Instone Group

INSTONE – FOUNDATIONS FOR A GOOD LIFE.

Annual Report 2025

Key indicators

TABLE 001

In millions of euros

		2025	2024	Q4 2025	Q4 2024
Key performance indicators					
Volume of sales contracts		502.3	330.2	273.3	173.6
Volume of new approvals[1]		719.9	261.6	176.4	0.0
Revenues adjusted		504.4	527.2	156.9	142.7
Key earnings figures					
Gross profit adjusted		120.2	119.2	37.2	26.3
Gross profit margin adjusted	In %	23.8	22.6	23.7	18.4
EBIT adjusted		51.1	57.5	15.9	12.1
EBIT margin adjusted	In %	10.1	10.9	10.1	8.5
EBT adjusted		41.5	50.6	12.2	10.9
EBT margin adjusted	In %	8.2	9.6	7.8	7.6
EAT adjusted		31.6	36.9	10.2	7.9
EAT margin adjusted	In %	6.3	7.0	6.5	5.5

		31/12/2025	31/12/2024
Key performance indicators			
Project portfolio		7,095.4	6,891.1
Key balance sheet figures			
Total assets		1,818.2	1,939.0
Equity		614.9	593.4
Carrying amount per share[2]		14.12	13.56
Cash and cash equivalents[3]		252.6	266.2
Net financial debt[4]		151.5	132.5
Leverage[5]		2.8	2.1
Loan-to-cost[6]	In %	11.9	10.5
ROCE adjusted[7]	In %	7.1	8.1

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

[2] Based on 43,322,575 shares as at 31 December 2025 and 31 December 2024 respectively.

[3] Excluding €114.9 million (31 December 2024: €160.0 million) in restricted cash and cash equivalents from the "Westville" project subsidized loan.

[4] Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Excluding the €88.0 million (31 December 2024: €112.6 million) subsidized loan.

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

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

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

Key indicators

TABLE 001

In millions of euros

		31/12/2025	31/12/2024
Key liquidity figures			
Cash flow from operations		-14.8	102.5
Cash flow from operations without		55.2	148.0
Free cash flow		-16.9	116.6
Non-financial key indicators			
GHG emissions			
Scope 1 (absolute value)	tCO_2e	559.5	716.7
Scope 2 (absolute value)	tCO_2e	232.3	284.8
Scope 3 (absolute value)	tCO_2e	259,556.3	177,172.4
Employees[1]			
Number[2]		410	417
FTE[3]		339.6	341.9
Governance			
Number of outstanding court proceedings due to late payment		0	0

[1] Annual average.

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

[3] 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 of our Management Board:
↗ Annual Report 2025

COMBINED MANAGEMENT REPORT

FOUNDATIONS OF THE GROUP

Business model and organizational structure

GRI 1

Instone Real Estate Group SE and its subsidiaries (hereinafter also referred to as "Instone Group") are among the leading developers[1] of residential real estate in Germany by project volume. The Group's share is listed in the Prime Standard of Deutsche Börse. The Instone Group develops single and multi-family buildings and publicly subsidized housing, designs modern residential neighborhoods, and renovates listed properties. These projects are marketed to owner-occupiers, private investors and institutional investors. As at the balance sheet date 422 employees at nine locations were working for our company across Germany. On 31 December 2025 our project portfolio comprised 48 projects with an expected total marketing volume of approximately €7.1 billion and 14,089 units. GRI 2-7

Our development portfolio focuses on what we regard as the most important German metropolitan regions (Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart) as well as on appealing medium-sized cities.

Our traditional core product is the individually planned and customized development of homes for rent and for sale. Together with our subsidiary Nyoo Real Estate GmbH, we also develop innovative, standardized, planned, and serially realizable housing in metropolitan peripheral locations and well-connected B and C cities that can be built at significantly lower construction costs. We expect the nyoo product to make a significant contribution to the Group's medium-term growth, in line with our strategy.

BROAD COVERAGE OF THE VALUE CHAIN

The Instone Group is the largest listed developer in Germany that focuses on residential real estate and also covers the entire range of services of a residential developer, figure 001. We offer 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.

The eight operating locations of the Instone Group each have their own teams responsible for acquisition, planning, construction 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 has 61 employees as at 31 December 2025, is located in Cologne.

The Instone Group locations

FIGURE 002

GRI 2-6

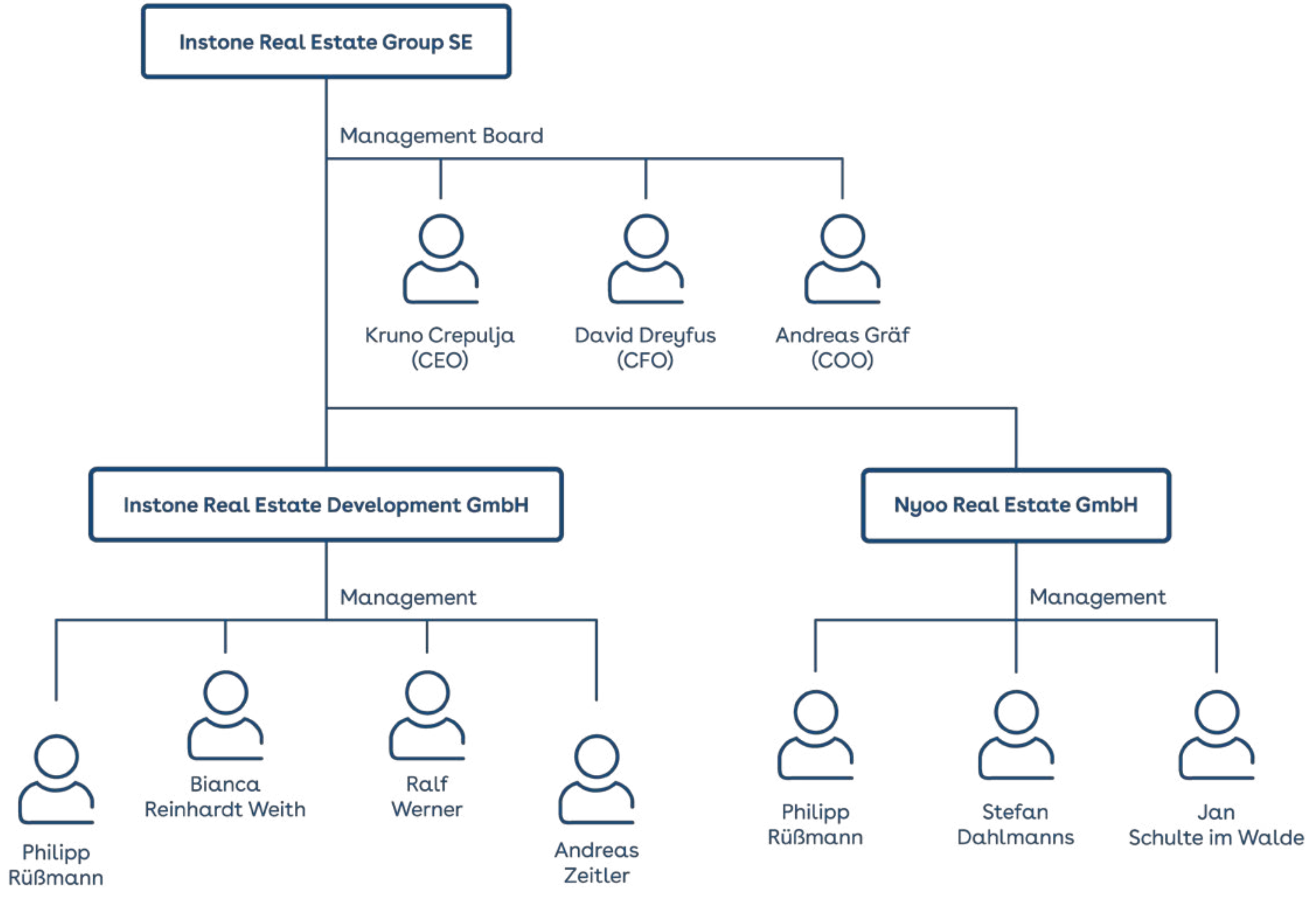
With regard to corporate management, we implement an integrated risk management system and use reporting and planning tools to minimize risk in the development process. In accordance with the German Broker and Developer Regulations (Makler- und Bauträgerverordnung, MaBV), we have the option of contractually agreeing to installment payments based on the progress of construction for residential units sold to owner-occupiers or private investors, for example. Comparable construction-related financing arrangements can usually also be 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, standardized planned product. figure 002

FURTHER MODERATE DECLINE IN THE NUMBER OF EMPLOYEES

Following the onset of the crisis in our industry, we sharpened our focus on costs due to the reduction in expected business volume in order to reduce platform costs overall. This also coincided with a decline in the number of employees. As at 31 December 2025, the Instone Group employed a total of 422 people, which means the number of employees has remained largely stable (previous year: 412 people). GRI 2-7

Instone Group organizational structure (as at: 31 December 2025)

FIGURE 003



Market environment and regulatory conditions

SECTOR SLOWLY RECOVERING FROM INDUSTRY CRISIS

The Instone Group is one of Germany's leading residential real estate developers with a presence in all major metropolitan regions across Germany. In 2025, the market environment for residential real estate developers continued to be affected by the impact of the industry crisis and thus the adjustment to higher interest rates along with simultaneous increases in construction costs. These factors continue to weigh on demand. Nevertheless, a recovery in sales volumes and a stable to slightly positive development in sales prices can be observed. We believe the worst of the industry crisis has passed and the market is on a path to recovery once again.

The speed of market recovery was hampered by a renewed increase in long-term mortgage interest rates in 2025 after they had decreased in 2024. According to the Bundesbank, the average effective interest rate for a term of five to ten years rose moderately again from 3.32% to an average of around 3.58% from December 2024 to October 2025. Momentum for the interest rate increase during the year was partly driven by the newly elected federal government's announcement of an infrastructure program worth €500 billion in March 2025. An important positive demand effect was triggered by the tax depreciation possibilities based on the Growth Opportunities Act for private investors.

The crisis in our industry has also had a negative impact on the supply side of the German housing market. An expected further decline in construction completions will further exacerbate the structural excess demand in the German residential real estate market. The decline in construction activity has led to some easing of construction costs. According to the Federal Statistical Office, construction costs in residential construction rose by around 3.2% in 2025.

LEADING IN FRAGMENTED COMPETITIVE ENVIRONMENT

In a fragmented competitive environment, the Instone Group considers itself to be in a leading market position. According to observations by the Instone Group, 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. In the opinion of the Instone Group, the competitive situation is instead characterized by smaller, more regional or local project developers.

Especially in the current industry crisis, the Instone Group benefits from its financial strength, which, in our view, is reflected in very low leverage and in high liquidity. This is an important distinguishing factor, especially in a competitive environment characterized by numerous regional providers with a weak equity base. Despite a difficult financing environment, the Instone Group continues to have largely unrestricted access to new financing.

We regard our financial strength as a key competitive advantage when it comes to seizing opportunities to purchase plots of land and as an important argument when dealing with our end customers and subcontractors.

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 17.

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 we have 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 livable 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 dialog with state and local authorities to actively help improve the framework for the creation of housing. To meet this objective, our CEO Kruno Crepulja is involved, for example, as the Deputy Chair of the ZIA (German Property Federation), the umbrella association for the property sector.

We also observe that it is the balancing of the individual interests of residents and the common good with regard to densification projects in markets with housing shortages that is increasingly leading to project delays or project cessation. The growing importance of environmental concerns also further complicates the procurement of planning permission. Nevertheless, we have established that, at present, 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, we maintain open communication and involve all affected stakeholders, such as neighbors and interested citizens, in the planning of the neighborhoods at an early stage. This results in a relatively low number of conflicts and minimal associated public law proceedings.

The Instone Group meets its obligations under urban development contracts with local authorities as part of its range of services. For example, our current projects include the creation of 400 children's daycare center places and affordable housing in locations with major shortages, with 2,924 subsidized homes and 74 price-controlled 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

Both the current and previous Federal Governments see and have seen a need for action in order to address the housing shortage.

In 2024, as part of the enactment of the Growth Opportunities Act, the previous Federal Government decided to introduce increased tax depreciation as an important support measure for residential construction. This is an attractive incentive for demand, especially for private investors. The law provides for a degressive increase in tax depreciation rates for new apartments from the previous 3% on a straight-line basis to 5% per year. 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. GRI 201-4

In its coalition agreement, the new Federal Government has named various instruments for promoting new residential construction that are to be examined and implemented. Key measures in this regard are the introduction of a "residential construction turbo" to accelerate the building permit process; the simplification of construction standards, including the creation of a legally secure building type E, which may deviate from the standards of the general building regulations in order to reduce construction costs; and the examination of various funding instruments for the acquirers of new apartments. Municipal housing associations will be supported via equity capital-reducing measures. At the time the annual report was prepared, the residential construction turbo had been approved by the Bundestag. This legislation stipulates that additional apartments can be approved after a three-month review by the municipality if a municipality decides to use the construction turbo. This would eliminate the need for development plans to be drawn up or amended. Construction applications are deemed to have been approved if the municipality does not reject them within three months.

GERMAN BUILDING LAND MOBILIZATION ACT IMPLEMENTED INCONSISTENTLY

The Building Land Mobilization 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 Mobilization 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. Through municipal pre-emptive rights, municipalities have more opportunities to gain preferential access to sites and buildings and 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 endeavors 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 subsidized housing, there are also initiatives that aim to regulate privately financed residential construction more heavily at local authority level. This is done, 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. Our strategic goal is to take advantage of the ongoing market recovery to return to a growth trajectory and to steadily expand our competitive position in the long term. In the current competitive environment, we intend to increasingly leverage the special opportunities for acquiring projects with above-average potential for returns. In large-scale projects in particular, cooperation with financial partners can be pursued, which should lead to an increase in returns potential. 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.

The Group's strategy comprises the following key elements that are the focus of our planning period: GRI 2-22

FOCUS ON ATTRACTIVE METROPOLITAN REGIONS, CONURBATIONS, AND B AND C 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. In addition, the nyoo product has special opportunities in the area of subsidized residential construction. In our projects, we always focus on sustainable, climate-friendly neighborhood development as well as the integration of social aspects. Among other things, this includes the provision of subsidized and accessible housing. Neighborhood 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 centers or schools. With a greater proportion of commercial developments, the Instone Group's focus is on property development. In general, we seek out project partnerships for the subsequent realization 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.

GROWTH DRIVER: NYOO PRODUCT FOR AFFORDABLE HOUSING

With the nyoo product, we are supplementing our existing individually planned product range with high-quality, standardized planned homes at lower price points. By combining standardized planning, serial construction and product simplification, we can significantly reduce production costs and project duration. Thanks to the cost advantages achieved with this product, the Instone Group can serve a market in the mid-price segment that, in our view, is even more affected by a supply shortage and therefore 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. The nyoo product is also offered on the market specifically as a turnkey product for third-party development projects in order to further accelerate growth.

PROJECT PIPELINE EXPANSION

The acquisition of suitable plots of land is essential for the planned growth of the Instone Group. During the market downturn, we 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 selectively acquired two land acquisitions. As the acquisition environment continued to improve in the 2025 financial year, we significantly expanded our investments in new sites with a purchase volume of €1.2 billion. We currently see a very favorable competitive environment for land acquisitions and an increase in the range of attractive purchase opportunities. We expect current acquisitions to be associated with attractive project margins and above-average potential returns. In 2026, we plan to make significant investments in new land in order to further strengthen the medium-term growth potential. We believe the Instone Group is very well positioned to continue on its growth trajectory, which is also due to good liquidity and strong balance sheet.

MAKING THE MOST OF COMPETITIVE ADVANTAGES ALONG THE VALUE CHAIN

As one of the few developers focusing on residential real estate throughout Germany, the Instone Group has many years of extensive expertise across the entire range of services:

- When acquiring land, we prioritize 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 and can be implemented quickly 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 most 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 maximizes its access to any relevant target groups, such as owner-occupiers, capital investors and institutional investors. A separate sales company was established with two partners to strengthen capital investor sales activities.

EXPLOITING EFFICIENCY GAINS THROUGH DIGITALIZATION

By continuously digitalizing and analyzing all of our processes, we see the opportunity to routinely identify potential areas for improvement and therefore make our planning and construction processes more efficient in the long-term. For example, the entire process landscape has been uniformly digitalized 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.

PIONEERING ROLE IN SUSTAINABILITY

In light of the very good results in sustainability ratings, we see our company as a pioneer in the area of sustainability. This has been confirmed by the recent very good placing in the ratings of real estate project developers by rating agency Sustainalytics as well as by the assessment of other international rating agencies. Fair and responsible conduct with regard to economic, ecological and social sustainability is a fundamental part of the corporate strategy for the Instone Group. This is based on the conviction that our company's sustainability performance is crucial to the Instone Group's long-term commercial success and competitiveness. We continued to drive forward the implementation of this strategy in the past financial year. The results of internal working groups (IMPACT groups) comprising around 35 employees, who worked intensively on various aspects of sustainability, were integrated into the project planning and will continue to have a dynamic effect on planning processes in the future. Among other things, this involves the selection of building materials, energy concepts and social impact. A detailed description of the sustainability activities can be found in the financial reporting 2025 section sustainability report. page 179 et seqq.

UNLOCKING ADDITIONAL GROWTH WITH LOW CAPITAL COMMITMENT

In order to strengthen and expand our business model, we are continually exploring new strategic initiatives, including unlocking additional growth potential with low capital commitments This includes, in particular, carrying out large-scale projects in cooperation with strong financial partners or 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. It 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 for us 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 our management system. This includes, 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

MOST IMPORTANT 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 equally includes share deals and asset deals in the calculation 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. Furthermore, adjusted revenue recognition is calculated excluding the effects of 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 capitalized 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 amortization, 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 amortization 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 the 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 primarily includes income from capital gains arising from the sale of non-current assets, compensation for damages, writeups on non-current assets, tax refunds from the previous years based on audits, and reversals of provisions for extraordinary events, as well as from 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 notarized real estate purchase agreements, individual orders from purchasers and rental income.

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 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.

PERFORMANCE INDICATOR OF PARENT COMPANY INSTONE REAL ESTATE GROUP SE

The most important financial performance indicator for the parent company Instone Real Estate Group SE is the net profit, from which the dividend is distributed to the shareholders.

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

ECONOMIC REPORT

Economic conditions

CONTINUATION OF THE WEAK MACROECONOMIC DEVELOPMENT

The German economy remains in a period of economic and structural weakness. After two years of recession, the price-adjusted gross domestic product (GDP) again showed at least slight growth of 2.0% according to initial calculations by the German Federal Office of Statistics. As a result, development in Germany again fell short of the development in the EU and other major economies, such as the USA or China.

According to an assessment by the ifo Institute, the German economy is undergoing far-reaching structural change characterized by decarbonization, digitalization, demographic changes and geopolitical upheavals. Germany is feeling the adverse effects of high energy costs and structural change particularly intensely, as the manufacturing sector, which is predominantly affected, is of great macroeconomic importance and demographic change is particularly pronounced. Other important factors weighing on Germany's export-oriented economy are US customs policy, increasing competition with China, and the strong euro.

For 2026, the German Federal Bank (Bundesbank) expects a moderate recovery of the German economy and moderate GDP growth of 0.6%. Increased government spending during 2026, a recovery of exports and higher private investment in residential construction based on growing real incomes are seen as key economic support. For 2027, the Bundesbank expects German GDP growth to increase to 1.3%.

SLIGHT RISE IN UNEMPLOYMENT

The continuing period of weakness in the German economy also weighed on the labor market last year. Both the number of unemployed and the unemployment rate continued to rise slightly year-on-year. According to the Federal Employment Agency, the unemployment rate in December 2025 was 6.2% (previous year: 6.0%). The Bundesbank expects that the labor market situation will also gradually improve again in 2026, given the moderate growth of the German economy.

INFLATION REMAINS CLOSE TO TARGET

In 2025, inflation, one of the most important economic parameters, remained close to the target of 2% set by the European Central Bank (ECB). According to the Federal Statistical Office, the average increase in consumer prices in 2025 was expected to be 2.2% (previous year: 2.2%). The decline in energy costs compared with the previous year eased the situation, whereas the cost of services remained a key driver of inflation. The Deutsche Bundesbank expects inflation to be largely stable for the annual average in 2026 and to decline slightly to around 2% in 2027.

LONG-TERM REAL ESTATE LOANS BECAME MORE EXPENSIVE AGAIN DURING THE YEAR

With a marked fall in inflation, the European Central Bank (ECB) initiated another relaxation of restrictive monetary policy in 2024. In 2025, four more interest rate steps followed in the first half of the year, reducing the prime rate (deposit rate) from 3.0% at the end of 2024 to 2.0% by June 2025. Since then, the key interest rate has remained unchanged. However, the development of long-term interest rates for real estate loans with a term of between five and ten years, and of long-term interest rates as a whole, has decoupled itself from this. According to the Bundesbank, interest rates on longer-term real estate loans jumped from 3.32% in December 2024 to 3.56% in November 2025.

The demand for loans simultaneously underscores a rising demand for real estate among private investors. According to the Bundesbank, the volume of new housing loans from German banks to private households increased to around €221.3 billion in the first 11 months of 2025, a significant increase of around 22% compared with the same period last year (€181.4 billion).

POPULATION IN GERMANY ALMOST CONSTANT

According to data from the Federal Statistical Office, 83.5 million people lived in Germany on 30 September 2025. Following a substantial increase in previous years, the population fell slightly year-on-year by around 58,000 people (-0.1%). The fact that net immigration remained substantially positive thus did not offset the excess of deaths over births in the first nine months of 2025. Since the early 1970s, the number of deaths in Germany has exceeded the number of births.

The change in the number of households is the most important determinant of demand for housing. Between 2000 and 2024, the number of private households in Germany increased by 8.7% to around 41 million. The growth in households was disproportionate to population growth as the average household size has decreased to 2.0 persons due to stronger growth in one and two person households. 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 behavioral 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 observed in recent years towards smaller households is likely to continue in the future.

BUILDING PERMITS INCREASE AGAIN, COMPLETIONS CONTINUE TO DECLINE

Following a substantial decline in 2024, the number of building permits in Germany increased again in 2025. In the period from January to October 2025, the number of building permits for new apartments to be built was 159,200, 14% higher than the same period of the previous year. Approvals for apartments in multi-family buildings rose almost proportionately by +13.2%.

Building permits are an indicator of the future completions of new apartments. According to estimates by the German Economic Institute (IW), there is an annual need for approximately 373,000 new homes in Germany, meaning that the level of building permits can still be considered low. The Institute anticipates that, after around 252,000 new homes were completed in 2024, the number of completions of new homes will continue to decline to around 235,000 in 2025 and to around 215,000 in 2026, and will be significantly lower than the annual demand.

CRISIS INTENSIFIES LACK OF HOUSING

Rising demand for housing due to the increase in the number of households and the further decline in the supply of new homes are 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 2024, the market-active vacancy rate, in other words apartment blocks that can be rented directly or capitalized in the medium-term, was 2.2% (in 2023: approx. 2.4%). As a result, the absolute vacancy rate dropped substantially again year-on-year by around 45,000 to approx. 522,000 apartments (2023: 567,000 apartments). In 85% of independent urban areas and rural districts, vacancy rates declined further, which represents an increase compared with the previous year. Munich, Frankfurt am Main and Freiburg had the lowest vacancy rates of 0.1% each. This is followed by Münster and Darmstadt, each with 0.2%.

PRICE TRENDS FOR NEW APARTMENTS SIDEWAYS OR INCREASING SLIGHTLY

Prices for new-build housing in Germany's top seven cities were stable to slightly rising in 2025. According to data from consultancy company bulwiengesa, the unweighted average price development in the individual cities shows a moderate increase of around 0.4%. According to bulwiengesa's assessment, the cities of Munich, Hamburg and Cologne recorded moderate price increases, while a slight price decline was still observed for Dusseldorf compared to the previous year.

A significant stabilizing factor was the continuing dynamic development of rents in a market characterized by supply shortages. This shortage was exacerbated by the decline in construction activity and positive net migration. According to bulwiengesa, initial rental rates for new builds in Germany's top seven cities were 3.7% up on the previous year (unweighted average) in the fourth quarter of 2025.

Overall statement on the 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 2025 and achieved all of the financial targets set.

The market is on a recovery path once again following the sharp decline in demand in previous years, although the higher interest rate, with a mid-year rise in long-term mortgage interest rates, is still a significant factor weighing on demand from individual customer groups. By contrast, demand from private investors was a key driver of growth. The tax write-offs provided for in the Growth Opportunities Act triggered a highly positive surge in demand. The Instone Group is responding to this environment and focusing new sales launches specifically on this customer group. In this environment, the Instone Group continued to benefit from a large portfolio of projects that have already been sold. At the same time, it managed to maintain very solid profitability with an industry-leading gross profit margin. This margin is due to the quality of the project portfolio and also to structural competitive advantages such as economies of scale in purchasing and a high level of value creation with in-house construction management.

The increase in the project portfolio as at 31 December to €7,095.4 million (previous year: €6,891.1 million) mainly results from new approvals in the amount of €719.9 million and from positive revenue changes of €141.6 million. This is partially offset by disposals of €529.4 million due to completions, and by disposals of €127.8 million due to investments that were not made. Adjusted Group revenue fell to €504.4 million (previous year: €527.2 million) due to weakened demand in previous years and the resulting decline in construction activity. Adjusted earnings after taxes (EAT) was lower than in the previous year at €31.6 million (previous year: €36.9 million).

The increase in adjusted gross profit by €1.0 million was offset by the increased adjusted platform expenses, the reduced results of joint ventures, and the decreased adjusted financial result. Overall, platform costs were above the previous year at €77.7 million (previous year: €72.9 million). The adjusted tax rate fell to 23.9% (previous year: 27.1%).

The operating cash flow before payments for land was significantly lower than in the previous year due to the decline in adjusted consolidated profit, the increase in tax payments, and the negative change in net working capital before land acquisitions at €55.2 million (previous year: €148,0 million).

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT

Comparison of actual and forecast development 2025 TABLE 002

In millions of euros

		Actual 2025	Forecast[1]
Revenue (adjusted)		504.4	500 to 600
Gross profit margin (adjusted)	In %	23.8	~23
Earnings after tax (EAT) (adjusted)		31.6	25-35
Volume of sales contracts		502.3	>500

[1] Summary Management Report 2024, page 146.

Results of operations, net assets and financial position

Cumulative financial key performance indicators

TABLE 003

In millions of euros

		2025	2024	Change in %
Revenues adjusted[1]		504.4	527.2	-4.3
Gross profit adjusted		120.2	119.2	0.8
Gross profit margin adjusted[1]	In %	23.8	22.6	
EBIT adjusted		51.1	57.5	-11.1
EBT adjusted		41.5	50.6	-18.0
EAT adjusted[1]		31.6	36.9	-14.4

[1] Most important financial performance indicators.

RESULTS OF OPERATIONS

To present the results of operations, some items in the income statement are combined in the following 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, other operating expenses, and depreciation and amortization are summarized in 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.

ADJUSTED RESULTS OF OPERATIONS

Based on 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 will continue to reflect both share deals and asset deals 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 amortization 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 the 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 the sale of non-current assets, compensation for damages, writeups on non-current assets, tax refunds 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 were also 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 capitalized 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 amortization on securities classified as financial assets less capitalized interest.

Adjusted results of operations — TABLE 004

In millions of euros

		2025	2024	Change in %
Revenues adjusted		504.4	527.2	-4.3
Project costs adjusted		-384.2	-408.0	-5.8
Gross profit adjusted		**120.2**	**119.2**	**0.8**
Gross profit margin adjusted	**In %**	**23.8**	**22.6**	
Platform costs adjusted		-77.7	-72.9	6.6
Share of results of joint ventures adjusted		8.6	11.2	-23.2
Earnings before interest and tax (EBIT) adjusted		**51.1**	**57.5**	**-11.1**
EBIT margin adjusted	**In %**	**10.1**	**10.9**	
Financial result adjusted		-9.6	-6.9	39.1
Earnings before tax (EBT) adjusted		**41.5**	**50.6**	**-18.0**
EBT margin adjusted	**In %**	**8.2**	**9.6**	
Income taxes adjusted		-9.9	-13.7	-27.7
Earnings after tax (EAT) adjusted		**31.6**	**36.9**	**-14.4**
EAT margin adjusted	**In %**	**6.3**	**7.0**	

- 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

Despite a substantial increase in marketing performance compared with the previous year, adjusted revenue for the financial year was €504.4 million (previous year: €527.2 million), around 4.3% below the previous year. The decline in adjusted sales is mainly due to lower construction output compared with the previous year.

The adjustment of effects from purchase price allocations slightly changed the revenue by €-0.4 million (previous year: €-1.0 million). The separate valuation of share deals ("Westville" project) increased the revenue by €98.8 million (previous year: €93.6 million). The year-on-year increase results from the planned progress of project development.

Revenue TABLE 005

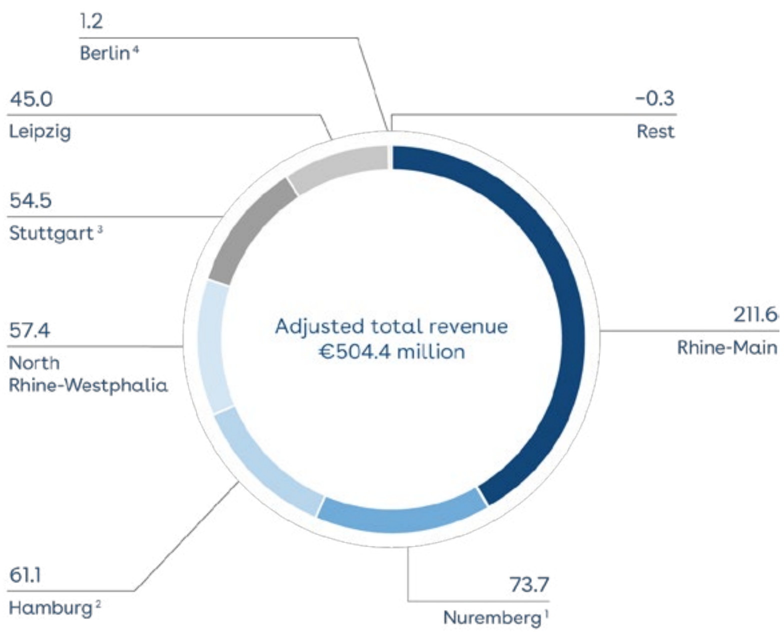
In millions of euros

	2025	2024	Change in %
Revenue	**405.9**	**434.6**	**-6.6**
+ effects from purchase price allocations	-0.4	-1.0	-60.0
+ effects from share deal agreements	98.8	93.6	5.6
Revenues adjusted	**504.4**	**527.2**	**-4.3**

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

Sales (adjusted) by region 2025 FIGURE 004

In millions of euros



[1] Includes Nuremberg and Bamberg.
[2] Includes Hamburg and Norderstedt.
[3] Includes Rottenburg, Herrenberg and Schorndorf.
[4] Includes Potsdam.

