**30% of total as subsidised (rental) apartments**
Stuttgart	**20% of rental apartments**

Commentary

- All German cities require some form of social housing quota
- These vary from city to city and region to region, ranging anywhere from 25% to 50%
- Regulations have been under scrutiny causing debate and the ongoing change and reworking of rules and quotas, especially in attractive key metropolitan regions

Source: Immobilienmanager.

INSTONE REAL ESTATE

Favorable fundamentals for the German residential development sector vs. other European markets

	Germany	UK	Ireland	Spain	France
Residential market overview[1]	Growth stage driven by historically low supply	Growth stage halted by Brexit uncertainty	Growth stage driven by historical lack of new development	Growth stage driven by limited historical new development	Pick-up driven by politically and fiscally supported demand
Stability[2]	Stable	Volatile	Volatile	Volatile	Stable
Affordability (70 sqm unit price as gross annual salary multiple)[3]	4.7x	10.0x	6.5x	5.1x	8.0x
Taxation[4]	3.5–6.5%	5.0%	2.0%	0.5–2.0% stamp duty 10% VAT new builds	1-2% VAT new builds
Land use control[4]	National and local	National and local (former owners, parish councils, local neighborhood)	Local	National, regional, sub-regional and local	National and local
Deposit	▪ Size: 30% ▪ Cancellation: Not possible	▪ Size: 5% ▪ Cancellation: Possible	▪ Size: 10% ▪ Cancellation: Possible	▪ Size: 10% ▪ Cancellation: Possible	▪ Size: 35% ▪ Cancellation: Restricted
Financing[5]	▪ LTC: 70%–80% ▪ Premium: 1.0%–1.5%	▪ LTC: 60%–70% ▪ Premium: 3.5%–4.5%	▪ LTC: 50%–60% ▪ Premium: 4.0%–5.5%	▪ LTC: 60%–70% ▪ Premium: 2.0%–4.0%	▪ LTC: N/A ▪ Premium: N/A

(1) Management assessment.
(2) Management estimate.
(3) Deloitte Property Index 2017.
(4) CBRE Research EMEA Investment Guide 2016.
(5) KPMG Property Lending Barometer 2017.

INSTONE REAL ESTATE

Deep and committed bench of management professionals who will continue delivering top quality development projects

Kruno Crepulja
CEO
At Company: 9 years
In industry: 21 years

INSTONE REAL ESTATE
formart
HOCHTIEF
Wilma

Oliver Schmitt
CFO
At Company: 33 years
In industry: 33 years

INSTONE REAL ESTATE
formart
HOCHTIEF

Andreas Gräf
CDO
At Company: 30 years
In industry: 30 years

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HOCHTIEF

Torsten Kracht
CSO
At Company: 14 years
In industry: 14 years

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GRK-HOLDING

Harald Meersse
COO BaWü & Bavaria, At Company: 8 years
In industry: 32 years

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HOCHTIEF

Andreas Rühle
COO Saxony
At Company: 7 years
In industry: 18 years

INSTONE REAL ESTATE
GRK-HOLDING
MIB AG

Carsten Sellschopf
COO Berlin & Hamburg
At Company: 20 years
In industry: 22 years

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HOCHTIEF
investa REAL ESTATE

Supervisory Board

Supervisory Board			Assessment of Independence	Comments
	**Stefan Brendgen** (German nationality) ■ Current experience/ board mandates – IVG Immobilien AG – board member (until Sep 2017) – TRIUVA Kapitalanlagegesellschaft mbH – chairman of the supervisory board – HAHN Immobilien Beteiligungs-AG – board member – CLIMEON AB, Sweden – board member – aamundo Asset Management KGaA – chairman of the supervisory board	■ Previous experience – CEO of Allianz Real Estate Germany – Tishman Speyer, head of Germany – Jones Lang Wootton (today JLL) and DTZ International Property Advisers	✓	■ Real estate sector/ real estate development experience ■ Supervisory board experience (including as chairman) ■ Will act as chairman of the supervisory board ■ Independent board member
	**Dr. Jochen Scharpe** (German nationality) ■ Current experience/ board mandates – LEG Immobilien AG – board member – Managing Partner, AMCI GmbH/ Managing Partner, ReTurn Immobilien GmbH	■ Previous experience – FFIRE AG – vice chairman of the supervisory board – GENEBA Properties N.V. – board member – Siemens Real Estate GmbH, Managing Director – Eisenbahnimmobilienmanagement GmbH (Vivico GmbH, now CAImmo Deutschland GmbH), Managing Director – KPMG, Senior Manager	✓	■ Real estate sector experience ■ Supervisory board experience (including as chairman of the supervisory board) ■ Financial expertise ■ Will act as head of the audit committee ■ Independent board member
	**Marija Korsch** (US American nationality) ■ Current experience/ board mandates – Aareal Bank AG – chairperson of the supervisory board since 2013 – FAZIT Stiftung Gemeinnützige Verlagsgesellschaft mbH and Just Software AG – board member	■ Previous experience – Head of Corporate Finance, Bankhaus Metzler seel. Sohn & Co. AG – Managing Director, Bankers Trust	✓	■ Candidate is independent from current shareholders, therefore majority of supervisory board members will be independent ■ High level board experience ■ Capital markets and financial expertise ■ Will be member of Nominations Committee
	**Stefan Mohr** (German nationality) ■ Current experience/ board mandates – Head of Corporate Real Estate at Activum SG Advisory GmbH	■ Previous experience – Head of M&A and Corporate Investments at HSH Nordbank AG – Head of Financial Institutions M&A business at Sal. Oppenheim – Various positions at Bankhaus Metzler and PwC	✗	■ M&A and capital market expertise ■ Real estate sector/ real estate development expertise ■ Will act as Vice Chairman of Supervisory Board ■ Will be member of Audit Committee
	**Richard Wartenberg** (German nationality) ■ Current experience/ board mandates – Activum SG Advisory GmbH, Managing	■ Previous experience – apellas Asset Management – Managing Director at Polis and Bouwfonds Asset Management Germany – Behne Group (now HIH Hamburgische Immobilien Handlung) – RSE Projektmanagement AG	✗	■ Real estate sector/ real estate development experience ■ M&A experience/ financial expertise ■ Will be member of Nominations Committee

