

## **Instone Group achieves all full year targets; demand expected to pick up significantly in 2025**

- *Adjusted revenues of EUR 527.2 million in 2024 (2023: EUR 616.0 million) in line with expectations*
- *Continued high adjusted gross profit margin of 22.6 per cent (2023: 25.1 per cent) provides further evidence of the quality of Instone Group's projects and its cost leadership*
- *Sales totalling EUR 330.2 million (2023: EUR 211.4 million) with strong development in the final quarter; noticeable demand recovery expected for 2025*
- *Adjusted earnings after tax of EUR 36.9 million (2023: EUR 48.2 million) are in the upper half of the targeted guidance range*
- *With a high operating cash flow (2024: EUR 102.5 million), the balance sheet was once again notably strengthened (loan-to-cost: 10.5 per cent). Instone Group is therefore very well positioned to capitalise on attractive growth opportunities*
- *The Management Board and Supervisory Board propose the payment of a dividend of 0.26 euros per share for 2024 to the Annual General Meeting*
- *Outlook for 2025 in line with market expectations: revenues (adjusted) of EUR 500 to 600 million, adjusted earnings after tax of EUR 25 to 35 million, sales of more than EUR 500 million*

**Essen, Germany, 18 March 2025:** Instone Real Estate Group SE ("Instone Group") achieved all of its targets in 2024, in a year that remained challenging. Sales in particular showed a very positive development and there was a noticeable pick-up in demand in the final quarter. As a result of an anticipated decline in construction output, adjusted revenues and adjusted earnings after tax were below the previous year's level, as expected.

Despite the positive signs of recovery, the main challenge in the current environment remains the demand situation. The most noticeable upturn in demand can be seen in the private investor customer group. The decline in interest rates from their historic peaks, the continuing



stabilisation of property prices and the initial positive effects of the support measures under the Growth Opportunities Act have led to an overall improvement in sentiment on the retail investor side. However, the institutional market as a whole is still characterised by a greater reluctance to buy. Nevertheless, we succeeded in closing several transactions with institutional investors again in 2024. Attractive products, some of which were flanked by favourable promotion schemes, and the stability of Instone Group as a reliable partner were important success factors in this regard. At EUR 330.2 million, sales in 2024 were well above the previous year's low level (2023: EUR 211.4 million). A further recovery in demand is expected for 2025, although it will not yet reach the level of the pre-crisis years.

### **Instone Group maintains leading profitability in a challenging market environment**

Adjusted revenues in 2024 amounted to EUR 527.2 million and were therefore below the previous year's level (2023: EUR 616.0 million) as expected, due to lower construction output. Instone Group continued to benefit from the high share of pre-sold projects. Of the projects under construction totalling around EUR 2.8 billion, around 92 percent had already been sold by the reporting date.

The adjusted gross profit margin was still on a high and industry-leading level of 22.6 per cent in 2024 (2023: 25.1 per cent). The company's leading profitability underscores the quality of the project portfolio and also benefits from structural competitive advantages, such as economies of scale in purchasing and the high level of vertical integration with in-house construction management.

Due to the lower revenues and the slightly lower gross profit margin, the adjusted operating profit (adjusted EBIT) decreased to EUR 57.5 million (2023: EUR 86.1 million). As expected, adjusted earnings after tax (EAT) of EUR 36.9 million were also below the previous year (2023: EUR 48.2 million) with an improved financial result, but in the upper half of the targeted guidance range of EUR 30 to 40 million.

### **Noticeable pickup in demand in retail sales; institutional sales also on the rise**



In 2024, Instone Group sold properties worth EUR 330.2 million, which corresponds to a significant increase of 56.2 per cent compared to the previous year's low level (2023: EUR 211.4 million).

Although demand is currently showing a somewhat differentiated picture, the breadth of demand is increasing steadily. There are already clear signs of a noticeable upturn in demand in single-unit sales. The growing awareness that prices for new-build apartments have bottomed out, with a continuation of dynamic rental growth, and a meanwhile decline in interest rates from their peak levels in 2023, have contributed to a marked improvement in sentiment among private buyers. In addition, the first positive signs from the increased tax depreciation under the Growth Opportunities Act on demand can already be seen. The planned sales launches of products that are tailored to the new law and combine the increased degressive depreciation of 5.0 per cent with an additional linear special depreciation of a further 5.0 per cent over four years promise significant additional positive demand effects in 2025 due to the attractive return potential for private buy-to-let investors.