PROJECT COSTS

The adjusted project costs, essentially consisting of cost of materials and changes in inventories, fell in the 2025 financial year to €-384.2 million (previous year: €-408 million). In particular, lower construction activity compared with the previous year led to a reduction in the cost of materials to €-403.4 million (previous year: €-432.0 million). Due to the declining progress of as yet unsold projects that are currently being realized, changes in inventories reduced to €93.9 million (previous year: €102.3 million).

Indirect sales expenses in the amount of €-8,4 million (previous-year: €-2,3 million) and other operating income after subtracting the cost of materials of €20.0 million (previous-year: € 18,7 million), of which €14,7 million (previous-year: €15,6 million), from grants, were allocated in the reporting period (31 December 2025) to adjusted project costs. The adjustment of the capitalized interest in the changes in inventories of €-6,0 million (previous year: €-13,0 million) had a negative impact on project costs. Effects from the amortization of purchase price allocations increased the adjusted project costs by €-4,7 million (previous-year: €11,2 million). The significant change compared to the previous year is based on project evaluations as at the respective reporting date. Due to the separate valuation of share deals, adjusted project costs again increased by €-75,6 million (previous-year period: €-92,9 million).

Project costs TABLE 006

In millions of euros

	2025	2024	Change in %
Project costs	**-309.5**	**-329.7**	**-6.1**
+ effects from purchase price allocations	-4.7	11.2	n/a
+ effects from reclassifications	5.6	3.4	64.7
+ effects from share deal agreements	-75.6	-92.9	-18.6
Project costs adjusted	**-384.2**	**-408.0**	**-5.8**

GROSS PROFIT

Adjusted gross profit for the 2025 financial year rose slightly compared to the previous year to €120.2 million (previous year: €119.2 million).

Gross profit TABLE 007

In millions of euros

	2025	2024	Change in %
Gross profit	**96.4**	**104.8**	**-8.0**
+ effects from purchase price allocations	-5.1	10.3	n/a
+ effects from reclassifications	5.6	3.4	64.7
+ effects from share deal agreements	23.3	0.7	n/a
Gross profit adjusted	**120.2**	**119.2**	**0.8**

The adjusted gross profit margin – calculated from the adjusted gross profit relating to the adjusted revenue – amounted to 23.8% in the reporting period (previous year: 22.6%).

PLATFORM COSTS

Adjusted platform costs were above the previous year's level, at €-77.7 million (previous year: €-72.9 million). In the reporting period, indirect sales costs of €8.4 million (previous year: €2.3 million) and other operating income related to material costs of €20.0 million (previous year: €18.7 million) were reclassified to project costs. The increase in indirect distribution costs reflects the increase in marketing activities in the reporting period. In addition, income related to the sale of all shares in franky PropCo 1 GmbH & Co. KG (formerly: Westville 5 GmbH) in the amount of €34.9 million was adjusted because the Westville project development is accounted for in the adjusted earnings situation as a classic project development in accordance with IFRS 15.

Platform costs TABLE 008

In millions of euros

	2025	2024	Change in %
Platform costs	**-31.5**	**-57.5**	**-45.2**
+ effects from reclassifications	-11.6	-16.4	-29.3
+ non recurring effects	0.3	1.0	-70.0
+ effects from share deal agreements	-34.9	0.0	0.0
Platform costs adjusted	**-77.7**	**-72.9**	**6.6**

The reported platform costs comprise the following:

Platform costs TABLE 009

In millions of euros

	2025	2024	Change in %
Staff costs	-49.5	-48.8	1.4
Other operating income	57.8	26.4	118.9
Other operating expenses	-36.1	-30.2	19.5
Depreciation and amortization	-3.7	-4.9	-24.5
Platform costs reported	**-31.5**	**-57.5**	**-45.2**

The reported other operating income was €57.8 million (previous year: €26.4 million), which is a significant increase year-on-year. Income related to the sale of the shares in franky PropCo 1 GmbH & Co. KG in the amount of €34.9 million in July 2025 is the main factor behind this development. In addition, income from the realization of subsidies in the amount of €14.7 million (previous year: €15.6 million) is included.

Other operating income TABLE 010

In millions of euros

	2025	2024	Change in %
Grant income	14.7	15.6	-5.8
Income sale of franky PropCo1 GmbH & Co. KG	34.9	0.0	0.0
Income from released liabilities	5.3	7.1	-25.4
Reversal of provisions	1.9	1.5	26.7
Other income	1.0	2.2	-54.5
Other operating income reported	**57.8**	**26.4**	**118.9**

The reported other income includes other operating income after subtracting the cost of materials in the amount of €20.0 million (previous year: €18.7 million), which were reclassified into adjusted project costs for segment reporting purposes.

The reported other operating expenses were higher than the previous year at €-36.1 million (previous year: €-30.2 million). A major reason is the increase in indirect sales costs by €6.1 million. Our increased sale activities led to a significant rise in marketing volume in the financial year. Other operating expenses mainly include costs for warranties, consulting expenses, sales costs and IT costs, as well as court costs and attorneys' and notaries' fees.

SHARE OF RESULTS OF JOINT VENTURES

The adjusted shares of results of joint ventures of €8.6 million (previous year: €11.2 million) during the reporting period was nearly all attributable to the construction activities and sale of the Berlin joint venture Friedenauer Höhe. The downward trend is in line with expectations because parts of the project development were already handed over to customers in the previous year.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

Adjusted earnings before interest and tax fell to €51.1 million (previous year: €57.5 million) mainly due to increased platform costs and lower earnings from results of joint ventures.

EBIT TABLE 011

In millions of euros

		2025	2024	Change in %
EBIT		**73.5**	**58.5**	**25.6**
+ effects from purchase price allocations		-5.1	10.3	n/a
+ effects from reclassifications		-5.9	-13.0	-54.6
+ non recurring effects		0.3	1.0	-70.0
+ effects from share deal agreements		-11.6	0.7	n/a
EBIT adjusted		**51.1**	**57.5**	**-11.1**
EBIT margin adjusted	**In %**	**10.1**	**10.9**	

INVESTMENT AND FINANCIAL RESULT

As in the previous year, there was no materially adjusted income from investments in the 2025 reporting period.

The reported financial result improved in the reporting period to €-15.5 million (previous year: €-19.9 million). This improvement is due primarily to the decline in financial expenses by €10.3 million. The decline stems mainly from the improved financing basis for current and newly completed financing.

Adjusted financial income declined slightly in the reporting period to €-9.6 million (previous year: €-6.9 million). This is mainly due to the decline in capitalized interest from project financing before the start of sales amounting to €5.9 million (previous year: €13.0 million), which were reclassified as project costs.

EARNINGS BEFORE TAX (EBT)

Adjusted earnings before interest fell to €41.5 million (previous year: €50.6 million) mainly due to increased platform costs and lower earnings from results of joint ventures.

EBT TABLE 012

In millions of euros

		2025	2024	Change in %
EBT		**58.0**	**38.6**	**50.3**
+ effects from purchase price allocations		-5.1	10.3	n/a
+ non recurring effects		0.3	1.0	-70.0
+ effects from share deal agreements		-11.6	0.7	n/a
EBT adjusted		**41.5**	**50.6**	**-18.0**
EBT margin adjusted	**In %**	**8.2**	**9.6**	

Reconciliation EBIT to EBT TABLE 013

In millions of euros

	2025	2024	Change in %
EBIT adjusted	**51.1**	**57.5**	**-11.1**
Financial result	-15.5	-19.9	-22.1
Capitalized interest	5.9	13.0	-54.6
EBT adjusted	**41.5**	**50.6**	**-18.0**

INCOME TAXES

The tax rate in the adjusted results of operations in the 2025 financial year was 23.9% (previous year: 27.1%). As in the previous year, the income tax rate was affected by the expected earnings contributions from the projects that will be realized in joint ventures. Furthermore, the result from share deal agreements is also subject to a reduced tax rate.

Due to the effects mentioned above, income taxes in the reported earnings amounted to an expense of €12.6 million (previous year: €7.1 million) in the reporting period.

In July 2025, a reduction of the corporate tax rate from the current 15% to 10% by 2032 was approved in Germany. From 2028, the corporate tax rate will be reduced by one percentage point each year. The change in the tax rate led to a revaluation of deferred tax items in the reporting period. The effect resulting from the tax rate change is not material from the perspective of the Instone Group as a whole.

EARNINGS AFTER TAX (EAT)

EAT TABLE 014

In millions of euros

	2025	2024	Change in %
EBT adjusted	**41.5**	**50.6**	**-18.0**
Income taxes adjusted	-9.9	-13.7	-27.7
EAT adjusted	**31.6**	**36.9**	**-14.4**

As a result of the effects mentioned above, the adjusted earnings after tax of the Instone Group totaled €31.6 million (previous year: €36.9 million). Before the adjustment for effects from purchase price allocations, effects from share deals, non-recurring effects and the resulting tax effects, reported earnings after tax were €45.4 million (previous year: €31.5 million).

EARNINGS AFTER TAX AND AFTER MINORITY INTERESTS

Non-controlling interests in the earnings after tax amounted to €0.8 million (previous year: €0.3 million). Non-controlling interests in the adjusted earnings after tax also amounted to €0.8 million (previous year: €0.3 million).

EARNINGS PER SHARE

In reporting period, adjusted earnings per share amounted to €0.71 (previous year: €0.84).

Earnings per share TABLE 015

In millions of euros

		2025	2024	Change in %
Shares[1]	In thousands units	43,322.6	43,322.6	0.0
Group's share in consolidated income		44.6	31.2	42.9
Earnings per share	In euros	1.03	0.72	43.1
Group's share in consolidated income (adjusted)		30.8	36.6	-15.8
Earnings per share adjusted	In euros	0.71	0.84	-15.5

[1] Average weighted number of shares as at 31 December 2025 and 31 December 2024.

NET ASSETS

Condensed statement of financial position[1]

TABLE 016

In millions of euros

	31/12/2025	31/12/2024	Change in %
Non-current assets	95.2	84.5	12.7
Inventories	1,147.9	1,188.1	-3.4
Contract assets	131.0	91.1	43.8
Other current assets	76.6	149.1	-48.6
Cash and cash equivalents and term deposits	367.5	426.2	-13.8
Assets	**1,818.2**	**1,939.0**	**-6.2**
Equity	614.9	593.4	3.6
Liabilities from corporate finance	106.1	137.2	-22.7
Liabilities from project-related financing	386.0	374.1	3.2
Long-term provisions and other liabilities	30.9	96.4	-67.9
Short-term provisions and other liabilities	680.3	737.9	-7.8
Equity and liabilities	**1,818.2**	**1,939.0**	**-6.2**

[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.

Effective 1 July 2025, all shares in franky PropCo 1 GmbH & Co. KG were sold. Hence, from that date, this company is no longer part of the consolidated financial statements; it has been deconsolidated. The sale of the shares resulted in other income of €34.9 million. As a result of the deconsolidation, as at 1 July 2025, inventory assets of €133.5 million and bank balances of €46.1 million were no longer recognized on the asset side. On the liabilities side, the consolidated financial statements did not include €27.4 million in major financial liabilities (subsidized loan), €6.1 million in other non-current liabilities related to the interest subsidy on the subsidized loan, €5.9 million in other short-term liabilities related to the transfer of the grant to the acquirer, and €4.9 million in income tax liabilities as well as €3.7 million in trade payables.

The total of the assets of the Instone Group decreased as at 31 December 2025 to €1,818.2 million (previous year: €1,939.0 million). This is attributable in particular to the decline in inventories and to the liquid funds and term deposits affected by the deconsolidation of franky PropCo 1 GmbH & Co. KG, as described above. In addition, other current assets have declined substantially.

The increase in non-current assets results primarily from the financial assets measured at equity and the long-term financial receivables. The shares accounted for using the equity method, which mainly comprise investments in project companies, rose from €64.2 million to €66.8 million. This is mainly due to the sale, construction progress, and handover of project developments in joint ventures.

Non-current financial receivables amounting to €9.0 million (previous year: €5.0 million) include loans to joint ventures and have increased as at the reporting date due to planned new loan provision.

Inventories were reduced mainly due to the deconsolidation of franky PropCo 1 GmbH & Co. KG (effect: €133.5 million) as at 31 December 2025 to €1,147.9 million (previous year: €1,188.1 million). As at 31 December 2025 acquisition costs and incidental acquisition costs for land in the amount of €654.9 million (previous year: €679.7 million) are included in inventories.

The entitlement to purchase price payments by our customers for already sold unfinished products (gross contract assets) that were assessed in relation to the current state of development are €322.1 million as at 31 December 2025 (previous year: €305.2 million). This is due mainly to the start of sales of new development projects and the planned development of projects currently under construction. The advance payments received from customers were €-196.3 millions as at 31 December 2025 (previous year: €-219.0 million).

Contract assets

TABLE 017

In millions of euros

	31/12/2025	31/12/2024	Change in %
Contract assets (gross)	**322.1**	**305.2**	**5.5**
Payments received	-196.3	-219.0	-10.4
	125.8	**86.3**	**45.8**
Capitalized costs to obtain a contract	5.2	4.8	8.3
Contract assets (net)	**131.0**	**91.1**	**43.8**

The other current assets in the amount of €76.6 million (previous year: €149.1 million) mainly include mainly trade receivables, current financial receivables, income tax assets, as well as other receivables and other assets.

Trade receivables in the reporting period reduced to €9.8 million (previous year: €11.7 million). The receivables essentially include standard industry withholdings in residential project handovers.

The current financial receivables amounting to €5.2 million (previous year: €24.3 million) mainly relate to a loan to a joint venture. The decline results from scheduled repayments of the joint ventures.

Income tax assets increased due to advance payments to €12.4 million in the reporting period (previous year: €8.7 million).

Short-term other receivables and assets

TABLE 018

In millions of euros

	2025	2024	Change in %
Grant receivables	33.4	59.4	-43.8
Receivable from sale of shares franky PropCo 1 GmbH & Co. KG	7.0	0.0	0.0
Upfront payments on land	6.7	39.5	-83.0
Other	2.1	2.3	-6.4
Short-term other receivables and assets	**49.2**	**101.2**	**-51.4**

Other current receivables and other assets decreased from €101.2 million to €49.2 million in the reporting period. This item consists largely of approved public subsidies of €33.4 million (previous year: €59.4 million) for the construction of buildings, including the subsidy for the KfW efficiency program. Furthermore, this item contains an other receivable from the sale of shares of franky PropCo 1 GmbH & Co. KG in the amount of €7.0 million. Prepayments for land for which the transfer of benefits and encumbrances takes place after the balance sheet date decreased to €6.7 million (previous year: €39.5 million) due to the transfer of ownership, benefits and encumbrances for projects in the reporting period and the associated transfer of these projects to inventory.

In the reporting period, liquid assets and fixed-term deposits declined mainly due to the deconsolidation of franky PropCo 1 GmbH & Co. KG (effect: €46.1 million) to €367.5 million (previous year: €426.2 million). It includes cash and cash equivalents from borrowed funds for customers of €114.9 millions (previous year:€160.0 million). In this context, please refer to the consolidated statement of cash flows, page 92 et seq.

In the balance sheet as at 31 December 2025, liabilities from corporate finance amounted to €106.1 million (previous year: €137.2 million) and liabilities from project-related financing (including the subsidized loan for the "Westville" project) amounted to €386.0 million (previous year: €374.1 million). Recognized total liabilities from financing operations therefore fell to €492.1 million on the reporting date (previous year: €511.3 million). The decline in corporate finance resulted from the scheduled repayment of the promissory note loan of €30.0 million in August 2025. The decline in project financing concerns only short-term financial liabilities. The short term project financing included in this includes option agreements for extension.

The non-current financial liabilities are down significantly at €330.6 million (previous year: €391.1 million). In the same period, current financial liabilities rose to €161.5 million (previous year: €120.2 million). The decline in financial liabilities resulted from an increased net repayment of financial loans during the reporting period. In addition, long-term financial liabilities were discharged from the deconsolidation of franky PropCo 1 GmbH & Co. KG (effect: €27.4 million).

Non-current provisions and other liabilities of €30.9 million (previous year: €96.4 million) mainly comprise non-current other liabilities and deferred tax liabilities of €4.2 million (previous year: €34.3 million). The substantial change in deferred tax liabilities results from the significant increase in the trading profit of a subsidiary in the reporting period and the associated recovery of temporary differences related to project accounting.

Non-current other liabilities of €14.6 Mio. million (previous year €47.4 million) relate entirely to the interest and capital subsidy in connection with the promotional loans. The decrease stems mainly from the granting of an amortization grant for one of the promotional loans in the amount of €5.7 million, from the deconsolidation of franky PropCo 1 GmbH & Co. KG (effect: €12.0 million), and from a term-related reclassification to current other liabilities in the amount of €12.3 million. The granted repayment subsidy of €5.7 million must be passed on to the recipient and thus increases the other current liabilities by the same amount.

Current provisions and other liabilities in the amount of €680.3 million (previous year: €737.9 million) include mainly current other liabilities, trade payables, other provisions, contract liabilities and income tax liabilities.

The decline in current other liabilities to €500,4 million (previous year: €541.5 million) results mainly from the decline in advance payments received for the "estville"project in the amount of €459.2 million (previous year: €503.3 million) due to the deconsolidation of franky PropCo 1 GmbH & Co. KG. The additional decrease in liabilities from government grants of €12.3 million (previous year: €25.4 million) corresponds to the progress of publicly funded projects in the reporting year. At the same time, there was a term-related reclassification of €12.3 million from non-current other liabilities related to the interest and principal subsidy of promotional loans.

Trade payables fell in the reporting period to €120.2 million (previous year: €134.2 million) and mainly included the services provided by contractors. The fall corresponds to the decreased construction output in the reporting period and is also affected by the deconsolidation of franky PropCo 1 GmbH & Co. KG (effect: €3.7 million).

The increase in other current provisions to €34.8 million. (previous year: €26.3 million) is mainly the result of financial risk provisions for individual projects.

As expected, contractual liabilities reduced in line with the progress of the individual projects to €1.6 million (previous year: €20.4 million).

The equity ratio was 33.8% as at 31 December 2025 (previous year: €30.6%).

The number of shares held by the company as at 31 December 2025 remained unchanged at 3.665.761 which is 7.8% of the shares. Adjusted for treasury shares, the number of shares as at 31 December 2025 was 43.322.575 shares.

The leverage (excluding the loans for the "Westville" project) rose slightly compared with 31 December 2024. In the opinion of management, this level remains at a very low level. Compared with 31 December 2024, the increased net debt has raised the debt ratio to 2.8 times adjusted EBITDA. The ratio of net debt to inventories, contract assets and contractual liabilities increased to 11.9% (previous year: 10.5%). This development is in line with management's expectations.

Net financial debt and debt-to-equity ratio TABLE 019

In millions of euros

		31/12/2025	31/12/2024	Change in %
Non-current financial liabilities[1]		242.6	278.5	-12.9
Current financial liabilities		161.5	120.2	34.4
Financial liabilities		**404.1**	**398.7**	**1.4**
Cash and cash equivalents and term deposits[2]		-252.6	-266.2	-5.1
Net financial debt (NFD)		**151.5**	**132.5**	**14.3**
Inventories and contract assets/liabilities		1,277.4	1,258.7	1.5
Loan-to-cost[3]	**In %**	**11.9**	**10.5**	
EBIT adjusted (LTM)[4]		51.1	57.5	-11.1
Depreciation and amortization (LTM)[4]		3.6	5.0	-28.0
EBITDA adjusted (LTM)[4]		**54.8**	**62.5**	**-12.3**
Leverage (NFD/EBITDA adjusted (LTM))[4]		2.8	2.1	

[1] Excluding financial liabilities of €88.0 million (31 December 2024: €112.6 million) from the subsidized loan for the "Westville" project.

[2] Excluding €114.9 million (31 December 2024: €160.0 million) in restricted cash and cash equivalents from the "Westville" subsidized loan.

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

[4] LTM = last twelve months.

FINANCIAL POSITION

The nominal value of financial liabilities from corporate financing decreased to €105.0 million (previous year: €135.0 million) due to a scheduled repayment of the promissory note loan in the amount of €30.0 million (previous year: €135.0 million); as in the previous year, no syndicated loans were drawn as at the balance sheet date. At the close of the 2025 financial year, the volume of syndicated loans was expanded by entering into new syndicated financing in the amount of €47.5 million. The newly concluded facility has a term of three years plus two renewal options of one year each.

Utilization of lines of project financing (excluding the subsidized loans for the "Westville" project) increased as planned to €262.4 million (previous year: €244.6 million). The total funding available (excluding the subsidized loans for the "Westville" project) amounting to €709.6 million (previous year: €719.2 million) decreased in the reporting period due to the scheduled repayment of project financing. As at 31 December 2025, cash and cash equivalents totaling €413.8 million (previous year: €442.6 million) were available from project financing (excluding the subsidized loan for the "Westville" project) and €295.8 million (previous year: €276.6 million) from corporate finance.

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 2025 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 thus to lower interest expenses. The mostly variable interest rates are between 1.75% and 3.00% (previous year: between 1.75% and 2.95%) 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. All purchase price payments from our buyers are deposited into separately managed purchase price accounts, which are compensated in terms of interest by the respective overdraft 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 020

In millions of euros

Corporate finance (promissory notes)	Due in	Credit line
Term < 1 year	2026	37.5
Term > 1 and < 2 years	2027	50.0
Term > 2 and < 3 years	2028	17.5
		105.0

Corporate finance (syndicated loans)	Due in	Credit line	Utilization 31/12/2025
Term < 1 year	2026	33.3	0.0
Term > 2 and < 3 years	2028	157.5	0.0
		190.8	**0.0**

Project financing	Due in	Credit line	Utilization 31/12/2025
Term < 1 year	2026	127.7	86.1
Term > 1 and < 2 years	2026/2027	137.0	108.2
Term > 2 and < 3 years	2027/2028	44.0	9.0
Term > 3 years	>2028	105.1	59.1
		413.8	**262.4**

Project financing (promotional loans for customers)	Due in	Credit line	Utilization[1] 31/12/2025
Term > 3 years	2031	144.2	114.9
		144.2	**114.9**

[1] Includes interest and repayment subsidy of €26.9 million that is recognized under other non-current liabilities.

Condensed statement of cash flows

TABLE 021

In millions of euros

	2025	2024	Change in %
Cash flow from operations	-14.8	102.5	n/a
Cash flow from investing activities	-2.1	14.1	n/a
Free cash flow	**-16.9**	**116.6**	**n/a**
Cash flow from financing activities	-41.8	-73.9	-43.4
Cash change in cash and cash equivalents	**-58.7**	**42.7**	**n/a**
Cash and cash equivalents at the beginning of the period	426.2	383.6	11.1
Cash and cash equivalents at the end of the period	**367.5**	**426.3**	**-13.8**

The cash flow from ongoing business activities of the Instone Group in the amount of of €-14.8 million, deteriorated substantially year-on-year (previous year: €102.5 million). The main reason for this is the substantial decline in buyer payments for project handovers. A final payment of €91.4 million was recognized in the third quarter of the previous year when an investor project was handed over. In addition, the acquirers' payments during the construction period are lower than the previous year due to the negative cash flow for individual sales projects beginning construction at the start of the business year, among other factors. In addition, the volume of purchase price payments and land transfer tax payments for land has increased to €70.0 million (previous year: €45.5 million).

Of the cash and cash equivalents on 31 December 2025 a total of €125.7 millions (previous year: €164.0 million) are subject to a restriction on disposal.

Cash flow from operations TABLE 022

In millions of euros

	2025	2024	Change in %
EBITDA adjusted	54.8	62.5	-12.3
Other non-cash items	10.9	-2.5	n/a
Taxes paid	-37.1	-19.1	94.2
Net working capital change[1]	-43.4	61.6	n/a
Cash flow from operations	**-14.8**	**102.5**	**n/a**
Payments for land	70.0	45.5	53.6
Cash flow from operations without new investments	**55.2**	**148.0**	**-62.7**

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

The operating cash flow, adjusted for payments for land in the reporting period, was significantly below the previous year's level at €55.2 million (previous year: €148.0 million) for reasons already explained.

In the 2025 financial year, cash flow from investing activities amounted to €-2.1 million (previous year: €14.1 million). This substantial deterioration is due mainly to the disposal of liquid assets in connection with the sale of franky PropCo 1 GmbH & Co. KG in the amount of €46.1 million. This is offset by the related purchase price payment of €14.9 million. For the first time, a cash-effective profit distribution was made for a project company accounted for using the equity method amounting to €7.5 million.

As at 31 December 2025, cash flow from financing activities amounted to €-41.8 million (previous year: €-73.9 million). This mainly consisted of net opening of existing lines of credit in the amount of €9.5 million (previous year: net repayment €-24.6 million), consisting of payments received from new finance facilities in the amount of €168.4 million (previous year: €162.7 million), and repayments for due finance facilities in the amount of €158.9 million (previous year: €187.3 million). In the reporting period, a dividend payment in the amount of €21.7 million (previous year: €14.3 million) and payments for interest amounting to €25.0 million (previous year: €30.9 million) were included in the cash flow from financing activities.

As at 31 December 2025, financial resources rose to €367.5 million (previous year: €426.2 million).

Project business at a glance

Real estate business key performance indicators TABLE 023

In millions of euros

		12M 2025	12M 2024
Volume of sales contracts[1]		502.3	330.2
Volume of sales contracts	In units	802	702
		31/12/2025	**31/12/2024**
Project portfolio (existing projects)[1]		7,095.4	6,891.1
of which already sold		2,727.0	2,755.0
Project portfolio (existing projects)	In units	14,089	14,243
of which already sold	In units	5,784	6,188

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

VOLUME OF SALES CONTRACTS

The forecast of more than €500 million for marketing volume in the 2025 financial year, which was communicated by the Management Board on 18 March 2025, was met with a sales volume of €502.3 million for 802 units. This represents growth of 52.1% compared with the sales value in 2024 (sales volume €330.2 million and 702 units sold) and forms the basis for the targeted sales volume in 2026. The expectations underlying the forecast for 2025 regarding price stabilization with a slight upward trend for new residential properties in the metropolitan regions of Germany that are relevant to us and the associated rising demand from both owner-occupiers and investors were confirmed in the course of the 2025 financial year.

The sales level of unit sales in the reporting period of around €299.5 million and 552 units sold were largely influenced by the sales launches implemented in the reporting period. For example, the projects with a sales launch in 2025 contributed around 50% to the success of unit sales. Year-on-year, the sales volume in unit sales will be doubled (previous year: €149.1 million/268 units). In the second half of the year in particular, the upward trend in the marketing of unit sales became clear with a volume of €208.9 million for 370 units sold (first half of the year: €90.6 million and 182 units).

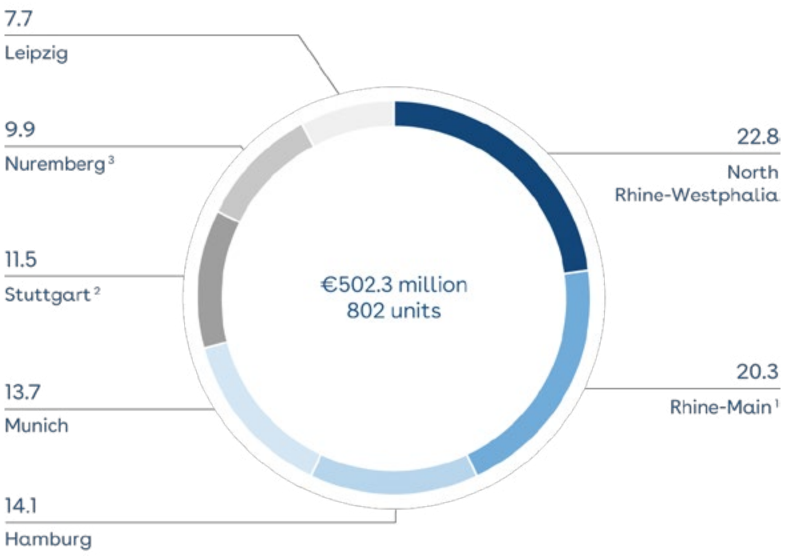
In order to achieve the long-term target pursued by the Management Board, numerous sales launches for projects involving part-ownership sale were planned for the 2026 fiscal year in addition to the 649 units in unit sales at the end of 2025. The product specification is predominantly focused on Efficiency House Level 40 with the aim of achieving sustainability certification. The Management Board expects that, in 2026, increased interest in owner-occupied housing will be reflected in increased sales in this customer segment, but the focus in unit sales will remain on the private equity investor side. Accordingly, the product groups in our projects intended for sales in the medium term have already been implemented in terms of planning, and other acquisition projects have been identified that offer opportunities for timely implementation.

A total of eight institutional sales were completed in the reporting period. Together with the realized supplements and purchase price adjustments for already sold projects as well as rental income, the sales volume of the investor goods is €202.8 million for 250 sales units. The marketing volume in the institutional sector thus rose by 12% compared with the same period a year earlier (previous year: €181.1 million and 434 units). Due to the institutional investors' continued reluctance to buy, we remain below the sales level of the long-term comparison.

The volume of sales contracts realized as at 31 December 2025 focused on the most important metropolitan regions in Germany.

Marketing in 12M 2025 by region FIGURE 005

In %



[1] Includes Frankfurt a. M., Wiesbaden, Heusenstamm, Maintal and Hofheim.
[2] Includes Stuttgart, Schorndorf, Rottenburg and Herrenberg.
[3] Includes Nuremberg and Bamberg.