INSTONE REAL ESTATE

Remuneration and incentive structure

Components	% of total target compensation	Description
Base Salary	c. 36% to 45%	■ Paid out on a monthly basis ■ Comprises all fixed contractually guaranteed annual payments

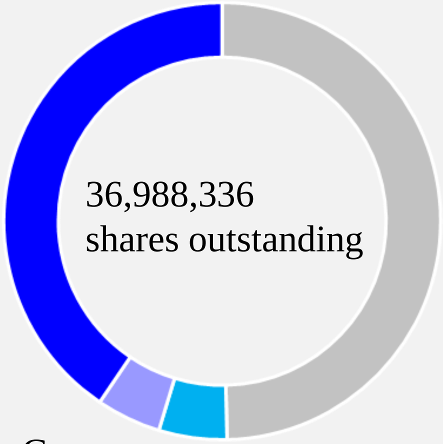
New STI	c. 25% to 41%	■ Paid out annually. New STI linked to performance targets:
		  ■ 80% company specific criteria, 20% personal criteria
		  ■ EBT, ROCE as company specific criteria
		  ■ Company specific criteria are weighted 66% EBT and 34% ROCE, in relation to the defined business plan
		■ Over- (under-)achievement of EBT and ROCE targets leads to increase/ reduction of EBT and ROCE target pay-out
		■ Significant underachievement result in no pay-out (hurdle rate at 80% target achievement)
		■ Cap on pay-out of new STI at 150% of target compensation

New LTIP	c. 23% to 30%	■ Introduction of a new share-based LTIP to align management and public investor interests
		■ Participants:
		  ■ CEO, CFO, CDO, CSO up to 4 additional key executives
		  ■ Potentially available for new senior management members joining the company post-IPO (to be decided by future supervisory board)
		■ Target amount in % of base salary: c. 57% to 67%
		■ Annual base allocation of virtual shares depending on performance based on 3 prior years(1) (+1% for 1% outperformance), capped at c. 150% of the base allocation
		■ KPIs to be used: EBT in relation to the defined business plan
		■ Allocated Amount invested in virtual shares over a 3 year period
		■ After 3 years Allocated Amount vests and management receives a cash payment from the respective tranche of virtual shares ('Payout Amount')
		■ The Payout Amount for each annual tranche depends on the total shareholder return (share price plus dividend payment) of the Instone shares over that period, subject to a cap (Payout Amount capped at 200% of Allocated Amount)

Components	Description
Treatment of Current LTIP	■ Existing LTIP will be converted and paid-out to Management at IPO ■ 70% of net after tax proceeds will be reinvested by Management into Instone shares at IPO ■ These shares will be locked up for a period of three years; each year 1/3 of these shares will be released from the lock-up ■ Activum will compensate Instone for the costs related to the LTIP; there will be no net cash outflow from the Company

Source: Company information.
(1) Phasing in years 1 and 2.

Our shareholders:



Free Float: 50.35%

[1] Indirectly held by Cooperatieve Activum SG Fund III Investments U.A., Cooperatieve Formart Investments U.A., Cooperatieve ASG Fund V Investments U.A.
[2] Indirectly held by Fidelity Institutional Asset Management Trust Company, FMR CO., INC, FMR INVESTMENT MANAGEMENT (UK) LIMITED
[3] Indirectly held by T. Rowe Price International Ltd.

Financial calendar 2018:

30 May	Unicredit Kepler Cheuvreux German & Austria Property Days, Paris
5/6 June	Roadshow London
21 June	Morgan Stanley Europe & EEMEA Property Conference, London
29 June	Annual General Meeting
August	Publication half-yearly financial report
November	Publication Q3 quarterly statement

For any questions please contact:

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