The institutional market, on the other hand, is still characterised by a generally more noticeable reluctance to buy. However, interest in investing in new-build apartments is also increasing in this customer segment. Several small and one larger institutional transaction were closed in the final quarter. Instone Group benefited from an attractive product offering, which was in part also ideally tailored to favourable local promotion schemes, and from its strong position as a reliable partner in a challenging market environment.

Given the favourable fundamental conditions, Instone Group expects the market environment to continue to improve over the course of 2025, and anticipates a significant recovery in sales with a total volume of over EUR 500 million. A stronger upswing is expected in the second half of the year, especially in the institutional market. Despite the expected noticeable increase in demand, sales volumes are not expected to reach pre-crisis levels in 2025 yet.

### **High operating cash flow leads to further strengthening of the balance sheet**

In 2024, a very high operating cash flow of EUR 102.5 million was generated, largely on the basis of construction progress from projects already sold. This led to a further significant strengthening of the key balance sheet ratios.



The strength of Instone Group's balance sheet represents an important competitive advantage, particularly in the current market environment, which should be utilised to take advantage of attractive growth opportunities. The ratio of net debt to contract assets plus balance sheet inventories valued at cost (loan-to-cost, LTC) dropped to a very low level of 10.5 percent as at 31 December 2024 (31 December 2023: 15.1 percent). The ratio of net debt to adjusted EBITDA was also only 2.1x (31 December 2023: 2.1x).

As at 31 December 2024, freely available cash and cash equivalents amounted to almost EUR 270 million. In addition, the company has substantial unused credit lines (RCFs) and project financing lines.

The Management and Supervisory Board propose the payment of dividend of EUR 0.26 per share to the Annual General Meeting. The company intends to at least maintain an absolute dividend level of EUR 0.26 per share as a floor also for the financial year 2025.

### **Attractive project portfolio provides considerable revenue potential for the coming years**

The expected sales value of the Instone Group's project portfolio (gross development value, GDV) was around EUR 6.9 billion as at the reporting date (31 December 2023: EUR 7.0 billion). The current size of the pipeline safeguards the business potential for the coming years. Acquisitions of new projects were made again in 2024. Two projects in the attractive A-cities of Frankfurt and Düsseldorf with a future sales value of around EUR 260 million were acquired at very attractive conditions in the first half of 2024. A sub-project in Düsseldorf was already successfully sold to an institutional investor in the fourth quarter. Completed projects, on the other hand, amounted to around EUR 270 million.

The part of the portfolio that is in the construction phase amounted to around EUR 2.8 billion, of which around EUR 2.6 billion, or around 92 per cent, had already been sold. This continues to ensure a high level of visibility with regard to expected future revenues and cash flows.

Instone Group currently has a very substantial acquisition pipeline and has already reached exclusivity agreements in some negotiations. The Management Board is therefore confident that further acquisitions of attractive projects can be closed in the coming months.



“We have once again achieved a good result in a challenging market environment and further strengthened our balance sheet at the same time. We are seeing increasing signs of a further recovery in demand and are confident about the medium-term growth prospects of our business model“, says Kruno Crepulja, CEO at Instone Group.

### **Outlook for 2025 assumes a significant increase in sales**

Assuming the expected continuation of the market recovery, which will only be reflected in revenues with a time lag, the Management Board anticipates adjusted revenues of EUR 500 to 600 million, an adjusted gross profit margin of around 23 per cent, adjusted earnings after taxes of EUR 25 to 35 million and sales of at least EUR 500 million.

The definitions of the key performance indicators mentioned in the release can be found in the glossary on the company’s website at: [Glossary: Instone Real Estate Group SE](#)

### **About Instone Real Estate Group SE (Instone Group)**

The Instone Group is one of the leading residential developers in Germany and is listed on the Prime Standard of the German stock market. Since 1991, we have been developing future-proof and sustainable urban residential quarters with apartments for sale or rent throughout Germany – to provide a long-lasting good life in the country’s metropolitan areas. Our diverse expertise, combined with efficient processes and a solid financial basis, creates real added value for our stakeholders in environmental, social and economic terms. This means we are taking responsibility for one of the most pressing social issues of our time – creating needs-based and attractive living space. The company employs 412 employees at nine locations across Germany. As at 31 Dezember 2024, the project portfolio included 42 development projects with an anticipated overall sales volume of approximately EUR 6,9 billion and more than 14,200 residential units. [www.instone-group.de/en](http://www.instone-group.de/en)

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