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

Marketing 12M 2025/ Market offer as at 31/12/2025 TABLE 024

In millions of euros

Individual sale		Marketed volume	Marketed units	Offer on market
“Urban.Isle Campus”	Hamburg	57.0	82	34
“Schönhof-Viertel”	Frankfurt a. M.	36.9	50	5
“nyoo berry”	Duisburg	35.3	83	18
“Lahnwarte”	Frankfurt a. M.	33.4	71	78
“Thumenberger Weg”	Nuremberg	21.2	24	157
“Gefylde”	Herrenberg	21.2	44	45
“Neckar.Au Viertel”	Rottenburg	20.9	45	9
“Parkresidenz”	Leipzig	17.2	33	26
“Nordlicht”	Norderstedt	13.8	34	53
Other	Other	42.5	86	224
Total		**299.5**	**552**	**649**
Investor goods				
“Ottobrunner”[1]	Munich			
“Grafental”	Dusseldorf			
“Parkresidenz”	Leipzig			
“Birkenweg”[2]	Heinsberg-Oberbruch	202.8	250	
“Gefylde”	Herrenberg			
“Polaris”	Hofheim			
Other[3]	Other			

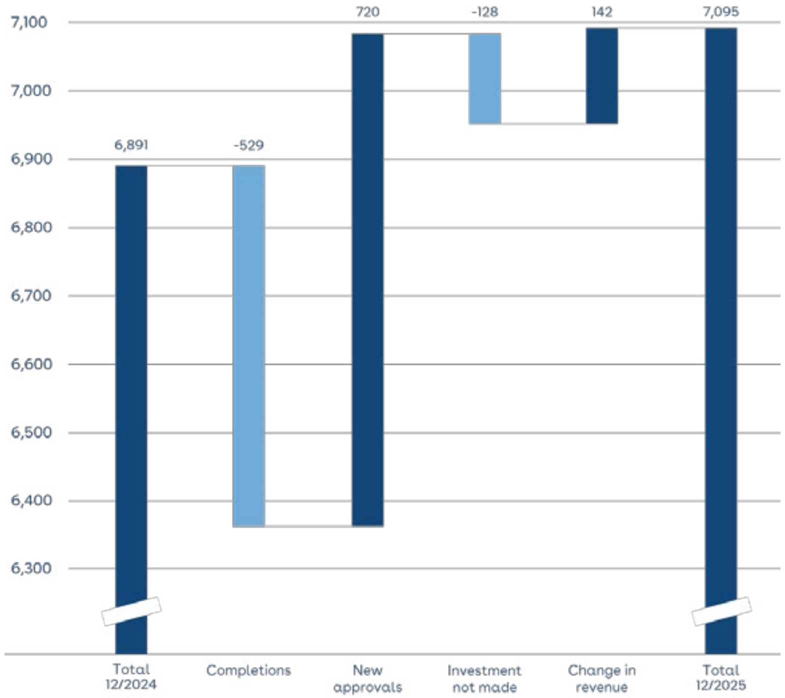
[1] Includes land sale and works contract with a building commitment.
[2] Includes a works contract with a building commitment.
[3] Volume of sales contracts results (partly) from supplementary items to the purchase agreement.

The sales offer of our individual sales projects on the market as at 31 December 2025 included 649 units with an expected revenue volume of €403.7 million. The increase in the sales offer compared to the 2024 end-year value (31 December 2024: 375 units and €221.1 million) is due mainly to eight unit sales launches with a total of 826 units. This figure was reduced by the successful sale of a total of 552 unit sales units in the reporting period.

Development of the project portfolio, 31/12/2025

FIGURE 006

In millions of euros



PROJECT PORTFOLIO

As at 31 December 2025, the Instone Group's project portfolio comprised 48 projects, from which we currently anticipate a total volume of sales contracts of €7,095.4 million. This is an increase from the figure as at 31 December 2024 (€6,891.1 million).

This increase is mainly due to a total of 12 newly approved projects with a volume of around €719.9 million in the reporting period (including a works contract with a construction commitment). This does not include new approvals of projects in non-consolidated companies (see the "Projects in non-consolidated companies" section on page 39).

Some of the new approvals are based on agreements with subsequent land acquisition. Consequently, these investment funds are appropriately reserved, but the final decision on the acquisitions has yet to be made in some cases. Given the acquisition opportunities that are already partly being negotiated as well as the additional market opportunities, the Management Board of the Instone Group expects to see an additional increase in investment volume in the next few months.

In addition, the changes in revenue from various existing projects had an increased impact on the value of the project portfolio (€141.6 million) as part of the further specification of planning. In the reporting period, this included changed sales strategies to investment sales and more specific area specifications.

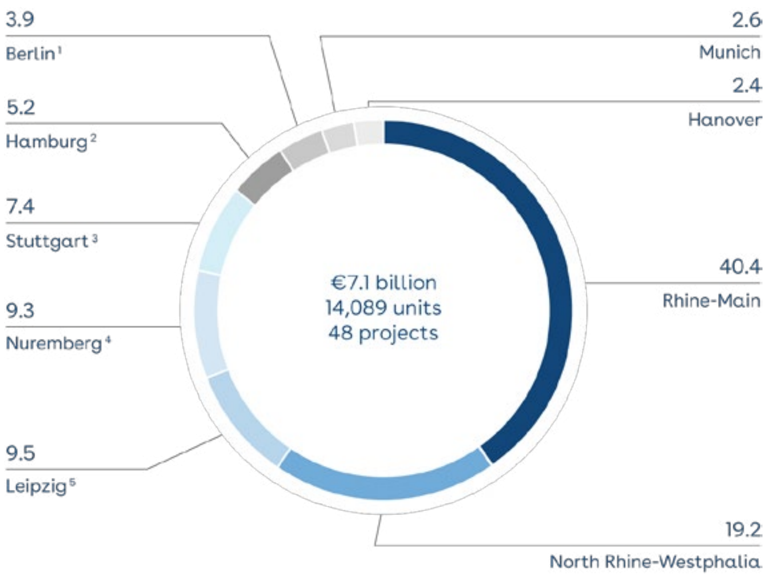
The reductions in the project portfolio result from the successful completion of a total of five projects in the reporting year (volume: €529.4 million). Withdrawal from investment approval in Mönchengladbach due to significant changes in economic parameters also has a reducing effect (see "Investment not carried out" category in figure 006).

We have already realized adjusted revenue of €2,255.8 million from the current project portfolio, of which some €1,462.2 million as already been handed over.

As at 31 December 2025, the projected project gross profit margin on the project portfolio, excluding the Westville project in Frankfurt am Main, was approx. 24.2%.[1] This means that it was higher than the level at the end of 2024 (23.0%). This is mainly due to the relatively high margins of the projects newly approved in 2025 as well as to changes in revenue estimates as part of the further specification of planning.

Project portfolio by region as of 31/12/2025 FIGURE 007

In %

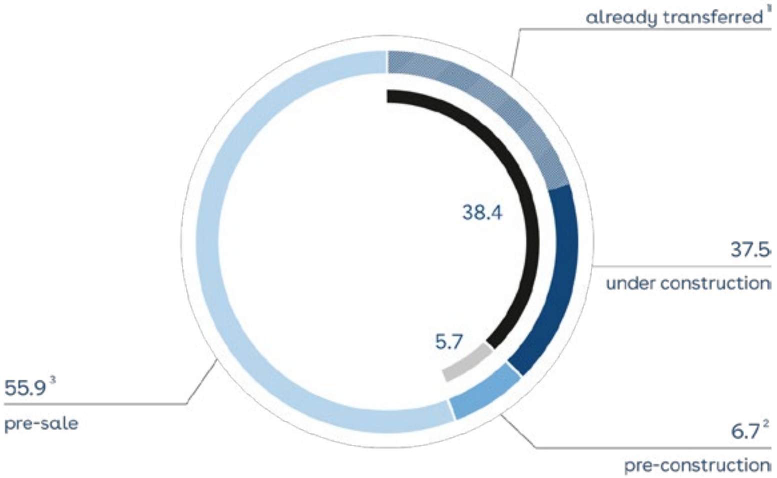


[1] Includes Berlin and Nauen.
[2] Includes Hamburg and Norderstedt.
[3] Includes Stuttgart Rottenburg, Herrenberg, Remshalden and Schorndorf.
[4] Includes Nuremberg and Bamberg.
[5] Includes Leipzig and Halle.

The majority – approximately 98% – of anticipated overall volume of revenue from the project portfolio as at 31 December 2025 is located in the most important metropolitan regions of Germany: Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart. Around 2% is attributable to other attractive, medium-sized cities.

Project portfolio by groups as of 31/12/2025; Basis: Sales proceeds FIGURE 008

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".

[1] If the large "Westville" project is taken into consideration, the expected project gross profit margin for the project portfolio as at 31 December 2025 is 23.3%.

With the new approvals, which came back into focus in this reporting year, and the ongoing completion of sold projects, most of our ongoing projects are in the development stage "before sales start."

Through the consistent development of our projects on the building regulations side and in the execution-related planning phases, a total of eight unit sales projects became ready for sale and sales were launched accordingly.

Due to the improved market environment for unit sales, especially for investment products with attractive depreciation options, expansion of the start of sales is planned for 2026.

The categories shown in figure 008 are generally at a comparable level to the end of the previous year (31 December 2024: 56.8% before start of sales, 40.7% under construction, 2.5% pre-construction). There is still a slight shift from the "under construction" category to the "pre-construction" category.

The portfolio share of project parts already handed over (31 December 2024: 16.3%), included in the "under construction" category, rose compared with the year-end figure of 2024.

In addition, the preceding diagram shows that, as at 31 December 2025, we had sold approximately 38% 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 87% of projects had been sold as at 31 December 2025.

ADJUSTED REVENUE

In the reporting period, we achieved adjusted revenue of €504.4 million (previous year period: €527.2 million). The following projects contributed significantly to the adjusted revenue:

Key project revenue recognition (adjusted) 12M 2025 TABLE 025

In millions of euros

		Revenue volume (adjusted)
"Westville"	Frankfurt a. M.	99.2
"Schönhof-Viertel"	Frankfurt a. M.	67.8
"Urban.Isle Campus"	Hamburg	57.8
"Neckar.Au Viertel"	Rottenburg	46.9
"Parkresidenz"	Leipzig	44.9
"Lagarde"	Bamberg	28.7
"Steinbacher Hohl"	Frankfurt a. M.	17.7
"nyoo berry"	Duisburg	15.5
"Literaturquartier"	Essen	15.3
"Grafental"	Dusseldorf	14.8

The building blocks of success for realizing the adjusted revenue were steady marketing progress and a further development process in the structural implementation of our projects. Thus, in addition to the marketing progress achieved, progress of the projects under construction, in particular, has contributed to the generation of revenue.

In the reporting period, three sub-projects of the "Parkresidenz" in Leipzig; the "Lahnwarte" project in Frankfurt am Main and one sub-project each of the "Lagarde" projects in Bamberg, "nyoo berry" in Duisburg, "Gefylde" in Herrenberg, and the "Thumenberger Weg" projects in Nuremberg were able to start construction with a total of 691 units. A total of 1,688 units are currently in the construction phase at the same time.

At 1,676 units, the handovers in the reporting period amounted to €825.8 million.

All developments in the challenging market environment are closely monitored with regard to our projects. Recognizable 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 approximately 98%.

PROJECTS IN NON-CONSOLIDATED COMPANIES

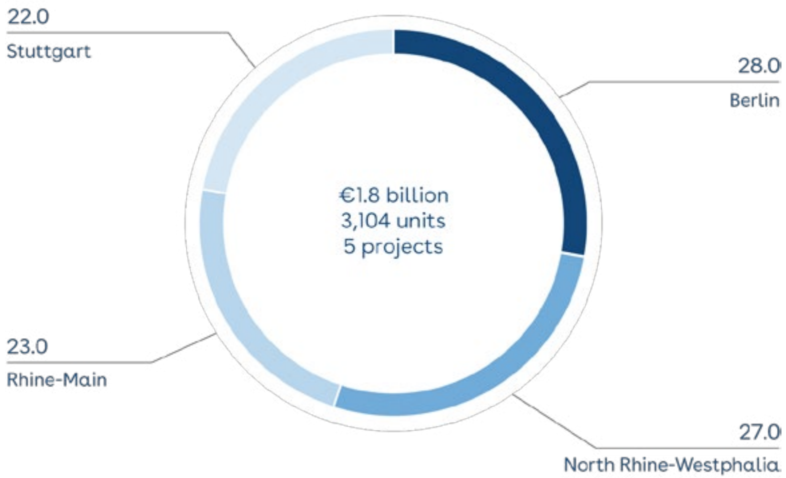
The 48 projects from the consolidated project portfolio of the Instone Group (as described in figure 007) are supplemented by five additional projects that are being implemented in non-consolidated companies and have an expected total revenue volume of €1,761.5 million (Instone Group expected share: €825.6 million). This corresponds to a portfolio increase of €480.1 million compared with the end of 2024 resulting from a new acquisition in North Rhine-Westphalia. The part of the expected total revenue still to be realized is €1,275.1 million (expected share of Instone Group expected share: €592.7 million).

In the reporting period, the projects in the non-consolidated companies realized revenue of €51.8 million (Instone Group share: €27.0 million).

Project portfolio of non-consolidated companies by region as at 31/12/2025 (100% view)

FIGURE 009

In %



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 summarized in the Group Management Report. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS® Accounting Standards) in accordance with Section 315e (1) HGB. Differences between the accounting and valuation methods in accordance with the HGB and the IFRS Accounting Standards 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 43 et seqq., and "Outlook" page 62 et seq.

2025 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 21 et seqq., and "Project business at a glance", page 34 et seqq., sections of this combined management report.

RESULTS OF OPERATIONS

Condensed income statement TABLE 026

In millions of euros

	2025	2024	Change in %
Revenue	8.2	8.0	2.5
Other operating income	5.4	5.9	-8.5
Staff costs	-14.8	-14.4	2.8
Other operating expenses	-13.5	-16.1	-16.2
Depreciation and amortization	-0.1	-0.6	-83.3
Financial result	120.9	65,5	84.6
of which revenues/losses from profit and loss transfer agreements	119.1	60,9	95.6
Taxes on earnings	-33.0	-9.8	>100,0
Earnings after tax	**73.1**	**38.5**	**89.9**

The reported revenue of Instone Real Estate Group SE in the amount of €8.2 million (previous year: €8.0 million) results mainly from the provision of services to affiliated companies.

At €5.4 million (previous year: €5.9 million), other operating income was slightly lower than in the previous year and includes, in particular, income from passing on expenses to affiliated companies.

Personnel expenses amounted to €-14.8 million in the reporting year (previous year: €-14.4 million), slightly above the level of the previous year.

Other operating expenses amounted to €-13.5 million (previous year: €-16.1 million), below the previous year's level. In the 2025 financial year, other operating expenses mainly included expenses for organizational consulting and services amounting to €-4.8 million (previous year: €-6.2 million), other tax expenses amounting to €-1.6 million (previous year:

€-2.1 million), expenses for IT services amounting to €-2.4 million (previous year: €-2.0 million), expenses for insurance premiums amounting to €-0.8 million (previous year: €-1.1 million), and expenses related severance payments amounting to €-1.0 million (previous year:€-0.9 million).

The significant increase in the financial result to €120.9 million (previous year: €65.5 million) consisted mainly of the following:

- Income from profit and loss transfer agreements amounted to €128.1 million (previous year: €67.3 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.
- Income from loans amounted to €5.5 million (previous year: €8.5 million).
- Income from interest on investments amounted to €4.2 million (previous year: €6.9 million).
- Expenses from the acceptance of losses amounted to €-9.0 million (previous year: €-6.4 million).
- Interest and similar expenses were lower than the previous year at €-7.8 million (previous year: €-10.8 million) due to scheduled repayments.

Taxes on income and earnings amounted to €-33.0 million (previous year: €-9.8 million). The significant increase mainly resulted from the high earnings contribution of Instone Real Estate Development GmbH.

In the reporting period, there was a total net profit of €73.1 million (previous year:€38.5 million). This increase is mainly attributable to the significant rise in earnings from profit and loss transfer agreements.

NET ASSETS

Condensed statement of financial position TABLE 027

In millions of euros

	31/12/2025	31/12/2024	Change in %
Non-current assets	224.2	224,3	-0.1
Loans and receivables from affiliated companies	275.2	209,0	31.7
Other receivables, other assets and deferred income	4.3	6,7	-35.8
Bank balances	167,3	195,1	-14.3
Deferred tax assets	13.6	9.2	47.8
Assets	**684.6**	**644.3**	**6.3**
Equity	529.4	477.9	10.8
Provisions	31.2	18.5	68.6
Loans from banks and other lenders	106.8	137.7	-22.4
Liabilities to affiliated companies	15.3	8.6	77.9
Other liabilities	1.9	1,6	18.8
Equity and liabilities	**684.6**	**644.3**	**6.3**

At the year end, the total assets of Instone Real Estate Group SE rose to €684.6 million (previous year: €644.3 million). On the asset side, this is mainly due to the increase in loans and receivables from affiliated companies. On the liabilities side, equity and provisions have increased significantly. At the same time, liabilities to credit institutions and other lenders were reduced as at the reporting date through scheduled repayments.

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 €279.5 million (previous year: €215.7 million) include loans to affiliated companies amounting to €98.8 million (previous year: €96.4 million) and ongoing receivables from affiliated companies based on profit and loss transfer agreements. Other assets amounting to €3.2 million (previous year: €6.0 million) are mainly receivables from tax refund claims.

As at 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 €13.6 million (previous year: €9.2 million).

The equity ratio on the balance sheet date was 77.3% (previous year: 74.2%).

The information regarding Section 160 (1), no. 2 AktG can be found in the notes the annual financial statements of Instone Real Estate Group SE.

Provisions rose to €31.2 million in the financial year (previous year: €18.5 million) and relate in particular to personnel provisions for pensions and bonus commitments to the company's employees and employees of group companies as well as tax provisions. €18.1 million is attributable to tax provisions.

The liabilities mainly consist of loan liabilities to banks and other lenders amounting to €106.8 million (previous year: €137.7 million) and those to affiliated companies in the amount of €15.3 million (previous year: €8.6 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: 95 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 performed better than expected at €73.1 millions (previous year: €34.6 million). This is mainly due to the higher income from profit and loss transfer agreements compared to expectations. Contrary to initial expectations that the company's earnings after taxes would improve slightly year-on-year, earnings almost doubled compared with the previous year. Despite the payment of a higher dividend in 2025, the earnings after taxes of net profit improved by more than 50%, mainly due to the increase in earnings after tax.

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, a significant decrease in income from profit and loss transfers compared to the previous year is expected for the 2026 financial year. We expect a net profit for the financial year that is approximately 10% below that of the previous year.

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

IFRS S2.25

At the Instone Group, the risk management system is understood to mean the entirety of all organizational 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. Unrecognized and therefore uncontrolled and unmanaged risks represent a high risk potential for the Instone Group. Systematic risk management reduces this while also safeguarding the continued existence of the company, the preservation of jobs and the successful further development of the Instone Group.

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 dual-control principle. The powers for individual decision-making levels are clearly regulated in internal guidelines. The risk management process does not encompass a separate opportunity management function. We evaluate identified opportunities in terms of their impact on the planned results within the framework of existing planning and controlling processes.

We are continuously working to optimize the risk management system together with our independent partners. As a European stock corporation listed on the Frankfurt Stock Exchange, the Instone Real Estate Group SE 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 standardized and structured approach to risk management are reviewed internally on a regular basis and updated where applicable. GRI 2-22

RESPONSIBILITIES

In organizational 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 organization 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. 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 the Supervisory Board's audit committee. As a result, the Management Board is able 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 is intended to ensure 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 jeopardize 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 program, 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, we recognize early on any potential dangers that may affect the company's value or performance. 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, analyze 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 the 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.

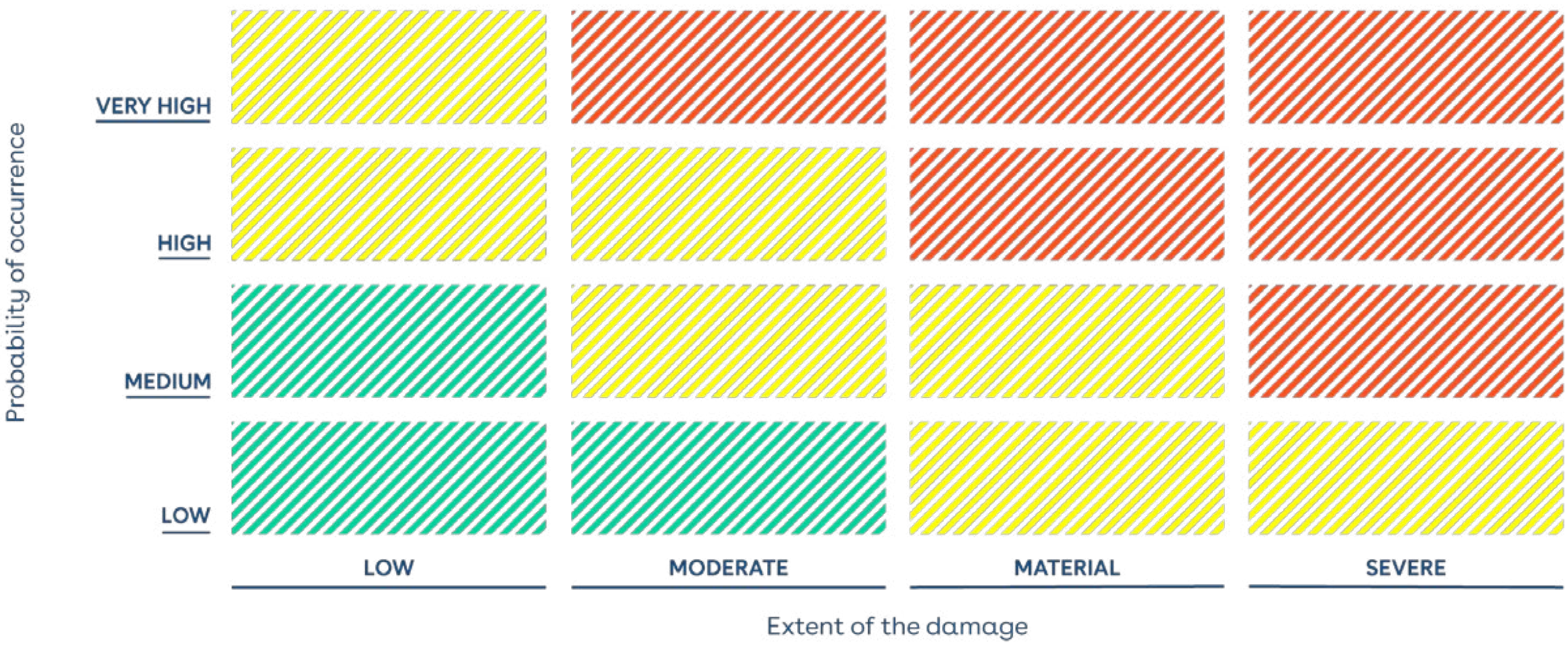
TABLE 028

Probability of occurrence	In %	Damage impact	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 categorizes the individual risk notifications into a traffic light system (green, amber and red).

RISK ASSESSMENT MATRIX

FIGURE 010



SUPERVISION OF THE RISK MANAGEMENT SYSTEM

The risk management system is regularly updated and developed, and in particular, adapted to changes in our company. 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:

- 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
- Training of risk officers and assistants
- Reporting to the Management Board about material risks and their development

The described process is 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 by the Management Board in addition to event-related reports based on a formal report. 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 organizational 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 authorization 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 separately and independently audits compliance with the legal requirements and group-wide guidelines for the control system. The functionality and effectiveness of the risk management and risk early identification systems, among other things, were reviewed during the business year. An evaluation of internal control processes and the identification of potential optimization potential for minimizing risk during process implementation are part of every audit. The individual audit reports are made available to the Management Board, the audited business units and the risk management system for coordinating 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.

RISK-BEARING CAPACITY

Within the risk management system, ensuring the company's risk-bearing capacity is our key objective. 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 equalized, 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. Consequently, 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 2025. 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 2026 financial year currently being analyzed 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 at 31 December 2025, 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". The risk has a severe net loss impact and a high net probability of occurrence.

Despite the upward trend in the marketing of unit sales, which can be observed particularly in the second half of 2025, a large part of the risk situation relevant for the Instone Group comes from the slower marketing activities compared to the plan for the years 2026 onward. In addition, the Instone Group continues to see a tightening of lending standards by credit institutions, which is also influenced by raised regulatory requirements. Therefore, the management Board continues to focus risk management particularly on new financing and refinancing at corporate and project level. 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 Annual Report 2024 are assessed as relevant as the risk situation has remained relatively constant compared to the previous year.

GENERAL BUSINESS RISKS

IFRS S2.25

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 contributed to growing political and economic uncertainty 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 substantial rise in interest rates since 2022 has had a significant negative impact on demand for German residential properties. Stabilization of property prices, a positive development in real wages and tax incentives from the support measures of the German Growth Opportunities Act led to a further improvement in mood and a revival of demand among investors in the reporting year. The institutional market as a whole continues to be affected by a greater reluctance to buy. It can be assumed that if interest rates remain at a high level, this would continue to have a dampening effect on the recovery in demand overall. Demographic and socioeconomic trends in the Instone Group's key markets may also significantly affect demand for residential properties. Although the population in Germany's most important population centers rose between 2008 and 2024 as a result of increasing urbanization and a generally growing population in Germany, this trend could reverse or at least slow down. The population in Germany remained almost constant overall in 2025. Not taking immigration into account, a shrinking and aging population is to be expected in Germany. Lower immigration rates could reduce demand, especially in our key markets. 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. Furthermore, with our focus on key metropolitan regions, it can be assumed that, due to the continuing trend of urbanization and the increase in single-person households (especially in cities), demand for housing will continue to grow in these regions even though the total population is shrinking in Germany.

The Instone Group has positioned itself more broadly across regions so that it can better respond to possible changes in the market. We are represented in Germany's core cities and prosperous medium-sized cities in Germany, where we offer real estate in different price segments ranging from publicly subsidized housing to high-end housing. The project portfolio includes new construction projects as well as the renovation of listed buildings. Projects are sub-divided into different building phases. This enables us to 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 be rent controls in the form of limits on rent indexing 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 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 2025, approximately 98% of our portfolio (based on the expected total revenue volume) was located in the most important population centers and metropolitan areas in Germany (Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Cologne/Bonn, Leipzig, Munich, Nuremberg and Stuttgart) and approximately 2% in other attractive medium-sized cities. The positive population and household trends and continued high demand for new housing are, in our view, favorable factors in the current real estate market. In recent years, increased demand for housing has been observed in major population centers and large cities. If growth in the population centers changes, this would pose a risk to the core markets of the Instone Group. We are looking into project opportunities outside the core cities too in order to counteract such a development. The affordable housing business, the target group this reaches, and potential project locations in major conurbations and beyond will be significantly expanded through the subsidiary Nyoo Real Estate GmbH.

We monitor market developments and the situation of supply and demand very closely so we can react to any changes that may occur. Following the temporary price correction and the decline in demand due to the interest rate increase, demand for new homes continues to rebound, especially in individual sales. However, demand is still significantly below pre-crisis levels. The Instone Group currently expects the housing market to continue to recover in 2026. This is due to the ever-worsening housing shortage in the metropolitan regions, which continues to lead to rising rents, increasing demand through attractive depreciation options that can be used in most of our projects, and rising real incomes. The impacts from a slower market rebound than anticipated were sufficiently taken into account in the risk inventory and thus in the risk-bearing capacity. 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

Progressive globalization and digitalization have a lasting impact on the working environment and are leading to changed requirements for careers, processes and qualifications. Against this backdrop, the trade union Bauen-Agrar-Umwelt and the German Employers' Association have agreed on a collective bargaining agreement with a term of three years that provides for the gradual development of salary structures in the construction industry by 2026. While tariff adjustments take effect automatically, the Instone Group also regularly reviews the remuneration of its non-tariff employees to ensure a market-oriented, transparent and competitive salary structure.

The ongoing shortage of skilled workers is a relevant risk for the organization. The lack of skilled workers can lead to delays in filling or refilling key positions. This has the potential to create bottlenecks in key functions and can affect the implementation of operational and strategic tasks. There is also the risk that knowledge transfer, especially in specialized departments, cannot be fully guaranteed. In view of the lean corporate structure, the absence of employees in critical roles, such as due to illness or termination of employment, increases the risk of temporary understaffing. Continuity and efficiency of workflows may be restricted as a result, potentially leading to delays, quality risks and increased pressure on remaining employees. In order to tackle these challenges proactively, the Instone Group pursues a structured approach to risk mitigation. This includes the early identification of key positions and the expansion of active succession management. Continuous analysis of the age structure and the development of future search profiles make it possible to identify potential loss of expertise at an early stage and initiate appropriate countermeasures.

Another key element of risk management is the targeted development and retention of employees. Identifying employees with talent and potential is becoming increasingly important given the shortage of skilled workers. Individual development measures strengthen the skills base of our employees and ensure their long-term employability. An important tool here is the internal mentoring program, which supports young specialists and managers over a period of 18 months. Mentees benefit from the expertise of their mentors, from the systematic expansion of their internal network, and from complementary motivational presentations. This targeted support reduces the risk of mis-appointments, loss of expertise and the resulting process or quality risks. At the same time, serial planning and construction enable a higher share of standardized production outputs, noticeably reducing the need for specifically qualified skilled workers. We also ensure that qualified employees are deployed in positions that meet the strategic requirements of our company.

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, for example, unethical or illegal behavior by employees or business partners, working conditions, incidents on construction sites, extensive or significant building defects and related claims for damages, the inability to provide the services customers require, negative (social) media reports, and impending or actual legal disputes. Furthermore, discussions on regulatory issues, such as the affordability of housing, or sustainability issues can 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 unfavorable orders, directives or decrees. In turn, these 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 media/on 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 dialog 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 IFRS S2.25

In light of the latest developments in the Omnibus Process on CSRD and EU taxonomy, we continue to monitor regulatory requirements on an ongoing basis and align our internal processes accordingly. According to the current drafts, it is foreseeable that due to its size, the Instone Group will not be subject to the CSRD; a decision on the future basis of reporting will be made as soon as there is legal certainty. For the 2025 financial year, sustainability reporting will continue on a voluntary basis in line with ESRS Set 1, published in July 2023, while the ongoing legislative process will be monitored on an ongoing basis.

In 2025, the materiality assessment was reviewed again to determine whether there were any material changes that could affect the result. As no changes were noted, the existing materiality assessment was formally reaffirmed at the meeting of the Management Board. The focus here is on potential financial risks that may arise from environmental, social and governance-related (ESG) matters. These risks are monitored on an ongoing basis and successively transferred to the existing risk management system. A detailed description of sustainability activities and the resulting opportunities and risks can be found in the financial reporting 2025 section sustainability report. page 179 et seqq.

In order to achieve the national climate targets by 2045, the development and implementation of new materials, construction methods and standards at the Instone Group is required. In particular, the focus is on reducing carbon 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 realized. Early consideration (see chapter E1-9, page 206 et seqq.) and continuous dialog 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 behavior 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 harbors 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 (see section E5-6, page 230), 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 opinion, 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 has not been as strong in recent years due to the changing market situation.

The Instone Group is one of the leading project developers with expertise in neighborhood 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 the 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 behavior, including corruption, money laundering and terrorist financing, to investigate indications of suspicious activity, and to immediately detect contraventions. In addition, we want to ensure that our internal guidelines are also observed by our workforce.

Compliance responsibilities

FIGURE 011

The Instone Group is continuously 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 organizationally 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 optimization of the compliance management system, on a regular basis.

In the 2025 financial year, there were no legal proceedings due to anti-competitive behavior, 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 organizational 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

Despite the measures implemented, there is still a residual risk that violations of data protection regulations may occur. Two cases of personal data breaches were identified in the past financial year. However, there was no or only a low risk for the rights and freedoms of the individuals involved. We consider the impacts of the risks arising from compliance and data protection to be relevant.

FINANCIAL RISKS

Banking partners

Excellent contacts with our banking partners play an important role for our company. Deposits, mainly in the form of overnight money, are held at different banks and external financing is also taken out. The broad diversification in the banking market reduces the risk of a deposit being lost and the risk that existing financing will not be able to continue. Diversification of our banking partners also facilitates new acquisitions of debt financing for our projects.

