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Instone Real Estate resolves capital increase with subscription rights against cash contribution to fund additional land investment opportunities and publishes new guidance for financial year 2020

Essen, August 26, 2020 –

Today, the management board of Instone Real Estate Group AG ("Instone"), with the consent of the supervisory board, has resolved to execute a capital increase out of authorized capital against cash contributions and with subscription rights for existing shareholders. To this end, Instone is to issue 10,000,000 new no-par value bearer shares with an entitlement to dividends as of January 1, 2020 (the "New Shares").

The New Shares (excluding fractional shares of 136,444 New Shares in respect of which the subscription rights of the shareholders are excluded) are to be offered to existing shareholders at a subscription price of EUR 18.20 per New Share by way of an indirect subscription right (*mittelbares Bezugsrecht*). The subscription ratio was set at 15:4, i.e., fifteen existing shares entitle the shareholder to subscribe to four New Shares during the subscription period. As a result, Instone expects to generate gross proceeds of approximately EUR 182 million from the capital increase.

Instone intends to use the majority of the net proceeds from this transaction for additional land investments over the next 6 to 18 months with an aggregate expected sales volume for fully developed projects of at least EUR 1.5 billion with a view to increasing its sustainable long-term adjusted target revenues to EUR 1.6-1.7 billion in the medium- to long-term. Any remaining net proceeds will be used for general corporate purposes.

A syndicate of banks, led by Credit Suisse and Deutsche Bank, has agreed to subscribe and underwrite the New Shares at the subscription price and to offer the New Shares (excluding fractional shares) to existing shareholders in accordance with the conditions of the subscription offer expected to be published on or around August 28, 2020 in the German Federal Gazette (*Bundesanzeiger*) following the approval of the prospectus.

Subject to the approval of the prospectus by Germany's Federal Financial Supervisory Authority (BaFin) and the publication of the approved prospectus, the subscription period for the capital increase with subscription rights is expected to commence on September 1, 2020 and is scheduled to end on September 14, 2020 (including). Any New Shares that are not subscribed by existing shareholders as well as the fractional shares (for which subscription rights are excluded) are expected to be offered for sale to qualified investors in private placements for a price at least equal to the subscription price.

Subject to the approval and publication of the approved prospectus, the subscription rights (ISIN DE000A289WQ9 / WKN A28 9WQ) for the New Shares will be traded on the regulated market (Xetra and Xetra Frankfurt Specialist) of the Frankfurt Stock Exchange in the period from September 1, 2020 up to and including September 9, 2020 (around 12:00 noon CEST).

It is anticipated that the execution of the capital increase will be entered into the commercial register at the local court (*Amtsgericht*) of Essen by September 15, 2020, and that trading and the inclusion of the New Shares in the existing quotation on the Frankfurt Stock Exchange will take place on or around September 17, 2020.

While Instone expects its financial year 2020 to be negatively impacted by the ongoing COVID-19 pandemic, the management board expects, on a group level, adjusted revenues for the financial year 2020 to be in the range of EUR 470 million to EUR 500 million and adjusted earnings after tax for the financial year 2020 to be in the range of EUR 30 million to EUR 35 million. At the same time, the management board expects for the financial year 2020 an adjusted gross profit margin of at least 28% and a sales volume for fully developed projects of more than EUR 450 million. In addition and against the background of a stabilizing macroeconomic environment, the management board confirms its previously published guidance for financial year 2021 for the group with adjusted revenues in the range of EUR 900 million to EUR 1.0 billion and adjusted earnings after tax to amount to at least EUR 90 million.

The new guidance for financial year 2020 includes its group results for the first six months of 2020 (adjusted revenues of EUR 179.6 million / adjusted earnings after tax of EUR 13.7 million), which Instone will publish on August 27, 2020 as part of its half-year financial reporting for H1 2020.

With respect to the definitions of adjusted revenues, adjusted earnings after tax and adjusted gross profit margin, Instone refers to the corresponding definitions in its annual report 2019, which has been published on Instone's website.

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In member states of the European Economic Area ("EEA"), the placement of shares described in this announcement is only directed at persons who are 'qualified investors' within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "Prospectus Regulation") ("Qualified Investors"). In the United Kingdom, the placement of shares described in this announcement is only directed at Qualified Investors who are persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or (iii) to whom it may otherwise be lawfully communicated; any other persons in the United Kingdom should not take any action on the basis of this announcement and should not act on or rely on it.

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