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 that meet specified minimum requirements. 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 minimize 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 harbor 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 impacts of the respective investment on the existing financial covenants are 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 a financial covenant would have a severe impact on our 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. In 2025, interest rates continued to fall until the middle of the year, which is why our externally financed projects have to bear lower interest payments than originally calculated. Since mid-2025, we have seen a lateral movement of money market interest rates in the market. 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 correspondingly adjusted 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. Interest rate cuts, on the other hand, lead to lower costs and margin relief.

Despite the current sideways movement of interest rates, the Instone Group considers the potential impact of interest rate rises to be relevant.

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 analyzed 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 regarding the recurring stabilization 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. This risk has a significant net loss impact and a medium net probability of occurrence.

Regular tax audits may reveal tax risks that might reach a relevant level when they occur.

The company's 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 ongoing audit for the years 2020 to 2023 has not yet resulted in any findings. 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 summarized 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 realization 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 2023 and 2024 financial years but then increased slightly in 2025. Business closures and insolvencies or a potentially renewed increase in competition could lead to bottlenecks on the supply and fulfillment 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 realization 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 analyzed in detail. Outstanding issues are clarified in dialog 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-prioritizing 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. To avoid the risk of building cost increases, we strive 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.

Following the stabilization of construction prices in 2024, the market saw a slight increase in prices in 2025; however, this did not have any impact on our projects due to increased competition on the contractor side in order to generate capacity utilization.

Energy costs (electricity and natural gas) were largely stable to declining (gas) in 2025 and did not affect price developments to the same extent as in previous years. The Instone Group'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. 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.

The increasing number of insolvencies did not affect our projects in 2025. 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 risk of possible loss of this funding represents a significant net loss impact and a high net probability of occurrence.

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 the 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.

As described in the "Project business at a glance" section, page 34 et seqq., an upward trend in the marketing of unit sales was observed especially in the second half of 2025; this was largely due to demand from private investors. The speed of sale may be reduced because institutional investors continue to be reluctant to buy, demand for owner-occupied housing has not yet reached the demand level of private investors, and the development of capital investment sales could deviate from the current forecast. Furthermore, it cannot be ruled out that purchase prices will be reduced in favor of a more positive sales trend compared with current price assumptions.

Our risk management ensures that the planned revenues and schedules for each project are analyzed and scrutinized 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, marketing measures and product modifications.

As in previous years, the sales risk of all planned marketing activities in the existing portfolio represents a severe individual risk as at 31 December 2025 because this 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 and efficient IT systems for its operations. It uses complex, customized 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 unauthorized 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, we rely 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 centers in Amsterdam and Dublin. Multi-level, continuously updated defense systems, client and identity management systems for all mobile devices, apps and user accounts, as well as a 24/7 Cloud Security Operation Center 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.

We consider 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. With the contractual agreement of guarantees to protect against claims for defects, the Instone Group asserts claims of investors and purchasers against the executing contractors.

While the Instone Group is insured against fire, natural disasters, business interruption and third-party liability. However, 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 agency 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. The entire insurance portfolio is regularly reviewed for compliance with company-specific developments or changes and adjusted if necessary.

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 2025 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 ongoing unfavorable market situation. Opportunities include:

- Sustained high demand for housing and associated rent increases
- Rising population in conurbations
- Trend toward single apartments
- 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 realization of subsidized housing
- Further 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) GRI 201-4
- Improvement in the economic framework conditions (for example, a decrease in interest rates, GDP growth and lower building cost inflation)
- Simplification of building regulations
- Improved subsidy conditions (or additional subsidies)
- Implementation of ongoing strategic initiatives (for example, the successful implementation of the sales company structured as a joint venture)

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 realize 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.

According to management, the Instone Group is one of the largest German project developers in the residential real estate sector 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. This improves our margin quality compared to most of our competitors because the higher project volume reduces the fixed costs per unit produced, long-term capacity utilization can be planned more reliably, and production costs decrease, particularly through the pooling of purchasing as well as optimizations and standardizations in the production process.

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 its 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, comprehensive sustainability reporting that goes far beyond the legal requirements, and the continued dialog 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 2025 and the forecast for the current 2026 financial year continue to show a significantly adverse macroeconomic risk situation. This can mainly be attributed to the economic and structural weakness of the German economy as well as to the geopolitical environment impacted by crises.

Our forecast assumes that demand for residential properties in Germany, which rose in 2025, will continue to rebound in the 2026 financial year. Nevertheless, the risks – particularly with respect to sales speeds and sales prices – remain high because it is not possible to predict exactly what will happen next. 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 minimize the risks of residual materials. In addition, we are increasingly focusing our product design efforts on the private investment side in order to drive the sales process forward with the aid of attractive depreciation opportunities provided by the German Growth Opportunities Act. We expect additional support in the sales process from the newly established joint venture VESTWAY. This sales platform is specifically designed for selling new residential construction from the Instone Group portfolio to private investors.

In terms of construction costs, the Management Board anticipates a slight increase in material and construction service prices. This is taken into account in the project calculations. 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.

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. New acquisition activity that is subdued compared to the plan will, according to current estimates, have a negative impact on the company's recovery of the growth momentum in the medium term. On the other hand, the current market situation presents opportunities for land purchases that could lead to a significant increase in the project volume.

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 jeopardize 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 Instone Group'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.

OUTLOOK

GENERAL ECONOMIC AND INDUSTRY ECONOMIC CONDITIONS

The German economy remains in a period of pronounced economic and structural weakness. For example, price-adjusted gross domestic product (GDP) rose only slightly in 2025 with a growth rate of 0.2%, following a decline in the previous two years, according to the Federal Statistical Office. According to the ifo Institute, the German economy is undergoing far-reaching structural change characterized by decarbonization, digitalization, demographic changes and geopolitical upheavals. Germany is feeling the adverse effects of high energy costs and structural change particularly intensively because the manufacturing sector, which is predominantly affected, is of great macroeconomic importance and demographic change is particularly pronounced. Other important factors weighing on Germany's export-oriented economy are US customs policy, increasing competition with China, and the strong euro.

For 2026, the German Federal Bank (Bundesbank) expects a moderate recovery of the German economy and moderate GDP growth of 0.6%. Expected increased government spending during 2026, a recovery of exports, and higher private investment in residential construction based on growing real incomes are seen as key economic support. For 2027, the Bundesbank expects German GDP growth to increase to 1.3%.

The Bundesbank expects inflation to be largely stable at 2.2% in 2026 and to decline slightly to 2.0% in 2027.

The continuing period of weakness in the German economy continues to weigh on the labor market. Both the number of unemployed and the unemployment rate continued to rise slightly year-on-year. According to the Federal Employment Agency, the unemployment rate in December 2025 was 6.2% (previous year: 6.0%). The Bundesbank expects that the labor market situation will also gradually improve again in 2026, given the moderate growth of the German economy.

The market for residential property in Germany continued to be influenced by the elevated interest rate level in 2025 but was back on the path to recovery. Demand for new housing increased further year-on-year but has not yet reached pre-crisis levels. The structural supply-demand imbalance in the German market has worsened due to a decline in new construction activity. The German Economic Institute (IW) sees an annual demand of 373,000 new homes but expects completions of new-build housing to fall further from 252,000 in 2024 to 235,000 in 2025 and to a level of 215,000 in 2026. Expected new build activity will therefore remain significantly below annual demand.

Prices for new-build housing in Germany's top seven cities stabilized again from 2024 following a decline in the previous year as a result of the sharp rise in interest rates. This development continued in 2025. According to data from the consulting and analysis company bulwiengesa, the unweighted average year-on-year price trend in the individual cities is a moderate average increase of around 0.4%.

For 2026, 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 comparatively moderately again in the past year following sharp increases in previous years. According to the Federal Statistical Office, by November 2025 construction prices for new housing had risen year-on-year by 3.2%. The Management Board of the Instone Group expects only a slight increase in construction costs in 2026.

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 43 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 had led to a marked decline in private and institutional demand compared to pre-crisis levels. Overall, however, sales have bottomed out and are now back on a clear path to recovery. In particular, the segment of individual sales to private investors is showing a dynamic rebound in demand. While the Management Board expects demand to grow substantially once more in 2026, it does not expect sales volumes to reach pre-crisis levels again. The main reasons in favor of a recovery are the fundamental shortage of housing, the attractiveness of the funding terms of the Growth Opportunities Act for private investors, the bottoming out of housing prices and rising real incomes. The forecast assumes a historically lower sales volume, particularly for sales to institutional investors, but a further 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 between €650 million and €750 million in 2026.

On the basis of already secured sales and expected new sales, we are forecasting adjusted revenue of between €550 million and €600 million for 2026.

For the project mix that is relevant for revenue recognition, we expect a gross profit margin of at least 24%.

Adjusted consolidated earnings after tax are forecast to be in the range of €35 million to €40 million.

Adjusted consolidated earnings after tax also form the basis for determining the profit distribution. The Management Board and Supervisory Board propose a dividend of €0.43 per share for the 2025 fiscal year. The plan is to maintain this dividend level in the coming years as well.

Forecast of corporate governance key performance indicators for 2026

TABLE 029

In millions of euros

		2026 outlook
Revenue (adjusted)		550 to 600
Gross profit margin (adjusted)	in %	>24
Consolidated earnings after tax (adjusted)		35-40
Volume of sales contracts		650-750

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 2025, 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 2025, 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 9 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 3 May 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 company controlled by him: Samarra 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. 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 21.4 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 sentence 2 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 authorized to decide on 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 AUTHORIZED CAPITAL 2023

Under Section 6.1 of the articles of association, the Management Board is authorized 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 (authorized capital 2023) once or several times 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.

7.2 AUTHORIZED CAPITAL 2025

According to Section 6a.1 of the articles of association, the Management Board is authorized to increase the company's registered capital, with the approval of the Supervisory Board, in the period up to 10 June 2030 by up to a total of €8,000,000.00 by issuing up to a total of 8,000,000 new no-par-value bearer shares against cash contributions and/or contributions in kind (authorized capital 2025) once or several times 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.

7.3 CONTINGENT CAPITAL 2021

The Management Board was authorized by the Annual General Meeting on 9 June 2021, 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 authorized, 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 authorized, 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 recognized issue price, however, this authorization 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 fulfill the conversion obligation do not account for more than 10% of the registered capital. The registered capital figure on the effective date of this authorization is decisive when calculating this limit. If the registered capital is lower at the time the authorization 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 authorization until its utilization from authorized 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 authorizations pursuant to Section 71 (1) no. 8 of the AktG during the term of this authorization until its utilization 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 authorization until its utilization on the basis of another authorization in similar application of Section 186 (3) sentence 4 AktG to the exclusion of the subscription right. Finally, the Management Board is authorized, 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 authorized capital or treasury shares of the Company, which are issued or sold by the Company during the term of this authorization until it is exercised by utilizing another authorization with the exclusion of shareholders’ subscription rights, and, together with rights issued during the term of this authorization until it is exercised by exercising another authorization 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 authorization. If the registered capital figure is lower at the time the authorization 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 authorized 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 authorized 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 measures 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 authorized 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 authorization to issue warrants or convertible bonds.

7.4 AUTHORIZATION 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 authorized, 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 authorization is exercised, by being able to exercise the authorization 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 program 2022/I) and, on 25 October 2022, approved the acquisition of up to 1,349,417 shares (share buyback program 2022/II), in other words up to 3,698,833 shares in total, using the authorization granted by the Annual General Meeting on 13 June 2019 for the acquisition of treasury shares. As part of the share buyback program/1 and the share buyback program/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 authorization of the Annual General Meeting to acquire the company's treasury shares passed on 13 June 2019, which expired on 12 June 2024.

By the resolution passed on 11 June 2025, the Annual General Meeting authorized the Management Board, in accordance with further details, to acquire treasury shares up to a total of 10% of the share capital, with effect from the conclusion of this Annual General Meeting until 10 June 2030, The decisive factor for the limit of 10% is the share capital figure at the time this authorization took effect. If the share capital figure is lower at the time this authorization is exercised, then this lower value is applicable. The authorization can be exercised in full or in part, once or several times.

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. 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.

Corporate governance statement (unaudited)

In this section, the Instone Group provides information about the principles of company management, in accordance with Sections 289f and 315d of the German Commercial Code (HGB), and the Management Board and the Supervisory Board, in accordance with Section 161 of the German Stock Corporation Act (AktG), and about the company's corporate governance 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 center of its activities. Responsibility for the environment and community 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 fulfillment 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 2025 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 2025.

The Company's Management Board and Supervisory Board declare that for the period since the declaration of compliance was submitted in December 2024, 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:

- 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 favorite 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 declaration period.

- 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 harmonize the corporate planning adopted with the performance criteria for the Management Board. This recommendation will therefore not be followed in the future.

- 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 complies with company law requirements for long-term bases for calculating variable remuneration and also the recommendations of various institutional voting rights 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 2025

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 focused 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. The Instone Group 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 reflect and represent, for example, the positioning of the Instone Group on topics such as social responsibility and social added value, environmental sustainability of our projects and economic growth as well as external communication and interaction with stakeholder groups relevant to our company, including customers, employees, contracting parties and other stakeholders.

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 organization, 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 dialog, which forms the basis of efficient and targeted corporate management. The Management Board develops the strategic direction of the Company, 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.

The articles of association and the rules of procedure for the Management Board also include provisions for certain reservations of consent in favor of the Supervisory Board for measures and legal transactions of fundamental importance. For dealing with conflicts of interest in the Supervisory Board and the Management Board, the respective rules of procedure of the Supervisory Board and the Management Board also include regulations which, in addition to an obligation to disclose conflicts of interest immediately, provide for the approval of the Supervisory Board where there are material conflicts of interest in the Management Board, and for a ban on participation and/or voting for the partial member where there is a conflict of interest in the Supervisory Board. For significant and not merely temporary conflicts of interest, the Supervisory Board member in question must resign. In the reporting year, Stefan Brendgen and Stefan Mohr did not participate in certain deliberations and/or resolutions of the Supervisory Board voluntarily as a precautionary measure in view of a conflict of interest that could not be ruled out in each case with respect to different matters. 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.

MANAGEMENT BOARD

COMPOSITION

According to the Company's articles of association, the Management Board consists of at least two persons. In the 2025 financial year, the Management Board continued to consist 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 130. CVs of the members of the Management Board can also be found on the Instone Group website at 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 authorized representative.

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 divisions and 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 at the beginning of the 2026 financial year.

The organizational 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.

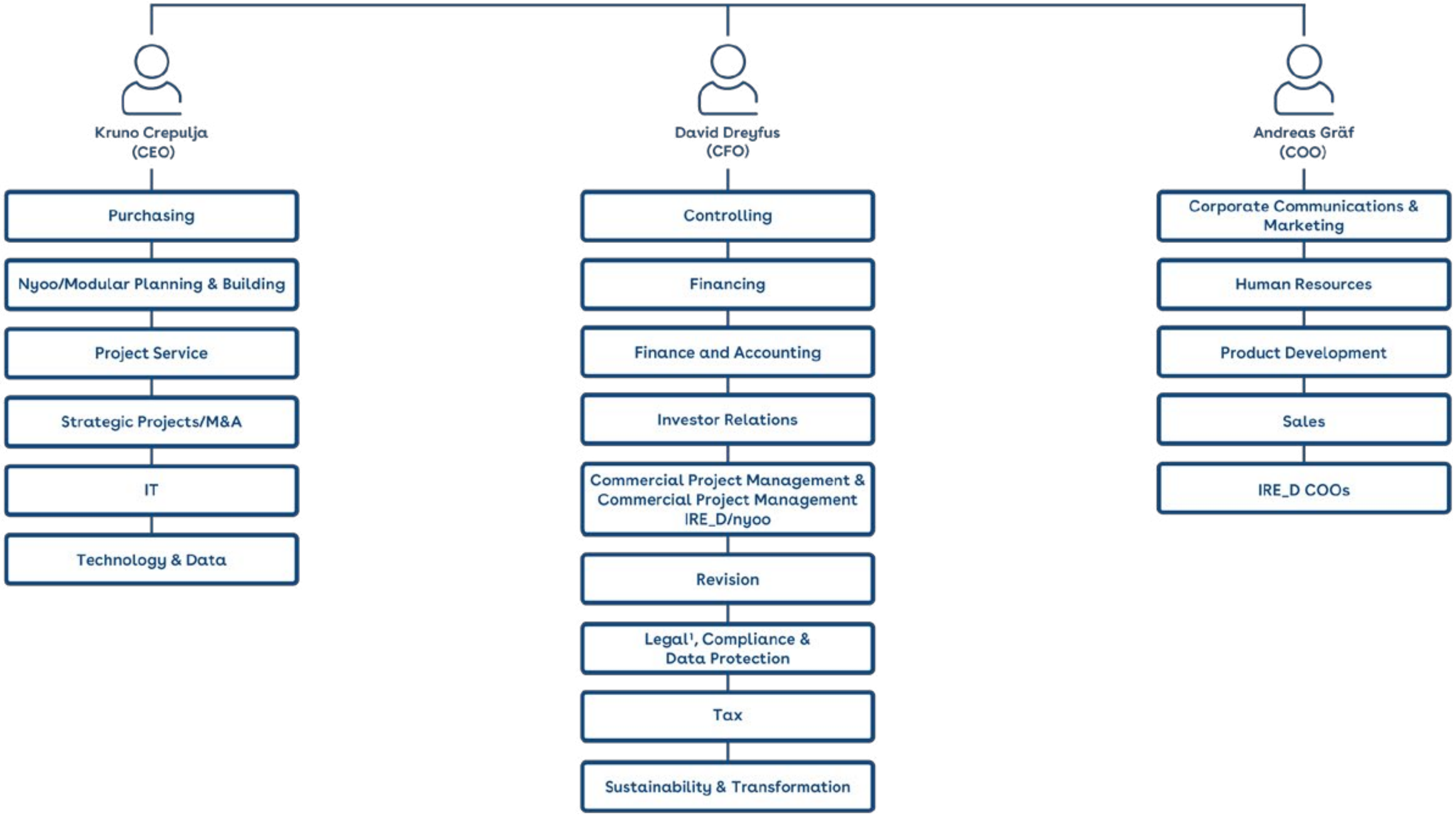
RESERVATIONS OF CONSENT AND RULES OF INFORMATION

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

FIGURE 012



[1] Including corporate and capital market law as well as support for the Supervisory Board.

SUPERVISORY BOARD

COMPOSITION

In accordance with the articles of association, the Supervisory Board consists of five members. 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 131. 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 2025 financial year are explained in more detail in the Supervisory Board's report from page 152 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 past financial year 2025, based on a structured review process in which it critically evaluates and assesses the separate 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 and a skills profile to ensure that the Supervisory Board provides qualified control and advice to the Management Board. It most recently reviewed and confirmed these objectives and skills profile in December 2025. 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 organizations
- 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 013

	Stefan Brendgen	Dr. Jochen Scharpe	Dietmar P. Binkowska	Stefan Mohr	David S. Beardsell	Christiane Jansen (until 11 June 2025)	Sabine Georgi (until 11 June 2025)
Member of the Supervisory Board since	13 August 2018	13 August 2018	3 April 2019	14 June 2023	11 June 2025	20 September 2021	3 July 2023
Appointed until	oHV2026	oHV2026	oHV2026	oHV2026	oHV 2026	oHV2026	oHV2026
Knowledge, skills or professional experience							
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	Yes	Yes

[1] Including sustainability reports and auditing of sustainability reports.

+ Expertise
++ Special knowledge

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, in accordance with the recommendations of the DCGK. The skills matrix was also reviewed and confirmed by the Supervisory Board in December 2025. GRI 2-10

The Supervisory Board should also have an appropriate number of independent members. 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 should be nominated for election as a member of the company's Supervisory Board. The standard limit for length of service on the Supervisory Board is twelve years. These requirements were also met as at 31 December 2025.

SUPERVISORY BOARD COMMITTEES

In the 2025 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 2025 financial year:

- Dr Jochen Scharpe (Chair)
- Stefan Brendgen
- Stefan Mohr

Due to their training, professional experience as CEOs or as 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 2025 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 2025 financial year were:

- Stefan Brendgen (Chair)
- Christiane Jansen (until the end of the Annual General Meeting on 11 June 2025)
- Dietmar P. Binkowska (since 11 June 2025)
- 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 2025 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, in line with the diversity concept approved by the Supervisory Board.

According to the self-assessment of the Supervisory Board, the composition of the Supervisory Board and the Management Board as at 31 December 2025 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. Accordingly, the Supervisory Board, acting within its personnel authority, is considering diversity – most recently in connection with the extension of the Management Board mandate of the Chair of the Management Board and the Group COO in July 2025.

As of 31 December 2025, the Supervisory Board remains diverse in terms of professional background, expertise and experience. In addition, the election of David S. Beardsell further strengthened the Supervisory Board's diversity profile, particularly with regard to its internationality and its expertise in strategic asset and portfolio management.

TARGET 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 increase commitment to increasing the proportion of women on the Supervisory Board, it initiated an expansion of the Supervisory Board to include an additional female member in 2023 and increased the target for the proportion of female members by at least one third. The expansion was implemented with the appointment of Sabine Georgi, in line with the Supervisory Board's election proposal, meaning that the target figure for the Supervisory Board has been met in full.

By way of a resolution amending the articles of association, the 2025 Annual General Meeting reduced the number of Supervisory Board members back to the original size of five members. This decision was made against the backdrop of changing economic conditions and also taking into account reasons of cost and efficiency. The Management Board and the Supervisory Board are confident that the requirements regarding the competencies to be covered by the Supervisory Board will continue to be met adequately by a Supervisory Board with five members.

Accordingly, the Supervisory Board welcomes the fact that the Annual General Meeting has followed the corresponding recommendation for a resolution, thus returning the Board to its original size. Previously, the two female members had each resigned from their positions as members of the Supervisory Board effective as of the end of the 2025 Annual General Meeting. Taking into account the reduction in the size of the Supervisory Board and the resignations of Sabine Georgi and Christiane Jansen as well as the Supervisory Board's election proposal to the 2025 Annual General Meeting, the Supervisory Board considered it appropriate in the short term to adjust from one third to 0% the target figure for the proportion of women, which was tailored to other parameters of the Supervisory Board's internal organization. In the opinion of the Supervisory Board, the male candidate David S. Beardsell, who was nominated for election and elected by the Annual General Meeting, is an optimum addition to the Supervisory Board's competence profile. Against this background, and, following the departure of the two female members, in order to be able to review and determine the target figure again immediately after the 2026 Annual General Meeting in light of the upcoming new, scheduled elections, the Supervisory Board temporarily lowered the target figure for the proportion of women on the Supervisory Board to 0% in April 2025.

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%. In December 2025, following a review, the Supervisory Board reaffirmed this target figure and set it for the period up to the end of the 2027 financial year. In particular, it took into account the fact that it was able to extend the Management Board mandates of CEO Kruno Crepulja and COO Andreas Gräf until 30 June 2029 and 31 December 2027 respectively, in the interest of the company. These mandates had originally been set to expire on 31 December 2025. By extending the terms of office of the Management Board, the Supervisory Board has taken into account the overarching principle of filling a position primarily based on qualifications and competence and irrespective of gender, in accordance with past practice. As the Management Board currently continues to consist exclusively of male members, the Supervisory Board believes that raising the target level before the end of 2027 is neither meaningful nor expedient in view of the actual circumstances and terms.

Notwithstanding this, the Supervisory Board remains convinced that diversity is a key element for a successful Management Board team within which gender is represented as one of many diversity criteria and that the current Management Board team remains diverse taking into account, for example, different professional qualifications and experiences as well as the internationality and cultural background of its members.

In light of this and also taking into account the currently shortest term of service of a Management Board member, the Supervisory Board determined that the renewed review and setting of the target figure should take place as early as at the end of 2027. The company met the target in the reporting period.

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 remained unchanged at 17% as at 31 December 2025, meaning that the target figure was still not achieved in the past financial year. The reason for this is that, since 2024, the field of expertise in serial production and technical project management has been incorporated in Nyoo Real Estate GmbH to expand nyoo's competencies at management level and a male team member was added to the existing two-person management team due to his experience and qualifications in this area. Nevertheless, the board continues to attach great importance to achieving the target figure at management level, which is why it confirmed this target in December 2025 to maintain the level of ambition. Accordingly, the Instone Group is constantly working to achieve further progress, including at lower seniority levels, in order to achieve the target set for the first management level in the future.

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 32% as at 31 December 2025 (previous year: 33%), meaning that this target was achieved for the first time in the past financial year. This confirms the Board's view that consistent support of female managers leads to the desired gender-specific diversity at all management levels. In order to continue with an ambitious target level in the future, given the level already achieved, the Management Board raised the target level again and set it at 35% in December 2025.

The Management Board will again review and set the target figures for the proportion of women at first and second management level no later than December 2030 after a period of five years in each case.

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 program 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 emphasizing 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. As a result of its selection and appointment practices, the Supervisory Board was able to secure an early extension in July 2025 for the Chair of the Management Board, Kruno Crepulja, and Group COO Andreas Gräf, whose Board mandates were due to expire on 31 December 2025.

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 skills profile and diversity policy 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 2025 financial year with the auditor's note under Section 162 AktG, the existing remuneration system under Section 87a (1) and (2) sentence 1 AktG, which was approved according to schedule by the Annual General Meeting in June 2025, and the last remuneration resolution under Section 113 AktG for the members of the Supervisory 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 authorized 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 Real Estate Group SE for this purpose.

2025 ANNUAL GENERAL MEETING

The 2025 Annual General Meeting of Instone Real Estate Group SE took place in Essen on 11 June 2025 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 authorized third party. Those present accounted for 70.19% of the registered share capital (70.20% 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 organization sees itself as a key contributor to an integrity-led corporate governance and culture. It promotes a compliance culture and ensures that this is internalized 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 2025 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. Existing customers and suppliers with whom a long-term relationship exists are also 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 205-1, 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 or since 1 January 2026 of more than €50,000 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 organizations, 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 organizations 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 256.

The Instone Group is involved in various initiatives, trade and industry associations and organizations. These interest groups are important interfaces to the political arena. In some cases, employees of the Company assume representative duties in such organizations. 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

Company-level memberships (excerpt):

- ZIA (German Property Federation)
- BFW Bundesverband Freier Immobilien- und Wohnungsunternehmen e. V.
- Institut für Corporate Governance in der deutschen Immobilienwirtschaft e. V. (ICG)
- Diversity Charter
- Deutsche Unternehmensinitiative Energieeffizienz e. V. – DENEFF., Initiative Immo2.Zero
- DGNB – Deutsche Gesellschaft für nachhaltiges Bauen e. V. (DGNB) (German Sustainable Building Council)
- Urban Land Institute Initiative "Wir geben Leben Raum"
- UN Global Compact Netzwerk Deutschland 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 106. GRI 205

FINES

In 2025, no significant fines were imposed on the Instone Group due to non-compliance with laws and regulations in the social and economic area.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT SYSTEM AND ICS AND THE COMPLIANCE MANAGEMENT SYSTEM

As a result of the Management Board's regular engagement with the risk management /compliance management system and the internal control system (ICS) as well as the ongoing reporting of the internal audit to the Management Board, the Management Board is unaware of any circumstances that go against the appropriateness and effectiveness of these systems in their entirety.[1] As regards sustainability reporting, the Management Board has taken the necessary measures to continually raise the maturity level of the risk management/compliance management system and the ICS in this regard.

[1] See the Risk and Opportunities Report for guidance on the risk management system and ICS.

Preparation

In this document, the terms "we", "us", "our", "Instone Group", "business" and "Company" refer to Instone Real Estate Group SE and its subsidiaries accordingly. As of 28 August 2018, the head office of Instone Real Estate Group SE has been located at Grugaplatz 2–4, 45131 Essen, Germany. It is the ultimate domestic parent company of the Instone Group.

This report covers the financial year ending on 31 December 2025. Unless otherwise expressly stated, all financial and other information presented in this report relate to the financial year 2025.

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 labeled "unaudited".

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 recognized standards and reporting initiatives, including the guidelines of the Global Reporting Initiative (GRI) and the IFRS S2 standards of the International Sustainability Standards Board (ISSB). 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 IFRS S2 symbol (illustrative example: GRI, IFRS S2).

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 because 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.

Given 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; 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 62 et seq.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement GRI 201

Consolidated income statement

TABLE 030

In thousands of euros

	Note	2025	2024
Revenue	1	405,899	434,575
Changes in inventories		93,888	102,257
		499,787	**536,832**
Other operating income	2	57,766	26,416
Cost of materials	3	-403,383	-431,997
Staff costs	4	-49,501	-48,756
Other operating expenses	5	-36,122	-30,181
Depreciation and amortization	6	-3,649	-4,991
Consolidated earnings from operating activities		**64,898**	**47,323**
Share of results of joint ventures	7	8,609	11,175
Other results from investments	7	-1	9
Finance income	8	8,132	14,088
Finance costs	8	-23,664	-34,006
Other financial result	8	3	-7
Consolidated earnings before tax (EBT)		**57,977**	**38,583**
Income taxes	9	-12,620	-7,095
Consolidated earnings after tax (EAT)		**45,358**	**31,488**
Attributable to:			
Owners of the Company		44,581	31,192
Non-controlling interests		777	296
Weighted average number of shares (in units)		43,322,575	43,322,575
Basic and diluted earnings per share (in €)	10	**1.03**	**0.72**

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

TABLE 031

In thousands of euros

	2025	2024
Consolidated earnings after tax	**45,358**	**31,488**
Items which are not reclassified into the consolidated earnings in future periods		
Actuarial gains and losses	2,012	187
Income tax effects	-637	-59
Income and expenses after tax recognized directly in equity	**1,375**	**127**
Total comprehensive income for the financial year after tax	**46,733**	**31,615**
Attributable to:		
Owners of the Company	45,956	31,319
Non-controlling interests	777	296
	46,733	**31,615**

Consolidated statement of financial position

Consolidated statement of financial position

TABLE 032

In thousands of euros

	Note	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Goodwill	11	6,056	6,056
Intangible assets	12	0	36
Right of use assets	13	8,031	8,119
Property, plant and equipment	14	264	568
Interests in joint ventures	15	66,776	64,192
Other investments	16	440	375
Financial receivables	18	8,961	4,992
Other receivables	25	1,230	0
Deferred tax	28	3,439	131
		95,198	**84,470**
Current assets			
Inventories	17	1,147,926	1,188,097
Right of use assets	13	0	3,023
Financial receivables	18	5,188	24,255
Contract assets	19	130,995	91,076
Trade receivables	20	9,756	11,742
Other receivables and other assets	21	49,239	101,219
Income tax assets	22	12,369	8,674
Cash and cash equivalents	23	367,481	426,242
		1,722,954	**1,854,329**
TOTAL ASSETS		**1,818,151**	**1,938,799**

Consolidated statement of financial position (continued)

Consolidated statement of financial position

TABLE 032

In thousands of euros

	Note	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
Equity	24		
Share capital		46,988	46,988
Capital reserves		358,983	358,983
Consolidated retained equity		239,662	216,742
Accumulated reserves recognized in other comprehensive income		2,736	1,361
Treasury shares at acquisition costs		-36,697	-36,697
Equity attributable to shareholders		**611,672**	**587,378**
Non-controlling interests		3,265	5,993
		614,937	**593,371**
Non-current liabilities			
Provisions for pensions and similar obligations	25	317	976
Other provisions	26	6,270	6,009
Financial liabilities	27	330,601	391,066
Liabilities from net assets attributable to non-controlling interests	29	7	6
Leasing liabilities	30	5,375	7,601
Other liabilities	33	14,618	47,405
Deferred tax	28	4,221	34,318
		361,408	**487,380**
Current liabilities			
Other provisions	26	34,787	26,285
Financial liabilities	27	161,463	120,189
Leasing liabilities	30	3,127	3,958
Contract liabilities	31	1,561	20,441
Trade payables	32	120,159	134,184
Other liabilities	33	500,352	541,510
Income tax liabilities	34	20,357	11,480
		841,806	**858,048**
TOTAL EQUITY AND LIABILITIES		**1,818,151**	**1,938,799**

Consolidated statement of cash flows

Consolidated statement of cash flows

TABLE 033

In thousands of euros

	2025	2024
Consolidated earnings after tax	**45,358**	**31,488**
(+) Depreciation and amortization-) reversal of impairments of property, plant and equipment	3,649	4,991
(+) Increase/(-) Decrease in provisions	10,350	4,898
(+) Current income tax income/(-) current income tax expense	46,662	16,733
(+) Deferred income tax income/(-) deferred income tax expense	-34,043	-9,638
(+) Expense/(-) income from interests in joint ventures	-8,609	-11,175
(+/-) Change in net assets attributable to non-controlling interests	1	-7
(+) Interest expenses/(-) interest income	15,528	19,924
(+) Other non-cash expenses/(-) income	-13,201	2,735
(+/-) Change in net working capital[1]	-43,425	61,603
(+) Income tax reimbursements/(-) income tax payments	-37,079	-19,068
= Cash flow from operations	**-14,808**	**102,483**
(-) Outflows for investments in intangible assets	0	-556
(-) Outflows for investments in property, plant and equipment	-23	-65
(+) Proceeds from disposals of investments	15,143	4,872
(-) Outflows for investments in financial assets	-65	0
(+) Proceeds from disposals of unconsolidated companies and other companies	0	6
(-) Outflows for investments in unconsolidated companies and other companies	-1,520	-1,303
(+/-) Cash flow from the loss of control of subsidiaries	-31,196	0
(+) Interest received	7,995	11,129
(+) Dividends received	7,545	0
= Cash flow from investing activities	**-2,121**	**14,085**

Consolidated statement of cash flows (continued)

Consolidated statement of cash flows TABLE 033

In thousands of euros

	2025	2024
(+) Proceeds from minority shareholders	0	76
(-) Payments to minority shareholders	-1,044	0
(+) Proceeds from loans and borrowings	168,406	162,691
(-) Repayments of loans and borrowings	-158,889	-187,276
(-) Payments from lessees to repay liabilities from lease agreements	-3,642	-4,238
(-) Interest paid	-25,003	-30,887
(-) Dividends paid	-21,661	-14,296
= Cash flow from financing activities	**-41,833**	**-73,931**
Cash and cash equivalents at the beginning of the period	426,242	383,605
(+/-) Cash change in cash and cash equivalents	-58,762	42,637
= Cash and cash equivalents at the end of the period	**367,481**	**426,242**

[1] Net working capital is made up of inventories, contract assets, 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 034

In thousands of euros

	Note	Total	Share capital	Capital reserves	Consolidated retained equity	Changes to accumulated equity recognized in other comprehensive income	Treasury shares at acquisition cost	Equity attributable to shareholders	Non-controlling interests
Date: 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
Other changes		0	0	0	0	0	0	0	0
		-14,220	**0**	**0**	**-14,296**	**0**	**0**	**-14,296**	**76**
Date: 31 December 2024	24	**593,371**	**46,988**	**358,983**	**216,742**	**1,361**	**-36,697**	**587,378**	**5,993**
Date: 1 January 2025		**593,371**	**46,988**	**358,983**	**216,742**	**1,361**	**-36,697**	**587,378**	**5,993**
Consolidated earnings after tax		45,358	0	0	44,581	0	0	44,581	777
Changes in actuarial gains and losses		1,375	0	0	0	1,375	0	1,375	0
Total comprehensive income		**46,733**	**0**	**0**	**44,581**	**1,375**	**0**	**45,956**	**777**
Changes to the scope of consolidation		-2,063	0	0	0	0	0	0	-2,063
Dividend payments		-21,661	0	0	-21,661	0	0	-21,661	0
Other changes		-1,442	0	0	0	0	0	0	-1,442
		-25,167	**0**	**0**	**-21,661**	**0**	**0**	**-21,661**	**-3,506**
Date: 31 December 2025	24	**614,937**	**46,988**	**358,983**	**239,662**	**2,736**	**-36,697**	**611,672**	**3,265**

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 investments in subsidiaries whose principal activities are the acquisition, development, construction, leasing, management and sale or other use of land and buildings, as well as investment in other companies active in this industry.

The consolidated financial statements and the combined management report were approved for publication by the Management Board of Instone Real Estate Group SE on 6 March 2026.

BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

GRI 2-4

The consolidated financial statements for the Instone Group as at, were prepared on the reporting date on the basis of Section 315e(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 recognized standards and reporting initiatives, including the guidelines of the Global Reporting Initiative (GRI) and the IFRS S2 standards of the International Sustainability Standards Board (ISSB). 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 IFRS S2 symbol (illustrative example: GRI, IFRS S2). The references are external information not included in the consolidated financial statements and are exempt from review by the auditor.

The financial statements of the subsidiaries were prepared as of the reporting date of the annual financial statements of Instone Real Estate Group SE.

ACCOUNTING REGULATIONS APPLICABLE 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 standard, which was to be applied from financial year had no impact on these consolidated financial statements, except for any additional disclosures in the notes:

- Amendments IAS 21

ACCOUNTING STANDARDS AND INTERPRETATIONS THAT HAVE BEEN 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 are implemented in the consolidated financial statements at the time of their mandatory application.

ALREADY INCORPORATED INTO EU LAW (DATE OF INITIAL APPLICATION IN BRACKETS):

- Changes in the classification and measurement of financial instruments and contracts related to nature-dependent electricity (Amendments to IFRS 7 and IFRS 9 (1 January 2026))
- Annual Improvement Volume 11 (1 January 2026)
- Presentation and disclosure of information in financial statements (IFRS 18 (1 January 2027))

NOT YET INCORPORATED INTO EU LAW (DATE OF INITIAL APPLICATION IN BRACKETS):

- IFRS 19 (1 January 2027)
- Amendments to IAS 21 and IFRS 19 (1 January 2027)

Based on the current status of our internal analysis, we expect the following impacts from the initial application of IFRS 18: The Instone Group carries out the main business activity "Project Development" to which the revenues from leasing are also allocated. In addition to the explanation and reconciliation of the Management-defined Performance Measures (MPMs), we expect changes in the structure of the consolidated income statement and also in the presentation within the consolidated income statement. However, we do not expect there to be an impact on adjusted results of operations.

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

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 recognized 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 at 31 December 2025, a total of 12 (previous year: 13) domestic and 2 (previous year: 2) 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 2025, 9 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, sixteen subsidiaries (previous year: six) had a low business volume or no business operation and were not consolidated on grounds of materiality. They are recognized at acquisition cost under other investments.

Due to their overall minor importance, four 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.

Handover of sub-projects of the "Westville" project began in the 2025 financial year. As a result, the following changes in the basis of consolidation occur:

Effective 1 July 2025, all shares in franky PropCo 1 GmbH & Co. KG (formerly Westville 5 GmbH) were sold. As a result of the deconsolidation, on 1 July 2025 inventory assets of €133.5 million and bank balances of €46.1 million were no longer recognized on the asset side. On the liabilities side, the consolidated financial statements no longer included €27.4 million in subsidized loans, €6.1 million in non-current other liabilities related to the interest subsidy of the loan, €5.9 million in short-term other liabilities related to the transfer of the grant to the acquirer, €4.9 million in income tax liabilities, and €3.7 million in trade payables.

With the change of form and renaming of Westville 4 GmbH to franky PropCo 2 GmbH & Co. KG and the fulfillment of all other contractual requirements in December 2025, the shares in the company will be sold in accordance with the contractual provisions with effect from 1 January 2026.

A detailed overview of all shares held directly or indirectly by Instone Real Estate Group SE is listed in the list of shareholdings. page 141 et seq.

BUSINESS COMBINATIONS

Business combinations are recognized 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 recognized 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 recognized in the income statement. Contingent considerations are recognized 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 recognized in equity. In other respects, a contingent consideration is valued at the fair value as at the respective reporting date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

ACQUISITION OF NON-CONTROLLING INTERESTS

Non-controlling interests are measured on the basis of their proportion of the acquirer's identifiable net assets at the date of acquisition. Changes to the Instone Group's holdings in a subsidiary that do not result in a loss of control are treated as equity transactions.

CONSOLIDATION PRINCIPLES

The financial statements of the companies in the scope of consolidation are prepared according to uniform 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 investee companies accounted for according to the equity method are prepared in accordance with uniform Group accounting principles.

FOREIGN CURRENCY TRANSLATION

All fully consolidated companies and investee companies accounted for according to the equity method prepare their separate financial statements in euros.

ACCOUNTING PRINCIPLES

Assets and liabilities are valued according to the acquisition principle. This excludes derivative financial instruments, securities and shares in associates which are recognized at fair value.

Goodwill arising from the acquisition of subsidiaries is recognized at cost and is not amortized. 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 cash-generating unit. 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.

Acquired **intangible assets** are recognized at amortized cost. These include software for commercial and technical applications only. Intangible assets are generally amortized on a straight-line basis over a period of three to five years. Internally generated intangible assets comprise internally developed software and are accounted for at production cost less scheduled depreciation over a useful life of three years. The useful lives and depreciation methods are reviewed annually.

Property, plant and equipment are recognized at amortized cost. These costs include only those costs directly attributable to an item of property, plant and equipment. Property, plant and equipment are generally depreciated on a straight-line basis over a period of three to eight years. The useful lives and depreciation methods are reviewed annually.

Impairment losses are recognized 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 amortized cost.

Leases are recognized in accordance with the provisions of IFRS 16. At the time of provision of the leased property, the right of use is recognized as an asset and the associated payment obligation is recognized as a leasing liability in the statement of financial position. The right of use is amortized 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 recognized 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 recognized 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 recognized 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 recognized at amortized costs using the effective interest rate method (taking into account factors such as surcharges and discounts). Non-interest-bearing or low-interest loans are initially recognized at their discounted amount using a current market interest rate and subsequently carried forward using the effective interest method. Impairment losses are recognized 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.

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 recognized for tax refund claims arising from the anticipated utilization of existing tax loss carryforwards in subsequent years. Deferred tax liabilities must be capitalized 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. If the recoverable amount is lower than the capitalized costs on a specific reporting date, the lower recoverable amount is used. If the net realizable value of inventories subsequently increases, the impairment recognized 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 splitting has no impact on the measurement. Within the Group, the respective overall project is recognized 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 recognizing a provision for contingent losses.

Planning costs included in acquisition and production cost are recognized directly as an expense in the event of significant rescheduling that constitutes a planning error.

Claims and liabilities from 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 using the input-oriented cost-to-cost method based on the performance level of the fulfillment costs.

A separate project account is maintained for each construction phase to determine the costs. The project account records the costs incurred and compares these with the planned costs. In the case of contracts in individual and structural sales, the marketing quota of the construction phase is also included in the evaluation in addition to progress. The unsold part of the construction phase is assessed as inventory in accordance with IAS 2.

Contracts with individual and structured sales are generally concluded with a payment installment plan in accordance with the Estate Agent and Developer Regulations (Makler- und Bauträgerverordnung – MaBV). As a rule, for contracts involving investor distribution, payment installment 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. In general, receivables from the performance exceed the advance payments received and the netted amount is recognized as a contract asset. In individual cases, the advance payments received may exceed the receivables from the performance, meaning that the netted amount is recognized as a contract liability.

The additional costs to obtain a contract are also capitalized on the balance sheet under "Contract assets". From the beginning of revenue recognition, the sales commissions incurred and capitalized so far are amortized in the income statement under cost of materials. Depreciation is measured at the fulfillment level so that contract costs remain capitalized on the part not yet fulfilled.

Receivables and payables from customer contracts are realized in one business cycle of the Instone Group. Consequently, they are classified as current assets or liabilities, even if the realization 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 recognized 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 recognized in the income statement in the periods in which the corresponding expenses, which are to be compensated by the government grant, are recognized as expenses. Income grants from KfW funding programs are recognized in the Instone Group as government grants. They are presented in the income statement under Other operating income.

Loans that include public funding in the form of partial debt relief and preferential interest rates are recognized as a financial liability with their fair value and subsequently continued at amortized acquisition 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 recognized in profit or loss.

Cash and cash equivalents are 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 as long as other criteria according to IAS 7.7 are met. Cash and cash equivalents are valued at their nominal value.

Treasury shares are deducted from equity based on the value of the consideration paid, including directly attributable incidental expenses. If these shares are reissued, the difference between cost and issue price is allocated to capital reserves in the case of excess revenue, and offset against retained earnings in the case of reduced revenue. 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 recognized at their anticipated settlement value and are not offset against reimbursement claims. All non-current provisions are recognized 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 recognized 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. Most of these obligations relate to pension benefits. Individual commitments are determined on the basis of the length of service and salaries of 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 is determined using the projected unit credit method. This method of projected unit credit includes not only the pensions and accrued benefits known at the cut-off date but also wage and pension increases that are expected in the future. The calculation is based on actuarial reports using biometric calculation methods (primarily "Richttafeln 2018 G" developed by Klaus Heubeck).

The provision is derived from the actuarial calculations of the obligation and the fair value of 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 recognized in full in the period in which they arise. They are presented in equity, are not recognized in profit or loss, and are not shown in the consolidated income statement. They are not presented in profit or loss in subsequent years either.

For defined contribution pension plans, the Instone Group does not enter into any further obligations that would exceed the payment contributions for special funds. The contributions are recognized as personnel expenses.

All **other provisions** take into account all identifiable risks. They are recognized 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 IFRS 2. These provisions cover the non-current share-based remuneration programs 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 recognized in financial liabilities are carried at amortized costs.

Non-derivative **financial liabilities** (including trade payables) are carried at amortized 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. At the Instone Group, they are recognized as a liability at the present value of their repayment amount, without impacting profit or 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 reported 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 measurement 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 business segment and in one geographical segment. It generates revenue and holds assets mainly in Germany. In the reporting year, the Instone Group did not generate any revenue with any customer with a revenue share greater than 10% (previous year: two customers). Overall, this resulted in a share of 0.00% (previous year: 22.66%) of the reported total revenue. This was equivalent to €0 thousand (previous year: €98,480 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 via adjusted earnings with financial key performance indicator adjusted revenue, adjusted gross profit, and adjusted earnings after interest and tax.

ADJUSTED REVENUE

The performance of the operating segment is reported on adjusted revenue based on revenue recognition over time or on a point-in-time basis in accordance with IFRSs. Adjusted revenue is calculated by adding revenue realized from share deals in the same way as from asset deals without the effects from purchase price allocations.

ADJUSTED GROSS PROFIT

Adjusted gross profit is used to analyze project-based business success and 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 capitalized interest, but without considering the 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 amortization, 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 on adjusted earnings result from the following:

SHARE DEAL EFFECTS

The project companies Westville 2 GmbH, Westville 3 GmbH, franky PropCo2 GmbH & Co. KG and franky PropCo 1 GmbH & Co. KG 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, the overall "Westville" project is managed with revenue recognition over time in accordance with IFRS 15, in line with the other Instone Group projects. In the consolidated financial statements, the project developments of these companies are measured and included in accordance with IAS 2. The effects of this difference in measurement are reflected in sales revenues at €98,848 thousand (previous year: €93,593 thousand), project expenditure at €75,559 thousand (previous year: €92,889 thousand), and income taxes at €-1,070 thousand (previous year: €121 thousand). In addition, the effects on earnings from the sale of franky PropCo 1 GmbH & Co. KG are eliminated in full in other operating income (€34.9 million).

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 at 31 December 2025, inventories and contract assets still included writeups of €6,398 thousand (previous year: €1,301 thousand) from purchase price allocations. The significant change compared to the previous year is based on project evaluations as at the respective reporting date. The ongoing amortization 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 of amortization of purchase price allocations amounted to €383 thousand (previous year: €953 thousand) in revenue, €4,715 thousand (previous year: €-11,217 thousand) in changes in inventory, and reduced income taxes by €1,612 thousand previous year: €3,647 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 €8,416 thousand (previous year: €2,321 thousand) were allocated to project costs.

In addition, in the reporting year, other operating expenses amounting to €-272 thousand were adjusted as non-recurring expenses. In the 2025 fiscal year, other operating income after subtracting the cost of materials (income opposed by a directly attributable item in cost of materials) amounting to €19,969 thousand (previous year: €18,745 thousand) was reclassified to project cost. The adjustment of the capitalized interest in the changes in inventories of €5,937 thousand (previous year: €13,010 thousand) had a negative impact on project costs.

The following table shows the differences resulting from the measurement of the individual items, transferred from adjusted earnings to consolidated reporting:

Reconciliation of adjusted results of operations 2025

TABLE 035

In thousands of euros

	Adjusted results of operations	Share deal effects	Non recurring effects	Reclassifications	Effects from PPA	Reported results of operations
Revenue	**504,365**	**-98,848**	**0**	**0**	**383**	**405,899**
Project costs	**-384,153**	**75,559**	**0**	**-5,616**	**4,715**	**-309,495**
Cost of materials	-391,830	0	0	-11,553	0	-403,383
Changes in inventories	7,677	75,559	0	5,937	4,715	93,888
Gross profit	**120,212**	**-23,290**	**0**	**-5,616**	**5,098**	**96,404**
Platform costs	**-77,681**	**34,894**	**-272**	**11,553**	**0**	**-31,507**
Staff costs	-49,501	0	0	0	0	-49,501
Other operating income	2,903	34,894	0	19,969	0	57,766
Other operating expenses	-27,434	0	-272	-8,416	0	-36,122
Depreciation and amortization	-3,649	0	0	0	0	-3,649
Share of results of joint ventures	8,609	0	0	0	0	8,609
EBIT	**51,140**	**11,604**	**-272**	**5,937**	**5,098**	**73,507**
Other results from investments	-1	0	0	0	0	-1
Financial result	-9,591	0	0	-5,937	0	-15,528
EBT	**41,548**	**11,604**	**-272**	**0**	**5,098**	**57,977**
Tax	-9,937	-1,070	0	0	-1,612	-12,620
EAT	**31,611**	**10,534**	**-272**	**0**	**3,486**	**45,358**

Reconciliation of adjusted results of operations 2024

TABLE 036

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
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 amortization	-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**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 REVENUE

Revenue is spread across the following regions:

Revenue by region TABLE 037

In thousands of euros

	2025	2024
Germany	405,899	434,515
Rest of Europe	0	60
	405,899	**434,575**

The composition of revenue by revenue type is shown in the following table:

Revenue by revenue type TABLE 038

In thousands of euros

	2025	2024
Revenue from building contracts		
Over time revenue recognition	396,207	424,936
Over time revenue recognition	2,472	3,058
	398,678	**427,994**
Income from leases	6,676	6,098
Other services	545	483
	405,899	**434,575**

The total amount of unfulfilled or partly unfulfilled performance obligations as at the balance sheet date is €365,776 thousand (previous year: €315,246 thousand). The increase was mainly due to scheduled construction progress and the marketing of ongoing project developments.

The cycle of contract assets and contract liabilities is – equivalent to the realization period – an average of three years (previous year: three years).

2 OTHER OPERATING INCOME

The other operating income is as follows:

Other operating income TABLE 039

In thousands of euros

	2025	2024
Income from government grants	14,659	15,610
Income from the deconsolidation of franky PropCo 1 GmbH & Co. KG	34,894	0
Income from released liabilities	5,346	7,084
Income from the reversal of provisions	1,897	1,489
Remaining other operating income	970	2,233
	57,766	**26,416**

Other operating income includes €14,659 thousand (previous year: €15,610 thousand) in government grants received. In the Instone Group's opinion, there are no unfulfillable conditions or other success-related uncertainties connected with these grants.

Through the sale of shares in franky PropCo 1 GmbH & Co. KG in July 2025, one-time income of €34,894 thousand was realized in the reporting period.

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 040

In thousands of euros

	2025	2024
Cost of raw materials, consumables and supplies	-90,634	-28,845
Expenses for purchased services	-312,749	-403,152
	-403,383	**-431,997**

4 STAFF COSTS

GRI 201-1

Staff costs TABLE 041

In thousands of euros

	2025	2024
Wages and salaries	-43,419	-42,969
Social security contributions and expenses for pensions	-6,082	-5,787
	-49,501	**-48,756**

The contributions paid by the employer to the state-administered pension fund in the financial year amounted to €2,706 thousand (previous year: €2,604 thousand).

Pension costs amount to €48 thousand (previous year: €72 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 042

Number (average)

	2025	2024
Berlin	25	27
Essen	92	93
Frankfurt a. M.	54	53
Hamburg	24	26
Cologne	81	79
Leipzig	32	31
Munich	10	13
Nuremberg	26	26
Stuttgart	26	27
	370	375

5 OTHER OPERATING EXPENSES

GRI 201-1

Other operating expenses are broken down as follows:

Other operating expenses TABLE 043

In thousands of euros

	2025	2024
Other selling expenses	-8,416	-2,321
Consulting/analysis expenses	-4,954	-5,938
Change in warranty and other provisions	-3,258	-2,888
Court, legal and notary fees	-2,926	-2,071
Costs for EDP and IT	-2,639	-2,566
Other taxes	-2,429	-2,974
Leasing expenses including ancillary costs	-1,456	-1,522
Travel costs	-1,279	-1,477
Insurance	-1,111	-1,401
Auditing expenses	-1,037	-944
Hospitality costs	-546	-739
Legal costs	-537	-288
Supervisory Board bonus	-502	-531
Restructuring and adjustment costs	0	-753
Costs of postal/payment transactions, telecommunication costs	0	-325
Sundry other operating expenses	-5,032	-4,057
	-36,122	**-30,181**

Other operating expenses include, among other things, recruitment costs, contributions to associations, office supplies and other expenses that are not recognized elsewhere.

6 DEPRECIATION AND IMPAIRMENT

As in the previous year, there was no impairment on goodwill, intangible assets, or property, plant and equipment.

Depreciation of leased assets is divided into the following classes: real estate €2,226 thousand (previous year: €2,544 thousand), passenger cars €963 thousand (previous year: €1,011 thousand), and other €97 thousand (previous year: €144 thousands).

Depreciation and amortization TABLE 044

In thousands of euros

	2025	2024
Right of use assets	-3,285	-3,698
Property, plant and equipment	-327	-541
Intangible assets	-36	-752
	-3,649	**-4,991**

7 RESULTS FROM INVESTMENTS

The income from at-equity consolidated investments and other results from investments resulted as follows:

Results from investments TABLE 045

In thousands of euros

	2025	2024
Valuation result of investments accounted for		
beeboard GmbH	-348	-695
FHP Friedenauer Höhe Dritte GmbH & Co. KG	1,511	2,289
FHP Friedenauer Höhe Erste GmbH & Co. KG	2,350	3,241
FHP Friedenauer Höhe Sechste GmbH & Co. KG	2,501	4,223
FHP Friedenauer Höhe Vierte GmbH & Co. KG	773	812
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	-12	57
Twelve GmbH & Co. KG	1,208	1,194
Wohnpark Gießener Straße GmbH & Co. KG	2	-1
Wohnpark Heusenstamm GmbH & Co. KG	623	55
	8,609	**11,175**
Other results from investments		
Change in net assets attributable to	-1	7
Other results from investments	0	2
	-1	**9**

8 FINANCIAL RESULT

Financial result

TABLE 046

In thousands of euros

	2025	2024
Finance income		
Interest and similar income	8,132	14,088
	8,132	**14,088**
Finance costs		
Interest and similar expenses	-23,692	-34,127
of which interest expenses from leases	-409	-424
Interest shares in allocations to provisions	28	121
of which, net interest expenses from pension obligations	-27	-30
	-23,664	**-34,006**
Other financial result		
Income from non-current securities	3	-7
	3	**-7**

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 €8,132 thousand (previous year: €14,088 thousand) was recognized for financial instruments not recognized at fair value through profit or loss; the interest expense for these financial instruments was €-22,670 thousand (previous year: €-33,615 thousand).

The net interest expense from pension obligations amounting to €-27 thousand (previous year: €-30 thousand) includes the interest added annually to the net present value of the pension obligations in the amount of €-387 thousand (previous year: €-373 thousand). These amounts are recognized in interest income from plan assets amounting to €387 thousand (previous year: €373 thousand). GRI 201-3

9 INCOME TAXES

Income taxes

TABLE 047

In thousands of euros

	2025	2024
Current income tax		
German trade tax	-16,891	-8,316
Corporation tax	-29,772	-8,417
	-46,662	**-16,733**
of which from previous years	-511	3,902
of which from the current year	-46,151	-20,635
Deferred tax		
Deferred tax	33,729	9,945
from loss and interest carry-forwards	314	-307
	34,043	**9,638**
	-12,620	**-7,095**

The change in current tax liabilities recognized in other comprehensive income amounted to €638 thousand (previous year: €59 thousand). The change in current tax liabilities recognized in other comprehensive income was €0 thousand (previous year: €0 thousand).

For temporary differences in the amount of €2,514 thousand (previous year: €3,918 thousand) between the net assets of Group companies recognized 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 recognized income taxes is as follows:

Tax reconciliation

TABLE 048

In thousands of euros

	2025	2024
Earnings before tax	**57,977**	**38,583**
Theoretical tax expenses 31.647% (previous year: 31.743%)	-18,348	-12,247
Deviation from the expected Group tax rate	2,439	-633
Tax effect from changes in tax rates	166	-20
Income taxes from other periods	-514	4,129
Non-tax-deductible expenses and permanent differences	-812	-545
Tax-free income	237	36
Trade tax additions and reductions	4,177	2,111
Changes in value and non-recognition of deferred taxes	-122	219
Other effects	157	-145
Effective tax expenses	**-12,620**	**-7,095**
Effective tax rate (in %)	21.77	18.39

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 31.647% (previous year: 31.743%) has been used as the expected tax rate.

10 EARNINGS PER SHARE

Earnings per share

TABLE 049

	2025	2024
Net result for the shareholders of Instone Real Estate Group SE (in thousands of euros)	44,581	31,192
Weighted average number of shares (in units)	43,322,575	43,322,575
Basic and diluted earnings per share (in €)	1.03	0.72

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.

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 capitalized 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 used in the impairment tests for the Bayern Nord cash generating unit (CGU) were unchanged year-on-year at 8.00% (previous year: 8.00%) after tax and 11.68% (previous year: 11.68%) before tax.

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: €0 thousand) of capitalized development costs, the production of which was already completed as at the reporting date, and €0 thousand (previous year: €36 thousand) in concessions and industrial property rights.

Intangible assets TABLE 050

In thousands of euros

	2025	2024
Acquisition costs as at 1 January	**2,281**	**1,725**
Additions	0	556
Acquisition costs as at 31 December	**2,281**	**2,281**
Accumulated depreciation as at 1 January	**2,245**	**1,493**
Additions	36	752
Accumulated depreciation as at 31 December	**2,281**	**2,245**
	0	**36**

13 RIGHT OF USE ASSETS

The right-of-use assets recognized 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 051

In thousands of euros

	2025	2024
Acquisition costs as at 1 January	**22,584**	**23,363**
Additions	4,497	988
Disposals	-8,177	-1,767
Acquisition costs as at 31 December	**18,903**	**22,584**
Accumulated depreciation as at 1 January	**11,442**	**9,016**
Additions	3,285	3,698
Disposals	-3,855	-1,272
Accumulated depreciation as at 31 December	**10,872**	**11,442**
	8,031	**11,142**

As in the previous year, there were no lease payments from short-term leases. Payments in the amount of €342 thousand (previous year: €256 thousand) from leases from on low-value contracts are not included in right of use assets, for which the option was utilized to recognize 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 €5,461 thousand (previous year: €5,760 thousand), inheritable building rights to project development properties €0 thousand (previous year: €3,023 thousand), passenger cars €2,443 thousand (previous year: €2,237 thousand), and other €166 thousand (previous year: €123 thousand).

Project land with inheritable building rights that is sold within the normal product cycle was recognized as current leases in the previous year. The project was handed over in the reporting year.

14 PROPERTY, PLANT AND EQUIPMENT

The development of fixed assets is as follows:

Property, plant and equipment TABLE 052

In thousands of euros

	2025	2024
Acquisition costs as at 1 January	**4,719**	**4,670**
Additions	23	65
Disposals	0	-16
Acquisition costs as at 31 December	**4,742**	**4,719**
Accumulated depreciation as at 1 January	**4,150**	**3,626**
Additions	327	541
Disposals	0	-16
Accumulated depreciation as at 31 December	**4,478**	**4,150**
	264	**568**

15 INTERESTS IN JOINT VENTURES

The summarized financial information about joint ventures is presented below.

Material joint ventures

TABLE 053

In thousands of euros

Important financial information on material joint ventures	31/12/2025	31/12/2025 FHP Friedenauer Höhe Erste GmbH & Co. KG	31/12/2025 FHP Friedenauer Höhe Dritte GmbH & Co. KG	31/12/2025 FHP Friedenauer Höhe Sechste GmbH & Co. KG	31/12/2025 FHP Friedenauer Höhe Vierte GmbH & Co. KG	31/12/2025 Wohnpark Heusenstamm GmbH & Co. KG	31/12/2025 Twelve GmbH & Co. KG	31/12/2025 Projekt Am Sonnenberg Wiesbaden GmbH[1]
Non-current assets	5,330	159	0	0	0	277	28	4,867
Current assets	275,957	20,187	25,879	42,287	2,412	10,130	136,017	39,046
of which cash and cash equivalents	9,331	379	2,043	3,727	0	1,185	1,029	969
Non-current liabilities	128,941	623	1,873	3,118	10	329	96,388	26,600
of which financial liabilities (excluding trade payables)	125,604	594	755	1,267	0	0	96,388	26,600
Current liabilities	39,603	3,267	3,223	5,433	0	147	47	27,487
of which financial liabilities (excluding trade payables)	20	5	6	10	0	0	0	0
Net assets	**119,824**	**18,313**	**23,220**	**38,516**	**914**	**9,425**	**39,609**	**-10,174**
Revenue	50,176	15,846	11,638	19,318	-1	669	2,644	62
Depreciation and amortization	-33	0	0	0	0	-33	0	0
Interest income	683	11	253	419	0	0	0	0
Interest expenses	-7,993	-190	-728	-1,207	0	-10	-4,021	-1,836
Income taxes	-987	-728	-306	-504	0	189	0	362
Profit for the year/total comprehensive income	**16,511**	**4,398**	**2,921**	**4,834**	**27**	**1,244**	**2,411**	**676**
Derivation of the financial information presented on the equity carrying amount in the consolidated financial statements								
Group earnings shares (in %)		53.44	51.74	51.74	40.55	50.10	50.10	51.00
Reconciliation of quota change effects from previous years	762	0	0	0	763	0	0	0
Carrying amount at the beginning of the financial year	63,741	7,436	10,503	17,427	7,142	4,099	17,134	0
(-) Removals/distribution in the reporting year	-7,545	0	0	0	-7,545	0	0	0
Changes in the financial year that do not affect	1,503	0	0	0	0	0	1,503	0
Pro rata profit for the year	8,205	2,350	1,511	2,501	11	623	1,208	0
Carrying amount at the end of the financial year	**66,666**	**9,787**	**12,014**	**19,928**	**371**	**4,722**	**19,844**	**0**

[1] The calculated carrying amount includes accumulated losses of €1,068 thousand.

Material joint ventures[1]

TABLE 054

In thousands of euros

	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Financial information on material joint ventures		**FHP Friedenauer Höhe Erste GmbH & Co. KG**	**FHP Friedenauer Höhe Dritte GmbH & Co. KG**	**FHP Friedenauer Höhe Sechste GmbH & Co. KG**	**FHP Friedenauer Höhe Vierte GmbH & Co. KG**	**Wohnpark Heusenstamm GmbH & Co. KG**	**Twelve GmbH & Co. KG**	**Projekt Am Sonnenberg Wiesbaden GmbH[1]**
Non-current assets	27,641	0	7,216	11,960	0	3,932	28	4,505
Current assets	237,184	21,513	15,807	25,595	0	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	**118,860**	**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 amortization	-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	46,428	0	8,213	13,205	6,330	4,043	14,637	0
Changes in the financial year that do not affect	1,303	0	0	0	0	0	1,303	0
Pro rata profit for the year	16,010	7,436	2,289	4,223	812	55	1,194	0
Carrying amount at the end of the financial year	**63,741**	**7,436**	**10,503**	**17,427**	**7,142**	**4,099**	**17,134**	**0**

[1] Previous year adjusted.

Immaterial joint ventures and associated companies TABLE 055

In thousands of euros

	31/12/2025	31/12/2024
Net assets		
Assets	3,295	3,526
Liabilities	-2,044	-1,446
	1,251	**2,080**
Earnings		
Revenue	-647	-644
Proft for the year	-717	-1,278

16 OTHER INVESTMENTS

Other investments are broken down as shown below:

Other investments TABLE 056

In thousands of euros

	31/12/2025	31/12/2024
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 Verwaltungs GmbH	25	0
Westville Vermietungs GmbH	25	25
Uferpalais Verwaltungsgesellschaft mbH	22	22
Projekt Wilhelmstraße Wiesbaden Verwaltungsgesellschaft mbH	18	18
Kleyer Beteiligungsgesellschaft mbH	112	112
Quartiersentwicklung Verwaltungsgesellschaft mbH	25	0
	333	**283**
Other investments		
CONTUR Wohnbauentwicklung GmbH	81	66
formart Wilma Verwaltungsgesellschaft mbH	13	13
FHP Friedenauer Höhe Verwaltungs GmbH	14	14
	107	**92**
	440	**375**

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 €541,755 thousand (previous year: €468,743 thousand).

Borrowing costs in the amount of €44,812 thousand (previous year: €38,895 thousand) were capitalized as part of production costs recognized for inventories attributable to project financing based on individual agreements with external lenders.

It is expected that inventories of €455,071 thousand (previous year: €714,841 thousand) can only be realized after more than 12 months.

The inventories were subject cumulatively to impairment of €23,062 thousand (previous year: €24,446 thousand). In the reporting period, €9,268 thousand (previous year: €15,285 thousand) impairments and reversals of impairments of €8,635 thousand (previous year: €1,237 thousand) were recognized in profit or loss.

18 FINANCIAL RECEIVABLES

The financial receivables are as follows:

Financial receivables — TABLE 057

In thousands of euros

	31/12/2025	31/12/2024
Non-current		
Loans to joint ventures/other investments	8,846	4,897
Other loans	115	95
	8,961	**4,992**
Current		
Loans to joint ventures/other investments	0	19,739
Financial receivables from joint ventures/other investments	5,188	4,149
Other financial receivables	0	367
	5,188	**24,255**
	14,150	**29,247**

The decrease in short-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 058

In thousands of euros

	31/12/2025	31/12/2024
Contract assets	322,099	305,245
Payments received	-196,313	-218,954
	125,786	**86,291**
Capitalized costs to obtain a contract	5,209	4,784
	130,995	**91,076**

The change in contract assets results primarily from the start of sales of new project developments and the scheduled development of the projects under construction.

The cycle of contract assets is – equivalent to the project term – an average of three years.

The amortization of the costs to obtain a contract in the amount of €12,213 thousand (previous year: €6,895 thousand) offsets the fulfillment of the underlying contracts with customers.

20 TRADE RECEIVABLES

Trade receivables amounted to €9,756 thousand as at the reporting date (previous year: €11,742 thousand).

Trade receivables include lease receivables amounting to €172 thousand (previous year: €706 thousand).

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 059

In thousands of euros

	31/12/2025	31/12/2024
Non-current		
Other receivables (surplus assets from plan assets)	1,230	0
	1,230	**0**
Current		
Receivables from government grants	33,369	59,391
Purchase price claim sale of shares franky PropCo 1 GmbH & Co. KG	6,975	0
Upfront payments on land	6,722	39,532
Deposits given	859	816
Processing fees for loans	556	541
Other receivables and other assets	758	938
	49,239	**101,219**
	50,469	**101,219**

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 realized after more than 12 months.

22 INCOME TAX ASSETS

Receivables from domestic and foreign financial authorities in the ordinary course of business amounted to €12,369 thousand at the reporting date (previous year: €8,674 thousand).

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents TABLE 060

In thousands of euros

	31/12/2025	31/12/2024
Bank balances	367,481	426,242
	367,481	**426,242**
of which restricted	125,701	163,997

The restriction on the right to dispose of cash essentially results from the collateral securing of financial liabilities.

24 EQUITY

The Company's share capital as at 31 December 2025 was €46,988 thousand (previous year: €46,988 thousand) and is fully paid up. It is divided into 46,988,366 no-par-value shares. The calculated value of the share is €1.00.

On 14 June 2023, the Annual General Meeting decided to create authorized capital. The Management Board is authorized 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 Authorized Capital).

In addition, the Annual General Meeting on 11 June 2025 resolved to raise the authorized capital 2021 and also create further authorized capital. The Management Board is therefore authorized to increase the registered capital of the Company in the period until 10 June 2030 through the issue of up to 8,000,000 no-par value shares by up to €8,000 thousand (2025 Authorized Capital).

Based on the resolution of the Annual General Meeting 2019, the Management Board acquired a total of 3,665,761 treasury shares. The authorization to acquire own shares expired in 2024. By resolution of the Annual General Meeting on 11 June 2025, the authorization of the Management Board to repurchase up to 10% of the original share capital was extended until 10 June 2030.

With effect from 31 August 2021, the Management Board was authorized 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.

At the reporting date of 31 December 2025, treasury shares amounted to 3,665,761 shares (previous year: 3,665,761 shares). This equates to 7.80% of registered capital.

The capital reserves as at 31 December 2025 was €358,983 thousand (previous year: €358,938 thousand).

The Group's generated equity includes the retained earnings/loss carryforwards which were formed as part of Group equity. These retained earnings/loss carryforwards consist of the income generated by the companies flowing into the consolidated financial statements.

In the financial year, a dividend of €0,50 was paid (previous year: €0,33) per share entitled to dividend, with a dividend payout in the amount of €21,661 thousand (previous year: €14,296 thousand).

The Company's accumulated reserves recognized in other comprehensive income reflects the changes in equity of the actuarial gains and losses from defined benefit plans amounting to €1,375 thousand (previous year: €127 thousand).

The income tax effects recognized directly in equity can be broken down as follows:

Equity TABLE 061

In thousands of euros

	31/12/2025	31/12/2024
Amount before income taxes	2,012	187
Income taxes	-637	-59
	1,375	**127**

Non-controlling interests

The non-controlling interests in the amount of €3,265 thousand (previous year: €5,993 thousand) mainly relate to franky PropCo 3 GmbH & Co. KG, Westville 3 GmbH, franky PropCo 2 GmbH & Co. KG, and the Am Sonnenberg Wiesbaden GmbH project. 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 €777 thousand (previous year: €296 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 recognized 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 062

In thousands of euros

	31/12/2025	31/12/2024
Active employees, not dependent on remuneration	3,890	4,532
	3,890	**4,532**
Vested claims	3,671	4,161
Ongoing pensions	2,042	2,075
	9,603	**10,769**

The average remaining service period of the eligible active employees on the reporting date is as follows: 10.40 years (previous year (adjusted): 11.61 years).

Pension obligations are financed through the purchase of shares in public funds. The liabilities financed via Helaba Pension Trust e. V. account for 105.2% (previous year: 86.8%) of the total insurance coverage; the total coverage is 96.7% (previous year: 90.9%). The securing of defined benefit commitments through plan assets is shown in the following table:

Coverage of the defined benefit obligation by plan assets TABLE 063

In thousands of euros

	31/12/2025	31/12/2024
Pension obligations covered by funds	8,936	10,037
Deferred compensation covered by funds	668	732
	9,603	**10,769**
Fair value of the fund assets	-9,287	-9,793
	317	**976**

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 064

In thousands of euros

	2025	2024
Defined benefit obligation cash value on 1 January	**10,769**	**10,380**
Current service cost	208	224
Interest expense	387	373
Actuarial gains (-)/actuarial losses (+) Due to changes in financial assumptions	-1,581	-20
Actuarial gains (-)/actuarial losses (+) Due to the change in other assumptions	-20	-36
Pension payments	-159	-152
Defined benefit obligation cash value as of 31 December	**9,603**	**10,769**

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. Klaus Heubeck's 2018 G mortality tables 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 065

In thousands of euros

	2025	2024
Plan assets 1 January	**9,793**	**9,383**
Interest income from plan assets	761	452
Changes in plan assets, not included in net interest income	-37	-42
Surplus from plan assets	-1,230	0
Plan assets as of 31 December	**9,287**	**9,793**

The asset surplus from the plan assets in the amount of €1,230 thousand is shown in non-current other receivables.

Composition of plan assets TABLE 066

In thousands of euros

	31/12/2025	31/12/2024
Listing in an active market		
In public funds via Contractual Trust Arrangement (CTA)	10,106	9,345
Deferred compensation	406	448
Surplus from plan assets including current euro balances	-1,225	0
	9,287	**9,793**

Factors TABLE 067

In %

	31/12/2025	31/12/2024
Discount factor	4.51	3.63
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
Probability of fluctuation	3.42	3.42

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. With regard to determining performance, the Instone Group bears the risk from general capital market interest rates. 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. 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 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 068

In thousands of euros

	31/12/2025		31/12/2024	
	Increase	Decrease	Increase	Decrease
Discount factor +0.50%/-0.50%	-752	854	-933	1,068
Pension growth rate +0.25%/-0.25%	153	-147	179	-172
Life expectancy +1.00 year/-1.00 year	235	-243	293	-302

Expenses related to defined benefit pension plan obligations are as follows:

- The current service cost for the following financial year is estimated at €-208 thousand (previous year: €-244 thousand).

- The contributions to defined contribution plans are expected to rise in financial year 2026 by the same proportion as in financial year 2025.

26 OTHER PROVISIONS

The other provisions are divided as follows:

Other provisions TABLE 069

In thousands of euros

	31/12/2025	31/12/2024
Non-current		
Personnel provisions	6,240	5,886
Remaining other provisions	31	123
	6,270	**6,009**
Current		
Personnel provisions	2,659	1,008
Warranty obligations	8,567	8,155
Provisions for impending losses	4,176	1,528
Tax provisions	44	170
Litigation risks	13,742	11,261
Remaining other provisions	5,599	4,162
	34,787	**26,285**
	41,057	**32,295**

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 070

In thousands of euros

	31/12/2025	01/01/2024	Allocation	Liquidation	Rebooking	Consumption
Personnel provisions	8,899	6,894	3,703	-268	0	-1,430
Warranty obligations	8,567	8,155	595	-138	0	-46
Provisions for impending losses	4,176	1,528	2,648	0	0	0
Litigation risks	13,742	11,261	3,304	-406	0	-416
Tax provisions	44	170	336	0	-155	-223
Remaining other provisions	5,629	4,285	3,748	-1,085	0	-1,200
	41,057	**32,295**	**14,334**	**-1,897**	**-155**	**-3,315**

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 €8,068 thousand (previous year: €6,106 thousand) were recognized for these long-term incentive plans. In the financial year, expenses in the amount of €3,136 thousand (previous year: €3,668 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: between one and seven years), table 020 on page 32. The interest rates, which are mostly variable, range from 1.75% to 2.95% (previous year: between 1.75% and 2.95%) 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 €158,889 thousand, which were offset by corporate and project financing taken out for ongoing projects amounting to €168,406 thousand. In addition, disposal of financial liabilities of €27,397 thousand resulted from the deconsolidation of franky PropCo 1 GmbH & Co. KG.

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 071

In thousands of euros

	31/12/2025	31/12/2024
Non-current		
To financial institutions from project financing	263,475	269,141
To financial institutions from corporate financing	0	19,829
Loans from third parties	67,126	102,096
	330,601	**391,066**
Current		
To financial institutions from project financing	85,548	87,416
To financial institutions from corporate financing	20,134	532
Loans from third parties	55,781	32,196
Liabilities to minority shareholders	0	45
	161,463	**120,189**
	492,064	**511,255**

Financial liabilities 2025

TABLE 072

In thousands of euros

	31/12/2025	01/01/2025	Cash flow from financing activities	Non-cash changes: Neutral offsetting	Non-cash changes: Accrued interest	Non-cash changes: Amortisation from the valuation using the effective interest method
Loans from banks	369,157	376,918	-7,257	0	-1,459	955
Loans from third parties	122,906	134,291	-11,561	0	88	88
Liabilities to minority shareholders	0	45	0	0	-45	0
	492,064	**511,255**	**-18,817**	**0**	**-1,416**	**1,043**
Liabilities from leases	8,502	11,559	-3,058	0	0	0

Financial liabilities 2024

TABLE 073

In thousands of euros

	31/12/2024	01/01/2024	Cash flow from financing activities	Non-cash changes: Neutral offsetting	Non-cash changes: Accrued interest	Non-cash changes: 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

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 recognized in tax refund claims arising from the expected utilization of existing tax loss carryforwards in subsequent years and whose realization appears sufficiently certain amounted to €438 thousand (previous year: €124 thousand).

There are tax loss carryforwards from our companies for which no deferred taxes have been recognized: in Germany in the amount of €2,395 thousand (previous year: €2,198 thousand), in Luxembourg in the amount of €18,307 thousand (previous year: €18,277 thousand), and in Austria in the amount of €31,552 thousand (previous year: €31,524 thousand). For deductible temporary differences in the amount of €0 thousand (previous year: €0 thousand), no deferred tax assets were recognized in the statement of financial position.

The Instone Group recognizes deferred tax assets in the amount of €377 thousand (previous year: €131 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 recognized in profit or loss, deferred taxes for actuarial losses of €-638 thousand (previous year: €-59 thousand) were recognized in other comprehensive income.

The deferred tax assets and liabilities have changed as follows:

Deferred tax

TABLE 074

In thousands of euros

	31/12/2025		31/12/2024	
	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Assets				
Right of use assets	0	2,542	0	2,577
Financial assets	8,830	12,187	3,343	8,594
Inventories	39,780	0	38,403	0
Contract assets	0	40,037	0	27,604
Other assets	5,929	12,191	1,605	31,178
Liabilities				
Pension provisions	1,009	9	1,539	0
Leasing liabilities	2,690	0	3,669	0
Liabilities from government grants	5,812	0	15,567	0
Contract liabilities	494	0	6,489	0
Other provisions	4,025	12,029	2,592	11,086
Other liabilities	14,206	5,000	227	26,705
Loss carryforwards	438	0	124	0
Gross amount	**83,212**	**83,994**	**73,558**	**107,745**
Impairment provision	0	0	0	0
Offset	-79,774	-79,773	-73,427	-73,427
Net amount	**3,439**	**4,221**	**131**	**34,318**

29 LIABILITIES FROM NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Liabilities from net assets attributable to non-controlling interests of €7 thousand (previous year: €6 thousand) related to non-controlling interests of Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG.

30 LEASING LIABILITIES

Leasing liabilities TABLE 075

In thousands of euros

	31/12/2025	31/12/2024
Due in up to one year	3,127	3,958
Due in one to five years	5,095	4,680
Due in over five years	279	2,922
	8,502	**11,559**

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 at 31 December 2025 amounted to €3,127 thousand (previous year: €3,958 thousand) as current liabilities and €5,375 thousand (previous year: €7,601 thousand) as non-current liabilities.

31 CONTRACT LIABILITIES

Contract liabilities TABLE 076

In thousands of euros

	31/12/2025	31/12/2024
Payments received	2,420	296,340
Contract assets	-859	-275,899
	1,561	**20,441**

The cycle of contract liabilities is – analogous to the project term – an average of three years.

On contract liabilities in the amount of €20,441 thousand as at 1 January 2025, revenue of €20,441 thousand was generated from contract fulfillment in the financial year.

The decrease in contract liabilities is mainly due to scheduled completion and the handover of various project developments.

32 TRADE PAYABLES

Trade payables amounted to €120,159 thousand as at the reporting date (previous year: €134,184 thousand).

33 OTHER LIABILITIES

Other liabilities TABLE 077

In thousands of euros

	31/12/2025	31/12/2024
Non-current		
Liabilities from government grants for interest and principal repayment	14,618	47,405
	14,618	**47,405**
Current		
Advance payments received on inventories	459,177	503,278
Liabilities from government grants for interest and principal repayment	12,348	0
Liabilities from government grants	11,055	25,407
Liabilities from bonuses	8,383	8,779
Liabilities from repayment of subsidy	5,742	0
Liabilities from other taxes	1,164	1,308
Liabilities to employees	445	426
Sundry other liabilities	2,039	2,312
	500,352	**541,510**
	514,970	**588,915**

The decrease in non-current other liabilities relates entirely to the interest and capital subsidy in connection with subsidized loans. This development resulted from the deconsolidation of franky PropCo 1 GmbH & Co. KG and from the conversion of the term to current other liabilities.

The decrease in the advance payments received on inventories is mainly impacted by the deconsolidation of franky PropCo 1 GmbH & Co. KG.

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 €20,357 thousand at the reporting date (previous year: €11,480 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 at 31 December 2025 the cash and cash equivalents consisted solely of cash in the amount of €367,481 thousand (previous year: €426,242 thousand), of which €125,701 thousand (previous year: €163,997 thousand) was subject to restrictions on disposal. The restriction on the right to dispose of cash essentially results from the collateral securing of financial liabilities.

Total cash outflows for leases were €4,051 thousand (previous year: €4,238 thousand) with a repayment component of €3,642 thousand (previous year: €3,814 thousand) and an interest component of €409 thousand (previous year: €424 thousand).

Non-cash expenses of €13,201 thousand mainly relate to the income from the deconsolidation of franky PropCo 1 GmbH & Co. KG (previous year: expenses of €2,735 thousand exclusively in connection with the amortization of interest and capital subsidies on loans).

The cash flow from the loss of control of subsidiaries is related to the sale of the shares in franky PropCo 1 GmbH & Co. KG. The value of €31,196 thousand comprises the disposal of the bank balance in the amount of €46,071 thousand plus the inflow of the purchase price payment in the amount of €14,875 thousand.

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

Relationships with joint ventures/ other investments[1]

TABLE 078

In thousands of euros

	31/12/2025	31/12/2024
Receivables/loans to joint ventures		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	383	377
FHP Friedenauer Höhe Erste GmbH & Co. KG	294	3,297
FHP Friedenauer Höhe Sechste GmbH & Co. KG	643	633
FHP Friedenauer Höhe Vierte GmbH & Co. KG	439	455
Projekt Am Sonnenberg Wiesbaden GmbH	11,376	23,323
beeboard GmbH	895	0
Wohnpark Heusenstamm GmbH & Co. KG	0	104
	14,031	**28,190**
Liabilities to joint ventures		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	11,591	3,608
FHP Friedenauer Höhe Erste GmbH & Co. KG	6,550	0
FHP Friedenauer Höhe Sechste GmbH & Co. KG	19,212	5,980
FHP Friedenauer Höhe Vierte GmbH & Co. KG	570	8,006
	37,923	**17,594**

[1] Previous year adjusted.

The decline in receivables to joint ventures mainly results from scheduled loan repayments.

The increase in liabilities to joint ventures results mainly from loans of the FHP companies.

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.

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the Management Board members in comprised the following components:

Fixed remuneration

- The fixed remuneration is paid in equal monthly installments.

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 as well as share price performance, taking into account distributions during the performance period. The contractually agreed base amount – an individually determined starting amount for each Board member on which the calculation is based – is based on the Instone Group's average weighted volume share price in the last three months before the performance period begins. 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 079

In thousands of euros

	2025	2024
Benefits due in the short-term		
Fixed remuneration	1,544	1,448
Variable remuneration	1,115	768
Benefits after the end of the employment relationship		
Pension expenses	51	59
Expenses for share-based remuneration components due in the long-term with cash settlement		
Variable remuneration	2,168	2,889
Total emoluments granted to the Management Board	**4,878**	**5,165**
Liability recognised as of 31 December for share-based remuneration components due in the long-term with cash settlement	**6,958**	**5,156**

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 €129 thousand (previous year: €365 thousand) for a former Management Board member.

SUPERVISORY BOARD REMUNERATION

The total emoluments granted to the Supervisory Board in the 2025 financial year amounted to €641 thousand (previous year: €683 thousand). Of this, €521 thousand (previous year: €563 thousand) was remuneration for work on the general committee. Remuneration for work in committees amounted to €120 thousand (previous year: €120 thousand).

In the 2025 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 2025 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

MEMBER OF THE SUPERVISORY BOARD

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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. (Chair 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 (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 (until 11 June 2025), Managing Director Westdeutsche Lotterie GmbH & Co. OHG

In addition to her role as a member of the Supervisory Board of the Company, Christiane 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 (until 11 June 2025), 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.

David S. Beardsell (since 11 June 2025), COO and Head of Management, Activum SG Capital

In addition to his role as a member of the Supervisory Board of the Company, David S. Beardsell 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 080

In thousands of euros

	2025	2024
Annual audit	812	803
of which relating to previous years	-43	-51
Other confirmation services	62	109
Other services	39	43
	912	**955**

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. These are audits in accordance with Section 16 MaBV as well as other services in the form of agreed investigative actions (covenant reporting) in accordance with ISRS 4400 (revised).

UTILIZATION OF EXEMPTION RIGHTS 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 amortized costs.

The available financial instruments are shown in the statement of financial position. The maximum loss or default risk equals the carrying amount of the financial assets. Any risk identified for financial assets which is recognised at amortized cost is recognized 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 at the reporting date 31 December 2025. 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 centralized 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 at 31 December 2025 includes promissory note loans from 2020 (nominal value: €35,000 thousand), 2022 (nominal value: €50,000 thousand), and 2023 (nominal value: €20,000 thousand). These are recognized at amortized cost using the effective interest method. Through expense-related amortization, interest income and interest expense and directly attributable transaction costs are allocated to the respective subsequent periods.

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 recognized.

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 2025

TABLE 081

In thousands of euros

	Carrying amounts 31/12/2025	Cash outflows 2026	2027-2029	>2029
Financial liabilities	492,064	161,463	242,709	87,892
Trade payables	120,159	120,159	0	0
Liabilities from net assets attributable to non-controlling interests	7	0	0	7
Leasing liabilities	8,502	3,170	4,910	973
	620,732	**284,792**	**247,619**	**88,873**

Maturity analysis of financial liabilities in 2024

TABLE 082

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**

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 083

In thousands of euros

	31/12/2025	31/12/2024
Cash and cash equivalents	367,481	426,242
of which, restricted	125,701	163,997
Credit line - unused amount	371,693	378,656
	739,174	**804,898**

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 recognized 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 favor 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 fulfillment 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 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:

Impairments pursuant to IFRS 9 2025

TABLE 084

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)	10,845	3,458	413	138	317	6,519
Impairment provisions	-1,089	-35	-4	-1	-3	-1,046
Trade receivables (net carrying amount)	**9,756**	**3,423**	**409**	**137**	**314**	**5,473**

Impairments pursuant to IFRS 9 2024

TABLE 085

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**

The ongoing changes in the 2025 financial year are based on additions of €883 thousand (previous year: €2,748 thousand), liquidations of €-7 thousand (previous year: €-277 thousand), and utilizations of €-2,499 thousand (previous year: €-182 thousand), and amount to €1,623 thousand in total (previous year: €2,290 thousand), meaning that, as at 31 December 2025, there was an impairment loss on trade receivables of €1,089 thousand (previous year: €2,711 thousand).

As in the previous year, no impairment losses were recognized on liquid assets, contract assets, and current and non-current financial receivables. The carrying amounts presented are not past due at the reporting date.

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 recognized in profit or loss if they are measured at fair value. For this reason, all fixed-interest financial instruments recognized at amortized 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 €2,316 thousand (previous year: decrease in consolidated earnings of €2,155 thousand or increase in consolidated earnings of €2,155 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 optimizing 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 2025 (according to the assessment categories of IFRS 9)

TABLE 086

In thousands of euros

	Carrying amount 31/12/2025	Fair value through profit and loss	At amortized costs	Not within the scope of application of IFRS 9
ASSETS				
Financial assets				
Financial receivables				
Non-current	8,961	0	8,961	0
Current	5,188	0	5,188	0
	14,150	**0**	**14,150**	**0**
Other investments	440	440	0	0
Contract assets	130,995	0	0	130,995
Trade receivables	9,756	0	9,756	0
Other receivables and other assets	50,469	0	10,378	40,091
Cash and cash equivalents	367,481	0	367,481	0
	573,291	**440**	**401,765**	**171,086**
EQUITY AND LIABILITIES				
Financial liabilities				
Financial liabilities				
Non-current	330,601	0	330,601	0
Current	161,463	0	161,463	0
	492,064	**0**	**492,064**	**0**
Contract liabilities	1,561	0	0	1,561
Liabilities from net assets attributable to non-controlling interests	7	0	7	0
Trade payables	120,159	0	120,159	0
Other liabilities				
Non-current	14,618	0	0	14,618
Current	500,352	0	30,120	470,232
	514,970	**0**	**30,120**	**484,849**
	1,128,761	**0**	**642,351**	**486,411**

Carrying amounts of financial instruments in 2024 (according to the assessment categories of IFRS 9)

TABLE 087

In thousands of euros

	Carrying amount 31/12/2024	Fair value through profit and loss	At amortized 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**

With the short-term financial instruments accounted for at amortized 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. The fair value of fixed-interest non-current liabilities with a carrying amount of €194,422 thousand was determined to be €198,775 thousand. This means that the carrying amount exceeds the fair value at by €4,353 thousand (previous year: €5,680 thousand). Long-term fixed-interest liabilities fall under fair value hierarchy Level 2. Fair value was determined using a present value method applying entity-specific current market-derived interest rates. Non-current financial receivables are recognized at amortized cost. Their fair value differs from the carrying amount by €0 thousand (previous year: €-44 thousand). These bonds fall under fair value hierarchy Level 2 and were determined using a present 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[1]

TABLE 088

In thousands of euros

	31/12/2025	31/12/2024
Fair value through profit and loss	0	62
Assets at amortized cost	43,841	16,145
Liabilities at amortized cost	-23,690	-34,124
	20,152	**-17,918**

[1] Previous year adjusted.

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 recognized through profit or loss.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

In December 2025, 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 at 31 December 2025 there were €398 thousand (previous year: €256 thousand) other financial commitments. The long-term commitments arising from rentals and leases are reported separately in the statement of financial position in accordance with IFRS 16.

UTILIZATION OF PROFIT

The Management Board proposes to use the net profit of Instone Real Estate Group SE of €41,314,219.52 to pay a dividend of €18,628,707.25 zu in total. This corresponds to a dividend of €0.43 per share entitled to dividend. The remaining net profit, including the amount attributable to shares not entitled to a dividend, is carried forward to the new account.

EVENTS AFTER THE REPORTING DATE

Effective 1 January 2026, the shares in franky PropCo 2 GmbH & Co. KG were sold. This company is therefore no longer part of the consolidated financial statements from that date and is deconsolidated. In addition, in January 2026, Westville 2 GmbH was renamed franky PropCo 3 GmbH & Co. KG in order to sell all shares as at 1 February 2026.

As a result of these deconsolidations, inventories of €285.9 million, bank deposits of €88.5 million,other liabilities related to the interest and repayment subsidy of the loan of €21.9 million, project liabilities of €9.9 million and non-current financial liabilities (loans) of €59.3 million will no longer be recognized in the consolidated financial statements in the future, unlike in the previous year.

As a result of these share sales and the planned share sale of the last Westville company in the course of the 2026 fiscal year, the amount of share deal effects in adjusted sales revenue, adjusted gross profit and adjusted EAT will be much smaller in the future. In 2027, the overall "Westville" project will no longer contribute to earnings.

There were no further events of particular significance to report after the reporting date of 31 December 2025.

DISCLOSURES ON PREPARATION AND APPROVAL

The Management Board of Instone Real Estate Group SE has prepared the consolidated financial statements on 6 March 2026 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, 6 March 2026

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 31/12/2025

TABLE 089

	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, Vienna, Austria	100.0	482	-34
formart Luxemburg S.à r.l., Luxembourg, Luxembourg	100.0	1,396	-30
Gartenhöfe GmbH, Leipzig, Deutschland	100.0	5,995	101
Instone Real Estate Development GmbH, Essen, Germany[1]	100.0	190,097	0
Instone Real Estate Projekt MarinaBricks GmbH, Erlangen, Germany	100.0	871	38
Instone Real Estate Projekt Rosenheim GmbH & Co. KG, Nuremberg, Germany	100.0	3,184	-221
Instone Real Estate Projektbeteiligungs GmbH, Erlangen, Germany	100.0	17	23
KORE GmbH, Dortmund, Germany	100.0	5,711	-842
Nyoo Real Estate GmbH, Essen, Germany[1]	100.0	25	0
Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt a. M., Germany	70.0	24	3
Westville 1 GmbH, Essen, Germany	100.0	32,065	30,239
franky PropCo 3 GmbH & Co. KG (formerly: Westville 2 GmbH), Essen, Germany	89.9	2,741	216
Westville 3 GmbH, Essen, Germany	89.9	2,678	173
franky PropCo 2 GmbH & Co. KG (formerly: Westville 4 GmbH), Essen, Germany	89.9	2,598	95
II. Subsidiaries not included in the consolidated financial statements			
Immobiliengesellschaft CSC Kirchberg S.à r.l., Luxembourg, Luxembourg	100.0	88	-3
Instone Real Estate Verwaltungsgesellschaft mbH, Essen, Germany	100.0	22	0
Instone Real Estate Projektverwaltungs GmbH, Essen, Germany	100.0	-113	-27
Instone Real Estate Beteiligungsgesellschaft mbH, Essen, Germany	100.0	24	0
Kleyer Beteiligungsgesellschaft mbH, Frankfurt a. M., Germany	100.0	61	-92
Projekt Am Sonnenberg Wiesbaden GmbH, Essen, Germany	51.0	-4,627	-1,161
Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Cologne, Germany	70.0	-10	0
Projektgesellschaft Quartiersentwicklung GmbH & Co. KG, Essen, Germany	100.0	-32	-34
Quartiersentwicklung Verwaltungsgesellschaft mbH, Essen, Germany	100.0	24	-1
Twelve GmbH & Co. KG, Stuttgart, Germany	50.1	39,609	2,411
Twelve Verwaltungs GmbH, Stuttgart, Germany	50.1	33	0
Uferpalais Verwaltungsgesellschaft mbH, Essen, Germany	70.0	49	0
Westville Vermietungs GmbH, Essen, Germany	100.0	-9	-8
Westville Verwaltungs GmbH, Essen, Germany	100.0	23	-2
Wohnpark Heusenstamm GmbH & Co. KG, Essen, Germany	50.1	4,704	959
Wohnpark Heusenstamm Verwaltungs GmbH, Essen, Germany	50.1	24	0

List of Shareholdings as of 31/12/2025

TABLE 089

	Share of capital in %	Equity in thousands of of euros	Annual result in thousands of euros
III. Interests in joint ventures			
beeboard GmbH, Cologne, Germany	50.0	1,221	-696
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin, Germany	50.0	15,923	15,577
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin, Germany	50.0	18,610	6,943
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin, Germany	50.0	26,233	26,412
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin, Germany	50.0	854	160
VESTWAY GmbH (formerly: IKFHT Vertriebsgesellschaft mbH), Essen, Germany	50.0	25	0
NREP NSF V Lux 10 S.à r.l., Luxembourg, Luxembourg	20.0	0	0
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Frankfurt a. M., Germany	50.0	1	-24
Wohnpark Gießener Straße GmbH & Co. KG, Frankfurt a. M., Germany	50.0	29	4
IV. Other investments			
BEYOUTOPE GmbH, Hannover, Germany	0.02	248	-39
CONTUR Wohnbauentwicklung GmbH, Köln, Germany	50.0	66	31
FHP Friedenauer Höhe Verwaltungs GmbH, Berlin, Germany	50.0	30	3
formart Wilma Verwaltungsgesellschaft mbH, Frankfurt a. M., Germany	50.0	56	2

[1] Profit and loss transfer agreement with Instone Real Estate Group SE.

List of Shareholdings as of 31/12/2024[2]

TABLE 090

	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, Vienna, Austria	100.0	517	213
formart Luxemburg S.à r.l., Luxembourg, Luxembourg	100.0	1,427	214
Gartenhöfe GmbH, Leipzig, Germany	100.0	5,894	188
Instone Real Estate Development GmbH, Essen, Germany[1]	100.0	190,097	0
Instone Real Estate Projekt MarinaBricks GmbH, Erlangen, Germany	100.0	833	163
Instone Real Estate Projekt Rosenheim GmbH & Co. KG, Nuremberg, Germany	100.0	3,404	137
Instone Real Estate Projektbeteiligungs GmbH, Erlangen, Germany	100.0	-6	-10
KORE GmbH, Dortmund, Germany	85.0	6,553	69
Nyoo Real Estate GmbH, Essen, Germany[1]	100.0	25	0
Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt a. M., Germany	70.0	21	-23
Westville 1 GmbH, Essen, Germany	100.0	1,826	71
Westville 2 GmbH, Essen, Germany	89.9	2,030	294
Westville 3 GmbH, Essen, Germany	89.9	2,052	543
Westville 4 GmbH, Essen, Germany	89.9	2,068	669
Westville 5 GmbH, Essen, Germany	89.9	2,214	758

List of Shareholdings as of 31/12/2024[2]

TABLE 090

	Share of capital in %	Equity in thousands of of euros	Annual result in thousands of euros
II. Subsidiaries not included in the consolidated financial statements			
Immobiliengesellschaft CSC Kirchberg S.à r.l., Luxembourg, Luxembourg	100.0	91	-47
Instone Real Estate Verwaltungsgesellschaft mbH, Essen, Germany	100.0	22	-3
Instone Real Estate Projektverwaltungs GmbH, Essen, Germany	100.0	-85	-29
Instone Real Estate Beteiligungsgesellschaft mbH, Essen, Germany	100.0	24	-1
Kleyer Beteiligungsgesellschaft mbH, Frankfurt a. M., Germany	100.0	153	13
Projekt Am Sonnenberg Wiesbaden GmbH, Essen, Germany	51.0	-3,466	-1,314
Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Cologne, Germany	70.0	-10	-5
Twelve GmbH & Co. KG, Stuttgart, Germany	50.1	34,199	2,384
Twelve Verwaltungs GmbH, Stuttgart, Germany	50.1	33	2
Uferpalais Verwaltungsgesellschaft mbH, Essen, Germany	70.0	48	-40
Westville Vermietungs GmbH, Essen, Germany	100.0	-1	-21
Wohnpark Heusenstamm GmbH & Co. KG, Essen, Germany	50.1	3,744	74
Wohnpark Heusenstamm Verwaltungs GmbH, Essen, Germany	50.1	23	0
III. Interests in joint ventures			
beeboard GmbH, Köln, Deutschland	50.0	1,918	-1,391
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin, Germany	50.0	346	488
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin, Germany	50.0	11,667	13,438
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin, Germany	50.0	-178	807
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin, Germany	50.0	20,193	23,267
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG, Frankfurt a. M., Germany	50.0	139	114
Wohnpark Gießener Straße GmbH & Co. KG, Frankfurt a. M., Germany	50.0	24	-1
IV. Other investments			
BEYOUTOPE GmbH, Hannover, Germany	0.02	265	-44
CONTUR Wohnbauentwicklung GmbH, Cologne, Germany	50.0	24	6
FHP Friedenauer Höhe Verwaltungs GmbH, Berlin, Germany	50.0	27	12
formart Wilma Verwaltungsgesellschaft mbH, Frankfurt a. M., Germany	50.0	54	2

[1] Profit and loss transfer agreement with Instone Real Estate Group SE.

[2] Previous year adjusted.

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 2025, the consolidated income statement, 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 2025, 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 IFRS S2 standard of the International Sustainability Standards Board (ISSB) that are labelled with the respective GRI or IFRS S2 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 2025. 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 "Corporate governance statement" subsection of the "Other disclosures" section of the combined management report, including the further reporting on corporate governance contained therein. In addition, we have not audited the content of the non-financial report, which is referenced in various places as sustainability report, and the references extraneous to combined management reports to texts relating to the requirements of the General Reporting Initiative (GRI) and the IFRS S2 standard of the International Sustainability Standards Board (ISSB).

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 2025 and of its financial performance for the financial year from 1 January to 31 December 2025; our audit opinion on the consolidated financial statements does not cover the references extraneous to consolidated financial statements that are marked as unaudited.

- 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 corporate governance statement referred to above and of the non-financial report and the references extraneous to combined management reports.

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 the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. 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 2025. 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 revenue recognition over time, including the measurement of contract assets and work-in-progress, 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

REVENUE RECOGNITION OVER TIME, 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 2025 report contract assets of kEUR 130,995, inventories of kEUR 1,147,926 and revenue of kEUR 398,678 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 application of the requirements of IFRS 15 on revenue recognition, sold units under development are recognised in accordance with revenue recognition over time. This means that the work 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 that point in time, the contractual right of withdrawal granted to both parties expires. Revenue from renovation projects is recognised when construction work begins.

While the marketed portion of the construction projects is shown under contract assets, after being offset against payments received, or under contract liabilities, the non-marketed portions are shown under work-in-progress.

Revenue recognition and the valuation of contract assets and work-in-progress are based to a considerable extent on the assessments and assumptions of the executive directors with regard to the amount of total costs and the 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 on the reporting date are also subject to assessments and assumptions of the executive directors. The discretionary assessments made by the executive directors have a direct and, in most cases, significant impact on the amount of the revenue recognised in the consolidated income statement and the amount of contract assets and work-in-progress in the consolidated statement of financial position. Against this background, we classified revenue recognition over time, including the measurement of contract assets and work-in-progress, as a key audit matter.

The executive directors' disclosures on revenue recognition and the valuation 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 recognition and measurement policies applied with regard to compliance with the requirements 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 the internal controls relevant to the audit and verified that these had been implemented. We also verified the operating effectiveness of the controls.

For investor contracts newly concluded during the financial year, we reviewed the underlying contracts and their accounting treatment in accordance with the requirements of IFRS 15 on a sample basis.

Based on a risk-oriented sample selection, we examined the methods applied by the executive directors, the assumptions made, the estimates performed and the data used as at the reporting date for selected projects to determine whether they were acceptable. In this context, we inspected relevant documents and information about the projects. We also conducted 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 the knowledge gained from units already sold.

We assessed the relevant disclosures in the notes to the consolidated financial statements in terms of 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,
- the non-financial report,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the references extraneous to consolidated financial statements or combined management reports and marked with symbols,
- 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 disclosures in 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 in accordance with Section 161 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.

- 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 ASSURANCE ON THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURSUANT TO SECTION 317 (3A) HGB

Assurance Opinion

We have performed assurance work 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 343d20945dbb4f15d0027d70a4b1e23d2e182782d8227d3537ae14-c4f24dc8a4, 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 assurance work 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 assurance 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 2025 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 Assurance Opinion

We conducted our assurance work on 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 Assurance Standard: Assurance Work on the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company 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 Company 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 Assurance Work on 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 assurance work. 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 assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance 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 11 June 2025. We were engaged by the supervisory board on 24 September 2025. 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 assured 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 assurance opinion contained therein are to be used solely together with the assured 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, 9 March 2026

Deloitte Ltd
Wirtschaftsprüfungsgesellschaft

Signed: Rolf Künemann
Wirtschaftsprüfer
(German Public Auditor)

Signed: Nicole Meyer
Wirtschaftsprüferin
(German Public Auditor)

THE REPORT OF THE SUPERVISORY BOARD

Dear shareholders,
Ladies and Gentlemen,

Before I inform you about the work of the Supervisory Board and its committees in 2025, I would first like to share a few observations about the past financial year.We can look back on another challenging financial year, during which our company has performed very well.

Substantial operating progress characterized the past twelve months on the whole–especially with respect to project handovers, sales launches, and strategically important acquisitions. On the whole, the Instone Group consistently focused on tapping into and further developing its growth prospects. In particular, against the backdrop of a market environment that is gradually stabilizing, the Company purposefully utilized the past business year to achieve substantive progress–both operationally and strategically–on the acquisition and sales sides. As the Supervisory Board believes that the activities in these two areas are key success factors for the future development of the Company, I would like to discuss two key building blocks:

Last year, the Instone Group placed a strong focus on continuing to expand the project pipeline. As a result, it has succeeded in acquiring properties in key German metropolitan regions with above-average potential yields and a total future sales volume of around €1.2 billion. As a result, the company has already delivered more than half of the planned purchase volume for the business years 2025 and 2026 for projects with a total gross development value of EUR 2 billion. The supervisory board is therefore all the more pleased that he was able to support the Management Board as part of his acquisition activities and help to shape this pleasing development by agreeing to two particularly large-scale projects. I am confident that this trend will continue in 2026 and that the company will continue to very successfully expand the basis for future growth.

The second topic I would like to emphasize here is the significant progress in individual sales activities. The company achieved important successes in this respect both operationally and strategically in the past business year.

Operationally, because the company succeeded in optimally orienting its product range to the development of tax incentives under the Growth Opportunity Act. In the fourth quarter of 2025 alone, 219 residential units with a sales volume of over €130 million were marketed in the individual sales segment. This is strong evidence that the Instone Group's products are very good at meeting private investors' expectations of generating attractive returns through investments in new, climate-friendly construction. Strong demand for our product also makes me optimistic about the once again significant increase in the number of individual sales launches planned for 2026 for the new business year.

Strategic, because the Instone Group has formulated a targeted strategic response to growing demand in the private investor segment by founding the joint sales company VESTWAY. In the view of the Supervisory Board, the new distribution structure for investment products associated with this is an innovative instrument for better addressing existing demand potential. At the same time, this will enable the Instone Group to better ensure that key components of the current and future project pipeline belonging to the Instone Group can be successfully brought into sales even more efficiently and close to the market. This new structure will be used to launch a significant portion of the sales in the 2026 fiscal year.

Against this backdrop, I would like to give a clear signal on behalf of our committee: More than ever, the supervisory board is convinced that the Instone Group is ideally positioned to actively exploit the opportunities arising in the new residential real estate market and convert them into convincing, high-quality products – in the interest of our shareholders and other stakeholders. We are optimistic about this strength as we move into the 2026 fiscal year and beyond.

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.

Below, we would like to brief you on the work of the Supervisory Board and its committees in the 2025 fiscal year. In the 2025 fiscal year, the supervisory board fulfilled all of its responsibilities under the law and the Articles of Association. He oversaw the Management Board in its management of the company and provided him with advice. GRI 2-17

MEMBERS, MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD AND ITS COMMITTEES DURING THE PAST FINANCIAL YEAR

In the previous business year, the supervisory board held a total of 12 meetings and met regularly, even without the Management Board, for example in connection with the auditor's approval of the consolidated financial statements and reporting. A total of six resolutions were held in writing. With the exception of one member of the Supervisory Board who did not attend a single meeting during the business year ended, all members of the Supervisory Board attended all meetings of the Board.

The overview of the members of the Supervisory Board in the 2025 fiscal year as well as their individualized participation in the meetings of the Supervisory Board and Supervisory Board committees is shown below and can also be accessed on the company's website at
↗ Instone Group Supervisory Board.

MATERIAL TOPICS OF THE SUPERVISORY BOARD AND OF ITS COMMITTEES

The supervisory board held a total of two meetings in the first quarter of 2025. During these meetings, he dealt in detail with the corporate planning and the 2025 budget, among other things. In addition, at its meeting of the Annual Report, the Management Board first considered in detail the audited financial statement and the consolidated financial statements, including the summarized management report for the 2025 fiscal year, and then adopted or approved them. In addition, the supervisory board approved the appropriation of profit proposal and the compensation report for the 2024 fiscal year. In addition, he dealt with the Report of the Supervisory Board to be presented to the Annual General Meeting and the Joint Compensation Report 2024 as well as the target achievement for the short-term compensation of the Management Board for the 2024 fiscal year and the variable long-term compensation of the Management Board of the fiscal year, which he determined in each case based on the recommendations of the Remuneration Committee. Finally, he dealt with David Dreyfus's upper limit on compensation under the employment contract. The supervisory board also received intensive reports on the development of business.

The supervisory board met five times in the second quarter of 2025. At the first meeting in April 2025, discussions included the agenda for the Annual General Meeting 2025, including its format as a physical event, and the Supervisory Board's recommendations on the matter. During this meeting, the Committee also dealt with the holding of the Annual General Meeting as a face-to-face event and received regular reports on the progress of business. The supervisory board also dealt intensively with issues related to the compensation of the Management Board. This included, in particular, the periodic review of the compensation system for the Management Board based on the Remuneration Committee's preliminary examination, which was refined in terms of content. This meeting also dealt with the review of the amount and structure of the compensation of the Supervisory Board, as well as the targets set by the supervisory board for short-term and long-term variable compensation of the Management Board. Finally, with a view to the upcoming Annual General Meeting, the supervisory board elected the Deputy Chairman of the Supervisory Board as Deputy Chairman of the Annual General Meeting—as a precaution, just as in previous years. Further follow-up meetings in April once again dealt with the agenda for the Annual General Meeting and, as a current occasion, the future size and composition of the Supervisory Board. Among other things, the supervisory board dealt with the suggestion of re-electing David S. Beardsell to the supervisory board. The need for an election outside the rotation arose due to the resignations of Sabine Georgi and Christine Jansen from the supervisory board at the end of the 2025 Annual General Meeting and the intended downsizing of the body. Consequently, the supervisory board also prematurely examined the review and definition of the target percentage of female members in the supervisory board.

At its meeting on 11 June 2025, the supervisory board prepared the Annual General Meeting 2025 in particular and resolved to appoint the Supervisory Board committees.

At its meetings on 20 June 2025, and 1 July 2025, the supervisory board dealt intensively with the renewal of the Management Board contracts of Kruno Crepulja and Andreas Gräf.

At a further meeting in the third quarter, the agenda included giving approval to a large-scale property purchase in Hamburg as well as the presentation of an acquisition project in North Rhine-Westphalia pursued by the Management Board.

At a subsequent meeting, the supervisory board finally approved the establishment of a strategic sales platform initiated by the Management Board that was structured as a joint venture and focuses in particular on marketing the residential properties realized by the Instone Group in the investment segment. During this meeting, the supervisory board also approved the purchase of the acquisition project in North Rhine-Westphalia, which had already been presented in the third quarter.

The supervisory board held a total of two meetings in the fourth quarter of 2025. At its meeting on 9 October 2025, the meeting focused in particular on the Management Board's report on the development of business as well as the insights gained from the Expo Real 2025 trade fair with respect to the current and prospective acquisition, sales, and debt capital market situation. The last meeting of the business year was held on 3 December 2025. In the business year 2026, the Management Board once again reported to the supervisory board on its business performance and presented the preliminary draft business plan and budget to the supervisory board. This was discussed in detail. During this agenda item, the Management Board also presented in detail the planning process. At the meeting, the supervisory board also reviewed the effectiveness of its work on a rolling basis by way of a self-evaluation, adopted the joint statement of compliance with the DCGC 2025, and set the target for the percentage of female members in the supervisory board on a rolling basis. In addition, he dealt in detail with various issues related to the compensation of the Management Board, including the personal objectives of the Management Board members for short-term variable remuneration in 2025, including a discussion of the status of the target achievement.

The six resolutions of the Supervisory Board adopted by written procedure in the past fiscal year concerned the adoption of the corporate governance statement, the approval of the syndicated loan facility with IKB Deutsche Industriebank AG, the Annual General Meeting Agenda 2025, the gender ratio in supervisory board, the purchase of two apartments from the Instone Group by David Dreyfus, and the renewal of the employment contracts of Kruno Crepulja and Andreas Gräf. GRI 2-18

Key indicators
Combined management report
Consolidated financial statements
Notes to the consolidated financial statements
Independent auditor's report
Supervisory Board report
Renumeration report
Sustainability report
Other information

Supervisory Board 2025/Overview on participation in meeting

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	Stefan Brendgen	Dr Jochen Scharpe	Dietmar P. Binkowska	Christiane Jansen	Stefan Mohr	Sabine Georgi	David S. Beardsell	Written AR decisions
Supervisory Board								
5/02[2, 3]	yes	yes	yes	yes	yes	no		
10/03[3]	yes	yes	yes	yes	yes	yes		
9/04[2, 3]	yes	yes	yes	yes	yes	yes		
22/04[1]	yes	yes	yes	yes	yes	yes		
27/04[1]	yes	yes	yes	yes	yes	yes		
11/06	yes	yes	yes		yes		yes	
20/06[1]	yes	yes	yes		yes		yes	
1/07[1]	yes	yes	yes		yes		yes	
18/07[1]	yes	yes	yes		yes		yes	
1/08[1]	yes	yes	yes		yes		yes	
9/10[2]	yes	yes	yes		yes		yes	
3/12[2]	yes	yes	yes		yes		yes	
Total	**12/12**	**12/12**	**12/12**	**5/5**	**12/12**	**4/5**	**7/7**	**6**
Audit committee								
5/02[2, 3]	yes	yes			yes			
10/03	yes	yes			yes			
9/04[2, 3]	yes	yes			yes			
10/09[2]	yes	yes			yes			
3/12[2]	yes	yes			yes			
Total	**5/5**	**5/5**			**5/5**			**-**
Remuneration committee								
10/03[2]	yes	yes	yes					
09/04[2]	yes	yes	yes					
3/12[2]	yes	yes	yes					
Total	**3/3**	**3/3**	**3/3**					**1**
Nomination committee								
28/04[1]	yes			yes	yes			
Total	**1/1**			**1/1**	**1/1**			**-**

[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

In order to make the work and performance of the Supervisory Board efficient, in the 2025 fiscal year the supervisory board had three permanent committees with different responsibilities, each of which, according to the Supervisory Board's rules of procedure, included three members: the Audit Committee, the Nomination Committee, and the Remuneration Committee. Additional committees can be set up as required by the supervisory board. Within their respective areas of responsibility, the committees shall prepare for the deliberations and decisions of the Assembly. In addition, they shall make final decisions within the scope of various tasks as further defined in the rules of procedure of the Supervisory Board – to the extent that the supervisory board has delegated these to the respective committee. For more information on the roles and responsibilities of the committees of the Supervisory Board, see the corporate governance statement at page 69 et seqq.

Audit committee

The members of the Audit Committee (Audit Committee) on the board were Dr Jochen Scharpe (Chairman), Stefan Brendgen and Stefan Mohr. In the 2025 fiscal year, the Audit Committee held five meetings. Written decisions were not made.

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 2025, as well as the approval or adoption of the consolidated and annual financial statements for 2024; the quality of the audit of the financial statements; the proposal for the appropriation of profits for the 2024 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 2026 financial year.

In the 2025 fiscal year, the Audit Committee again focused intensively on the work of the company's internal auditing, including, in particular, the detailed audit annual report for 2024/2025, which the Management Board reports together with internal auditing. Finally, the Audit Committee also dealt intensively with risk management system and risk reporting.

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 (Chairman), Christiane Jansen (until the end of the Annual General Meeting on 11 June 2025), Dietmar P. Binkowska (since 11 June 2025), and Stefan Mohr. The Nomination Committee met in December to consider David S. Beardsell as a candidate for the election proposal to the Annual General Meeting and to recommend the relevant committee.

Remuneration committee

The Remuneration Committee members in the 2025 fiscal year were Dietmar P. Binkowska (Chairman), Stefan Brendgen, and Dr Jochen Scharpe. The Remuneration Committee held a total of three meetings in the reporting year. The Committee adopted a decision by written procedure. This concerned the hiring of the independent compensation advisor whom the supervisory board consulted in support of the review and ad hoc development of the Management Board compensation system.

At its meetings, the Remuneration Committee dealt in particular with the recommendations to the Supervisory Board as a whole on the determination of the variable short-term compensation of the Management Board in 2024 and the variable long-term remuneration in 2021; the recommendations to the Supervisory Board as a whole on the redefinition of the target for variable compensation of the Management Board; the review of the Management Board compensation system and the compensation of the Supervisory Board; the issues specific to compensation in connection with the renewal of the Management Board contracts; the Compensation Report for the 2024 fiscal year; and the interim measurement of the target achievement regarding variable short-term remuneration for the 2025 fiscal year.

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.

In the 2025 fiscal year, the supervisory board also exchanged several times with the Management Board on strategic issues, both in addition to and outside of its meetings. Over the past year, the focus once again remained on the strategic development of the existing business, the positioning and strategy of the Instone Group with respect to its sales, acquisition, and financing activities, the intensive involvement with personnel planning on the Management Board, and the composition of the Supervisory Board.

The Management Board provided the supervisory board with regular, timely, and comprehensive information on all aspects relevant to the Company and fulfilled its legal, statutory, and regulatory reporting obligations. These included the business performance of the Instone Group, the acquisition and sales activities activities, the development of construction costs, the development of the share price as well as fundamental questions related to corporate planning, strategy, and organization. The Management Board also provided comprehensive supervisory board reports on the economic development of the Instone Group via conference calls, which were held in addition to the meetings of the Supervisory Board in connection with the publication of the quarterly reports and the semi-annual financial report. Even outside of the meetings, the Chairman of the Management Board, in particular, engaged in intensive and regular discussions especially with the Chairman of the Supervisory Board.

The Management Board submitted transactions and measures that require the approval of the Supervisory Board pursuant to the Articles of Association or the Rules of Procedure of the Management Board—in the past fiscal year, in particular, the establishment of the aforementioned strategic sales platform, the purchase of land for a district development in Düsseldorf-Benrath, and the closing of a €47.5 million final maturity loan facility syndicated by IKB Deutsche Industriebank AG with an option to increase it to up to €60 million—to the supervisory board for resolution and discussed comprehensively together with the supervisory board beforehand. In addition, David Dreyfus was involved in the purchase of two apartments from the Instone Group, which he submitted to the supervisory board for approval as a so-called "related party transactions".

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 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 2025, following in-depth consultations, the Management Board and supervisory board of Instone Real Estate Group SE issued a joint statement of compliance with the recommendations of the DCGK in accordance with the provisions of Sec. 161 of the Stock Corporation Act. This annual report is available in 2025 at page 69 et seq. and can also be found on the ↗ Instone Group company's website in the Investor Relations section under Instone Group Statement of Compliance.

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 69 et seqq. of this Annual Report. The corporate governance statement can also be viewed on the ↗ Instone Group website in the Investor Relations section.

In accordance with the recommendations of the DCGK, the supervisory board also informs the Annual General Meeting about conflicts of interest that have occurred in Supervisory Board members. In the reporting period, Stefan Brendgen and Stefan Mohr participated voluntarily and not at all on the relevant consultations and/ or resolutions of the Supervisory Board with a view to a conflict of interest that cannot be excluded in certain circumstances. In addition, no conflicts of interest were made known to or identified by the supervisory board throughout the 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 no personnel changes on the Management Board in the 2025 fiscal year. In July 2025, the supervisory board prematurely extended the existing Management Board mandates of Kruno Crepulja and Andreas Gräf, ensuring continuity in the company's successful management. Kruno Crepulja has been appointed Chairman of the Management Board until 30 June 2029, and Andreas Gräf's mandate has been extended until 31 December 2027.

Following the end of the Annual General Meeting 2025 on 11 June 2025, Christiane Jansen and Sabine Georgi resigned from the company's supervisory board after resigning from their position at the end of the Annual General Meeting 2025. By a resolution amending the Articles of Association, the supervisory board had been reduced from six to five. David S. Beardsell is new to the supervisory board. It was appointed by resolution of the Annual General Meeting on 11 June 2025, until the Annual General Meeting, which decides on the discharge of the 2025 fiscal year.

With David S. Beardsell's election proposal, the supervisory board aimed to focus even more strongly on real estate-related and directly market-related issues, particularly with respect to acquisition, distribution, portfolio, and pipeline issues, taking into account the current market environment and the associated challenges for the company. In this respect, the supervisory board considered it useful and necessary to expand and supplement the specialized expertise available in the Board on these topics. David S. Beardsell's profile meets these requirements to a high degree, both with respect to the aforementioned special knowledge and with respect to the requirements of the Supervisory Board's competence profile for the rest.

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 2025 financial year by the Annual General Meeting of the company and commissioned by the Supervisory Board. The key audit matters were discussed in detail with the auditor at the audit committee meeting on 10 September 2025 and determined accordingly.

The consolidated financial statements for the 2025 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 the members of the Audit Committee and the Supervisory Board with his report and the financial statements for the 2025 financial year on 2 March 2026.

The report was comprehensively discussed at the meeting of the Audit Committee and at the meeting of the Annual General Meeting on 9 March 2026, both attended by the auditor. The auditor reported in detail on the main findings of its audit at each of its meetings and provided a full response to the questions put by the members of the Audit Committee or the plenary. In addition, the auditor provided information on services provided by the applicant in addition to those provided by the auditor, as well as on the aspects relevant to the assessment of the quality of the audit. Circumstances giving rise to fears of partiality on the part of the auditor were not present.

The auditor issued an unqualified audit opinion on the Annual and Consolidated Financial Statements 2025 and the Consolidated Management Report on 9 March 2026. Following the Audit Committee's in-depth own review of the financial statement, the consolidated financial statements, and the combined management report as of 31 December 2025, it recommended that they be approved by the plenary. The final result of his own examination did not give rise to any objections from the supervisory board. In accordance with the Audit Committee's recommendation, the supervisory board subsequently approved the financial statement and consolidated financial statements prepared by the Management Board. The financial statement is thus established. The supervisory board thoroughly examined and balanced the Management Board's proposal to the Annual General Meeting 2026 regarding the appropriation of net retained profit for the 2025 fiscal year and endorsed it.

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, 9 March 2026

For the Supervisory Board

Stefan Brendgen

Chair of the Supervisory Board

RENUMERATION 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. The auditor provided the members of the Audit Committee and the Supervisory Board with his report and the financial statements for the 2025 financial year on 2 March 2026.

I. REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF INSTONE REAL ESTATE GROUP SE

In accordance with the provisions of stock corporation law, the supervisory board again subjected the compensation system for the Management Board approved by the 2021 Annual General Meeting to a comprehensive review in 2025. In so doing, the Management Board took into account the characteristics of the Company and the business model, current market standards and best practices, as well as the opinion of international voting advisors and investors. The review concluded that the remuneration system adopted in supervisory board 2021 continues to take optimal account of these objectives and the Company's interest and therefore has not made any structural adjustments.

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 2025 financial year and submitted to the Annual General Meeting of the company held on 11 June 2025, which approved the remuneration system described in this number I, which came into force as from 1 July 2025, with 91.60% voting to approve it. The complete remuneration system is available under ↗ Remuneration of the Executive 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 compensation system will once again apply for a period of no more than four years to all new employment contracts with Management Board members that will be concluded and to contract renewals and adjustments from 1 July 2025. Accordingly, the employment contracts of Kruno Crepulja and Andreas Gräf that existed at the time the compensation system took effect were extended in July 2025 in accordance with the specific and updated requirements and rules of the compensation system set out therein.

The main components of the remuneration system are as follows:

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Remuneration component	Component	Weighting/Description
Non-performance related emoluments **(Approx. 40% of target remuneration)**	Basic remuneration	Payable annually in twelve equal installments at the end of each month
	Fringe benefits	Examples include use of a company car, accident insurance premiums, and reimbursement of other expenses for the Management 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: marketing volume	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
Profit-based long-term compensation - Long-term incentive (LTI) **(Approx. 35% of target remuneration)**	Performance share plan (financial targets and non-financial ESG target)	Virtual share tranche that is paid out at the end of a three-year performance period based on the achievement of predetermined supervisory board targets set out below
	Financial objective: relative TSR (Instone Group share price development incl. distributions)	20% of the LTI bonus base amount, measured using the Instone Group's total shareholder return comparison (Instone Group share price development incl. distributions) during the three-year performance period for the development of the SDAX (Performance Index)
	Earnings per share (EPS target)	50% of the STI bonus base amount as measured by 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	€3.15 million for Chair of the Management Board (CEO) €2.4 million each for other members of the Management Board
Share Ownership Guideline	Minimum holding position of the members of the Management Board in Instone Group shares	Commitment to hold Instone Group shares at the equivalent of a gross base salary regardless of net income over the entire term of the contract. The price of the shares is calculated on the basis of their purchase price. If the obligation to hold a share is not fulfilled at the start of the term of the contract, it must be fulfilled by corresponding acquisitions during the term of the contract.
Malus/clawback regulations		Withholding and/or reclaiming variable components of compensation in the event of a violation of legal or contractual obligations or internal company guidelines

A. REMUNERATION'S CONTRIBUTION TO PROMOTING BUSINESS STRATEGY AND THE LONG-TERM DEVELOPMENT OF SOCIETY

The size and complexity of the Instone Group, its economic and financial position, its success, and its future prospects are key factors in determining the remuneration. Other material criteria for determining the remuneration include the respective duties and personal performance of the individual members of the Management Board. The compensation system establishes a remuneration that is competitive relative to national and international standards and that creates added value for customers, employees, shareholders, and other stakeholders, in particular by defining performance criteria related to the long-term and sustainable success of the company and linking them to challenging objectives. The relevant targets set by the supervisory board for variable remuneration are consistent with corporate strategy and ensure consistency between the remuneration of the Management Board and the long-term performance of the Company by linking them to the corporate planning.

B. PROCEDURES FOR DETERMINING AND IMPLEMENTING THE REMUNERATION OF THE MANAGEMENT BOARD AND FOR REVIEWING THE REMUNERATION SYSTEM

The supervisory board of Instone Real Estate Group SE is responsible for drawing up the compensation system, determining the specific total compensation of the individual members of the Management Board, and regularly reviewing the compensation system. The supervisory board has established a Remuneration Committee which is responsible in particular for advising the members of the Management Board on their employment contracts and preparing relevant resolutions, as well as for preparing the supervisory board's determination of the targets for variable remuneration components and their measurement. The supervisory board reviews the compensation system at regular intervals, based on the Remuneration Committee's preparations and recommendations. If the supervisory board determines that action is required, it shall decide on the changes it deems necessary and, at a given materiality, resubmit the compensation system to the Annual General Meeting for approval.

The supervisory board may bring in external advisors to perform his or her duties, whose independence from the Management Board and Instone Real Estate Group SE must be ensured, and has also done so for the preparation of the current compensation system. The rules of procedure of the Supervisory Board contain appropriate provisions for dealing with potential conflicts of interest in the supervisory board. Among other things, these provide for disclosure of potential conflicts of interest to the Chairman of the Supervisory Board as well as a prohibition on participation in and voting on established conflicts of interest and are also applicable to remuneration matters.

The Annual General Meeting decides on the compensation system for each significant change in the compensation system, but at least every four years. If the Annual General Meeting has not approved the compensation system, a revised compensation system must be submitted for approval no later than at the subsequent Annual General Meeting.

C. DETERMINATION AND APPROPRIATENESS OF REMUNERATION

In accordance with the compensation system, the supervisory board has determined the amount of the target total compensation and corresponding compensation caps for each Management Board member. In doing so, the remuneration is in reasonable proportion to the duties and achievements of the Management Board member as well as to the position of the Instone Group, does not exceed its usual remuneration for any particular reason, and is geared to the long-term and sustainable development of the Instone Group. The adequacy of the remuneration is reviewed regularly by the supervisory board. To this end, both external and internal comparative analyzes are carried out.

CONSIDERATION OF EMPLOYEE REMUNERATION AND EMPLOYMENT CONDITIONS AND PEER GROUP COMPARISON

The internal analysis was carried out in the form of a vertical comparison of the compensation and terms of employment of employees. The compensation levels of the members of the Management Board were set in relation to the compensation levels of the upper management group and the workforce as a whole. The supervisory board defined these two groups of employees. The upper management group currently comprises the 1st and 2nd top managements under the Management Board. These are the members of the management of the two operating subsidiaries, Instone Real Estate Development GmbH and Nyoo Real Estate GmbH, the branch managers, the heads of central departments, and the commercial managers. The entire workforce comprises all full-time employees of the Instone Group in Germany (including the upper management group). The results of the vertical comparison are taken into account in determining the compensation system and in future adjustments to the level of the Management Board's compensation—also in terms of timing.

The Supervisory Board has also carried out an external benchmarking analysis of remuneration levels, using a peer group comprising selected companies from the same sector, in order to review and, where necessary, refine the remuneration system and assess the appropriateness of the remuneration terms. 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.

D. REMUNERATION 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 093

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 compensation of the Management Board is comprised of salary and in-kind contributions that are independent of income, compensation based on income (variable), and - for two Management Board members - of pension promises that were agreed before being appointed to the Management Board, for which the contributions by the Company up to the year 2024 correspond to an annual retirement benefit of between 4% and 6% of the current annual compensation based on non-profit status from the age of 65. In the case of variable remuneration, a multi-year tax base is predominant in order to create incentives for sustainable and long-term corporate development. The compensation system expressly provides that both possible positive and negative developments are to be taken into account. The supervisory board also specifies a maximum amount (cap) for each variable compensation component. The compensation of the Management Board is highly performance-related, with a particular focus on the long-term variable remuneration.

For example, the STI bonus amounts to approximately 62.5% of the non-performance-related remuneration if the target is met in full, and approximately 125% if the maximum target is achieved. 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.

As an incentive for new members of the Management Board as part of their decision-making for holding a position on the Management Board, the Company can also receive one-off payments, such as compensation payments, to cover costs resulting from a change of location or to reduce salary losses. Such a one-time payment is limited in amount to annual compensation.

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.

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NON-PERFORMANCE RELATED EMOLUMENTS

The members of the Management Board of Instone Real Estate Group SE receive compensation regardless of net income in the form of a fixed annual salary (basic compensation) and ancillary services. The fixed basic annual salary is paid in twelve equal installments at the end of a month and for the last full month in which the Management Board service contract ends.

In addition, members of the Executive Board receive non-performance-related 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 structure of the components, the proportion of the LTI outweighs that of the STI in the target remuneration.

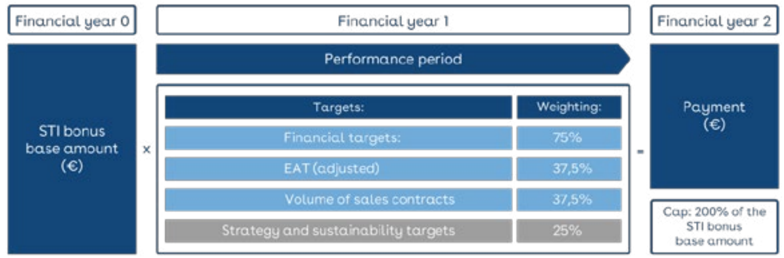
If the Management Board member is not entitled to remuneration for the entire financial year underlying the calculation, a corresponding pro rata reduction of this variable remuneration component is made.

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 014



The financial targets set in the STI, which together account for 75% of the STI bonus base amount, comprise the adjusted earnings after taxes **(EAT [adjusted])** and the **marketing volume,** both weighted at 37.5% each. Both the EAT (adjusted) and the marketing volume are key operating financial and control indicators and key performance indicators of the Instone Group as well as part of the company's business forecast. Both financial targets are therefore key to the corporate strategy of the Management Board and the long-term development of the Instone Group. The Supervisory Board believes it would be appropriate to measure the current variable remuneration based on these key operating financial and governance indicators and key performance indicators in order to ensure that the Management Board is actively involved in implementing the corporate strategy. The adjusted earnings-based measure EAT also serves as a yardstick for dividend policy. The key performance indicator for the marketing volume in real estate comprises all sales-related transactions such as notarized real estate purchase agreements, individual orders from customers, and rental income. Both financial targets are derived from the business plan and the forecast prepared by the Management Board and approved by the supervisory board and are set anew for the Management Board uniformly for each bonus year. The EAT (adjusted) and the marketing volume are determined on the basis of the adjusted earnings position, which forms the basis of the financial reporting of Instone Real Estate Group SE, and based on page 21 et seqq. is explained in more detail.

Linking the annual variable remuneration to these key financial and performance indicators 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.

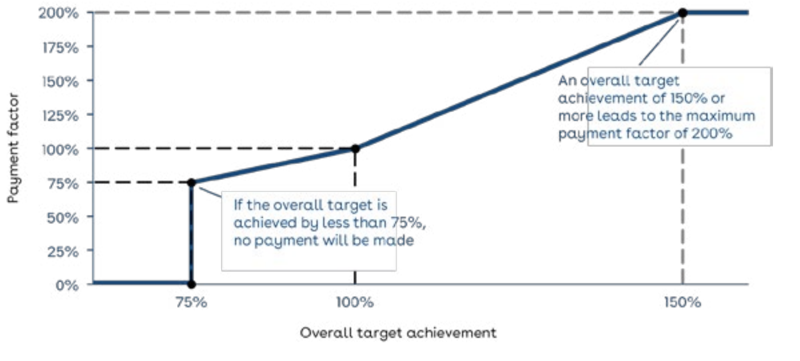
The supervisory board determines the **strategy and sustainability goals** relevant for the respective bonus year on an individual basis for each bonus year and for each Management Board member. The supervisory board generally sets two to four targets for each Management Board member, which are used to implement the corporate strategy and ensure the long-term development of the company. At 25%, the strategy and sustainability goals are included in the STI bonus. This gives the supervisory board the opportunity to define key, non-mandatory financial targets in the company's interest for the Management Board and to link them to the personal performance of the Management Board members. In addition to environmental concerns such as the reduction of CO_2, these goals can also include customer and employee satisfaction, the value of investor sales, the optimization of corporate financing, and the promotion and development of the new "nyoo" product line, or the creation of subsidized apartments. In order to ensure sufficient transparency and traceability of the target achievement, the supervisory board makes sure to set targets in each case or to establish criteria for the targets, the achievement of which is ideally ascertainable and measurable using quantitative methods. The supervisory board can weigh the strategy and sustainability goals defined annually differently, with each specific objective within the strategy and sustainability goals weighted at a minimum of 25%.

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. However, the maximum achievement rate for each individual STI target is capped at 175%.
- The overall target achievement is determined in accordance with a bonus curve, figure 015, associated with an STI payout factor. If the total achievement of objectives falls below 75% **(target lower limit)**, there is no entitlement to a payment of the STI bonus. Due to the ambitious target setting, above-average performance by the Management Board members is disproportionately rewarded: If the overall target is 150% or more **(target upper limit)**, the STI payout factor is 200%. The STI pay-out factor for an overall achievement of objectives between 100% and 150% is calculated in accordance with this proportionality. If the total achievement of objectives is between 75% and 100%, the STI payment factor is a linear measure of the total achievement of objectives.
- The STI bonus payment factor is multiplied by the agreed STI bonus base amount to produce the payment amount of the STI bonus in euros for the performance period. The payout amount can be a maximum of 200% of the STI bonus base amount **(cap)**. The payment will be made the following month after the audited financial statement of the Company has been determined.

Below is an example of the overall goal achievement at STI and the resulting STI payout factor:

Bonus curve - overall target achievement FIGURE 015

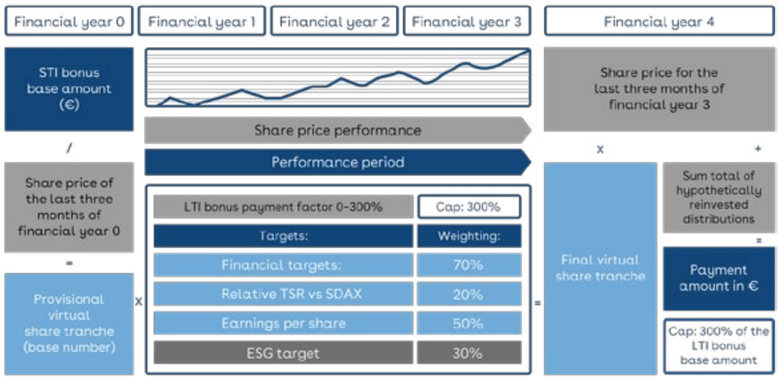


MULTI-YEAR VARIABLE REMUNERATION (LONG-TERM INCENTIVE (LTI))

As a further component of the variable remuneration, the members of the Management Board are also promised a multi-year variable remuneration in the form of an LTI bonus based on a share-based virtual performance share plan. Linkage with the price of the Instone Group share creates incentives for the Management Board to promote the long-term and sustainable development of the Instone Group. In addition, alignment of interests between shareholders and the Management Board is strengthened.

Variable compensation - LTI

FIGURE 016



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 and forecasts drawn up by the Executive Board and approved by the Supervisory Board, and are set anew by the Executive Board on a uniform basis for each three-year performance period.

The EPS goal sets a goal with which the Management Board is incentivized due to the multi-year performance period in order to increase the company's long-term performance. This creates an incentive to manage the company profitably and for profit, while at the same time generating long-term sustainable growth in the interest of shareholders. The EPS target is set in the form of an aggregated target over the performance period. The EPS target is determined on the basis of the adjusted earnings position, which forms the basis of the financial reporting of Instone Real Estate Group SE and which, in the Management Report, is based on page 21 et seqq.

The **relative TSR** creates an incentive for the Management Board to deliver above-average performance compared to other listed companies. The share price development also reflects the Company's appreciation from the shareholder perspective. The supervisory board continues to consider SDAX to be a reasonable benchmark - even if the Instone share is not listed in SDAX at the time this Management Board compensation system was enacted - because the SDAX still consists of companies of a sometimes comparable size. In the event that developments occur that the Supervisory Board no longer considers a reference to SDAX to be appropriate, the supervisory board may choose another appropriate index as a reference.

The supervisory board also sets a non-financial **ESG** (environmental, social, and governance) **target** that accounts for 30% of the LTI bonus base amount. The ESG target, which is set uniformly for all Management Board members for each annual LTI tranche granted, is intended to promote the sustainable development of the Instone Group in line with the company's ESG strategy. In doing so, the supervisory board will define a target that is in the interests of the company's stakeholders and is geared to achieving the target over a long period of three years. In addition to environmental goals such as multi-year CO_2 reduction targets, these goals, which are at the discretion of the Supervisory Board, can also include achieving certain targets that are assigned to the "social" category, such as achieving a certain diversity level at the various levels of corporate governance or reducing a gender pay gap. The supervisory board will report on the determination of the target and its fulfillment in accordance with the statutory requirements in the annual compensation report. The measurement of the target achievement is ideally designed to be quantifiable.

An LTI bonus base amount in euros is stipulated in the respective employment contract for each Management Board member. It is divided by the average volume-weighted Instone Group value over the last three months of the business year before the start of the performance period in order to determine a preliminary tranche of virtual shares allocated to the respective Management Board member **(base number)**. The payment amount of this variable compensation component is determined as follows after the supervisory board has achieved the targets or thresholds to be achieved for each performance period and the share price performance of the Instone Group share:

- 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 specific objective is determined in accordance with a bonus curve, figure 018, allocated to an LTI payout factor. Taking into account the respective weighting of the individual target, an overall payout factor is formed from the individual LTI payout factors determined in this way. Due to the ambitious target setting, above-average performance of the Management Board members is disproportionately rewarded: If the target achievement is 150% or more for a specific target **(target upper limit)**, the respective LTI payout factor for this specific target is 300%. The LTI payout factor for a target achievement between 100% and 150% is calculated based on this proportionality. If the target achievement for a specific objective is 100% or less, the LTI disbursement factor for that specific target achievement is (subject to and up to a **target floor** set by the supervisory board).

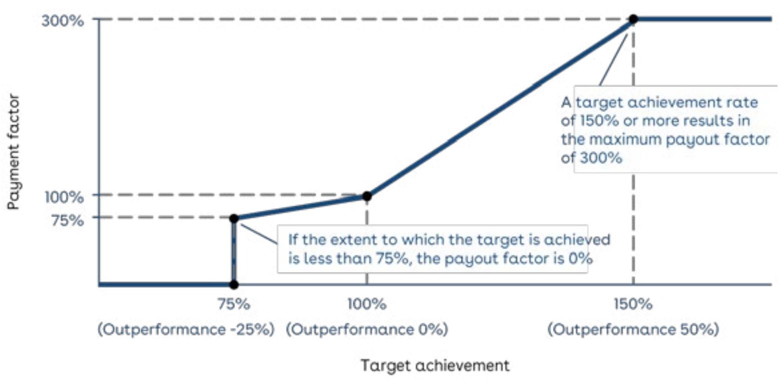
- To determine the relative TSR, the closing price of the Instone Group share is plotted against the opening price. For smoothing purposes, the initial and closing prices are calculated based on the volume-weighted average of the closing prices of the Instone Group share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange of the preceding three months. The closing price also takes into account distributions, including dividend payments, assuming reinvestment in Instone shares during the performance period. For the purpose of calculating 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 start of the respective performance period and the final value is the arithmetic mean of the closing balances of the SDAX of the last three months of the respective three-year performance period. The target achievement for the relative TSR and the prorated LTI payout factor is 100% if, at the end of the performance period, the Instone share's price (including distributions, including dividend payments, assuming reinvestment in Instone Group shares during the performance period) matches the performance of the SDAX. Where the relative TSR has a target achievement of less than 75%, that target is deemed to be missed and the following results are not achieved: figure 017.

- 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. Payment will be made in the month following the end of the performance period, once the company's audited annual accounts have been approved.

The following is an example of the bonus curves for the relative TSR target, figure 017, and for calculating the additional LTI payout factors (EPS target and ESG target), figure 018:

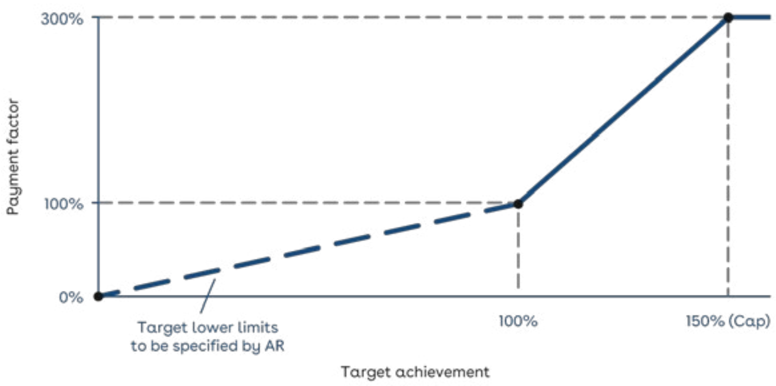
Bonus curve – relative TSR

FIGURE 017



Bonus curve – LTI payout factors

FIGURE 018



In the event of an unusual development in the share price, the supervisory board is entitled to take into account a reasonable longer period before the end of the respective bonus year for determining 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 in the determination of the target achievement by means of suitable invoices and its effect is neutralized.

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

In order to strengthen the long-term development and promotion of the Management Board's investment in Instone Real Estate Group SE, the members of the Management Board are required by a Share Ownership Guideline to purchase shares of Instone Real Estate Group SE in the amount of a gross annual salary regardless of net income within a four-year build-up phase starting with the appointment to the Management Board and to hold them for the entire term of their Management Board employment contract. The price of the shares is calculated on the basis of their purchase price. Shares of a Management Board member already held are credited in this connection.

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

Pursuant to section 87a (1) sentence 2 no. 1 of the Austrian Stock Corporation Act (Aktiengesetz, AktG), the supervisory board has set a maximum amount for the total of all compensation components, including ancillary services and retirement benefits. This amount is €3.1 million for the Chairman of the Management Board (CEO) and €2.40 million each for the other members of the Management Board. These maximum compensation levels set by the supervisory board take into account the findings of the peer group analysis as well as the strong performance and growth-oriented design of the Management Board compensation system and are intended to enable market-oriented and company-specific further development of the Management Board compensation in the interest of the Company.

TEMPORARY DEVIATIONS FROM THE REMUNERATION SYSTEM

A deviation from the compensation system is possible for the supervisory board as an exception in accordance with the statutory provision of section 87a (2) sentence 2 AktG if exceptional circumstances necessitated deviation in the interest of the long-term well-being of the company. This requires a Supervisory Board resolution that establishes the necessity of a deviation transparently and with reason. The components of the compensation system specifically affected by the deviation and the necessity of the deviation must also be explained to shareholders in the compensation report. If the conditions described above are met, a deviation can be made in particular from the performance criteria of the variable remuneration, the ratio of the components of the target compensation, and for extraordinary ancillary services.

F. OPPORTUNITIES FOR THE COMPANY TO RECLAIM VARIABLE REMUNERATION COMPONENTS

The employment contracts of the members of the Management Board contain provisions that give the supervisory board discretion to withhold part or all of variable compensation components (malus) or to reclaim (clawback). A prerequisite for the applicability of these provisions is a gross negligence at least, and a serious breach of legal or contractual obligations or internal company guidelines of conduct. In such cases, the supervisory board may, in its professional judgment, reduce and withhold unpaid variable remuneration components or reclaim previously paid variable remuneration components. The aforementioned claims become time-barred two years after the end of the measurement period of the respective variable compensation component.

G. REMUNERATION-RELATED LEGAL TRANSACTIONS

TERMS AND CONDITIONS FOR THE TERMINATION OF REMUNERATION-RELATED LEGAL TRANSACTIONS

The term of the Management Board employment contracts runs concurrently with the term of appointment of the respective Management Board member as decided by the supervisory board. Each employment contract has a fixed term and therefore does not contain a proper termination right. The right to extraordinary termination remains 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.

The supervisory board still has the option of including special termination rights in employment contracts for members of the Management Board in the event of a change of control. The supervisory board is entitled to provide termination indemnification in connection with the termination of the Management Board's activities as a result of the exercise of such a special termination right in the amount of up to two years' compensation as part of the agreement on such a special termination right, but is limited to the value of the remuneration for the remaining term of the employment contract.

In other cases of early termination of the Management Board's activities, the supervisory board may also provide for termination payments of up to two years' compensation, but limited to the value of the remuneration for the remaining term of the employment contract.

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 of the members of the Management Board still have a company pension plan in the form of individual, contractually agreed pension arrangements that are effective after reaching the minimum retirement age of 65 years. These two pension agreements were agreed substantially before the IPO and/or the appointment of the members of the Management Board entitled to pension in 2008 and 1987, respectively, and will continue to be implemented. However, new pension commitments under this occupational pension scheme will no longer be granted in the future.

Under this model of occupational retirement provision, the two members of the Management Board who are entitled to a pension are credited—in accordance with the underlying old-age agreements—for the duration of the pension commitment with pension components which, from the age of 65, are entitled in each case to a certain monthly payment amount and cumulatively reflect the respective pension entitlement under the company pension provision. The amount of the monthly pension component is determined based on the monthly cash compensation of the pensioner Management Board member multiplied by an age factor that reflects a reasonable interest rate and another fixed amount determined annually. The required provisions for the pension components and the resulting pension obligations are determined anew on an actuarial basis. The amount of the credited retirement benefit modules decreases as the term of the pension agreements lengthens, with otherwise fixed, non-income-based compensation remaining unchanged. The pension components credited in 2024 and payable after the age of 65 corresponded and will also correspond to approximately 0.5% or approximately 0.7% of the fixed, non-profit cash compensation of the members of the Management Board entitled to pension benefits during the period of validity of this compensation system. Survivors receive 60% or 55% of the pension.
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 2025 financial year.

The Compensation Report for the 2024 fiscal year was approved by the Annual General Meeting of Instone Real Estate Group SE on 11 June 2025, with more than 82% of the votes cast. In accordance with the requirements of stock corporation law, the supervisory board submitted the revised and updated Management Board compensation system to the 2025 Annual General Meeting for resolution. The Management Board approved the updated compensation system for the members of the Management Board by a majority of 91.60%.

TOTAL REMUNERATION

The for the fiscal year total compensation granted and owed for the current and former members of the Management Board within the meaning of the first sentence of Sec. 162 (1) AktG €2,995 thousand (previous year: €3,013 thousand). According to the explanatory memorandum to Sec. 162 para. 1 AktG, the remunerations granted and owed (inflows) are to be disclosed as the amounts due in the reporting period that have already accrued to the individual member of the Management Board or that have not yet been paid. The following table presents the total compensation pursuant to these principles, broken down by compensation components and individualized for the current members of the Management Board for the 2025 fiscal year and the previous year.

Remuneration under Section 162 (1) sentence 1 AktG

TABLE 094

In thousands of euros

	Kruno Crepulja		Dr Foruhar Madjlessi[2]		David Dreyfus[3]		Andreas Gräf	
	CEO		CFO		CFO		COO	
	2025	2024	2025	2024	2025	2024	2025	2024
Non-performance related emoluments	579	526	0	0	481	461	446	406
One-off cushion bonus	0	0	0	0	0	0	0	0
Fringe benefits[1]	16	30	0	0	7	10	15	15
Short-term variable remuneration (STI)	383	491	0	264	358	138	298	378
Long-term variable remuneration (LTI)	168	121	129	101	0	0	115	72
Total	**1,146**	**1,168**	**129**	**365**	**846**	**609**	**874**	**871**
Maximum remuneration	3,150	3,100	2,400	2,350	2,400	2,145	2,400	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 compensation for the members of the Management Board pursuant to Sec. 87a (1), sentence 2, no. 1 AktG, stipulated by the supervisory board was therefore not exceeded. There was no recovery or retention of variable remunerations or deviations from the compensation system.

During the past financial year, no advances were paid to members of the Executive Board and no loans were outstanding. 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 2025 financial year. GRI 2-21

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ONE-YEAR VARIABLE REMUNERATION – SHORT-TERM INCENTIVE (STI)

STI 2024 – payment 2025

For the short-term variable remuneration granted and owed in the 2024 financial year, i.e. the STI bonus earned for the 2024 financial year and paid out in April 2025, the following ☰ table 095 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 goals for the 2024 fiscal year included, for one, the partial goal that was determined uniformly for all Management Board members to implement more precisely defined business strategy initiatives and to create market access and entry for these purposes. In addition, as in the previous year, they also contain an additional individual target for each Management Board member. For Kruno Crepulja, this consisted in developing management concepts for certain ESG topics and anchoring their implementation in the organizational structure; for Andreas Gräf, increasing the diversity rate in the company-wide (young) executive development as part of the internal funding programs; and for David Dreyfus, in developing and implementing a more specified concept for diversifying and/or relieving the company's corporate financing. The respective target achievement was assessed by considering the two subgoals as a whole, with both subgoals being weighted equally at 50%.

STI financial year 2024 – payment 2025

TABLE 095

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	EAT (adjusted)	37.5		€35.0 million	100.0	€62.3 million	175.0	€36.9 million	105.4	110.8	
CEO	Volume of sales contracts	37.5		€300.0 million	100.0	€525 million	175.0	€330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	112.5	125.0	
	Total	**100.0**	**325**		**100.0**	**€650 thousand**	**200.0**		**108.9**	**117.9**	**383.1**
David Dreyfus	EAT (adjusted)	37.5		€35.0 million	100.0	€62.3 million	175.0	€36.9 million	105.4	110.8	
CFO	Volume of sales contracts	37.5		€300.0 million	100.0	€525 million	175.0	€330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	125.6	151.3	
	Total	**100.0**	**300**		**100.0**	**€600 thousand**	**200.0**		**112.2**	**124.4**	**373.3**
Andreas Gräf	EAT (adjusted)	37.5		€35.0 million	100.0	€62.3 million	175.0	€36.9 million	105.4	110.8	
COO	Volume of sales contracts	37.5		€300.0 million	100.0	€525 million	175.0	€330.2 million	110.1	120.2	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	115.0	130.0	
	Total	**100.0**	**250**		**100.0**	**€500 thousand**	**200.0**		**109.6**	**119.1**	**297.8**

Key indicators
Combined management report
Consolidated financial statements
Notes to the consolidated financial statements
Independent auditor's report
Supervisory Board report
‣ Renumeration report
Sustainability report
Other information

STI 2025 – payment 2026

For the performance period of the 2024 financial year, the Supervisory Board determined the STI target achievement on 9 March 2026 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 goals defined for the 2025 fiscal year contained a partial target determined uniformly for all Management Board members in the form of the purchase of a more precisely defined total acquisition volume of the Instone Group. In addition, as in the previous year, the personal strategy and sustainability goals of the STI 2025 also contained an additional individual target for each Management Board member, as shown below.

For Kruno Crepulja, this consisted in achieving marketing success for the Total Takeover Model ("TÜ") offered by Nyo Real Estate GmbH as a product. David Dreyfus was measured against the achievement of a more defined target operating position of the Instone Group. For Andreas Gräf, the partial goal finally consisted of establishing or investing in a new sales company, which follows the goal of successfully selling Instone projects in investment sales and a related, more precisely defined sales status or sales success.

Accordingly, the respective target achievement was assessed on the basis of an overall assessment, taking into account the achievement of partial targets, with both partial targets of the respective Management Board member being weighted equally by 50%.

STI financial year 2025 – payment 2026

TABLE 096

Board member	Target	Weighting	STI bonus base amount	Targets set for the 2025 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	EAT (adjusted)	37.5		€30.0 million	100.0	€52.5 million	175.0	€31.6 million	105.3	110.6	
CEO	Volume of sales contracts	37.5		€500.0 million	100.0	€966.9 million	175.0	€502.3 million	100.5	101.0	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	86.1	86.1	
	Total	**100.0**	**357.5**		**100.0**	**€715 thousand**	**200.0**		**98.7**	**98.7**	**352.9**
David Dreyfus	EAT (adjusted)	37.5		€30.0 million	100.0	€62.1 million	175.0	€31.6 million	105.3	110.6	
CFO	Volume of sales contracts	37.5		€500.0 million	100.0	€633.2 million	175.0	€502.3 million	100.5	101.0	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	147.5	195.0	
	Total	**100.0**	**300**		**100.0**	**€600 thousand**	**200.0**		**114.1**	**128.1**	**384.3**
Andreas Gräf	EAT (adjusted)	37.5		€30.0 million	100.0	€62.1 million	175.0	€31.6 million	105.3	110.6	
COO	Volume of sales contracts	37.5		€500.0 million	100.0	€633.2 million	175.0	€502.3 million	100.5	101.0	
	Strategy and sustainability goals	25.0		n/a	100.0	n/a	175.0	n/a	100.0	100.0	
	Total	**100.0**	**275**		**100.0**	**€550 thousand**	**200.0**		**102.2**	**104.4**	**287.0**

MULTI-YEAR VARIABLE REMUNERATION (LONG-TERM INCENTIVE (LTI))

Allocation of the LTI 2025 – performance period 2026–2028
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 2026 up to and including 31 December 2028 **(LTI 2025 – performance period 2026–2028)**.

The targets for the LTI 2025 are set using the existing specifications of the remuneration system. page 163 et seqq.

The definition and measurement of the target achievement and the payment of the LTI 2025 – performance period 2026–2028 will take place after the end of the performance period in the 2029 financial year.

Long-term variable remuneration (LTI) TABLE 097

In thousands of euros

	Kruno Crepulja	David Dreyfus	Andreas Gräf
	CEO	CFO	COO
Tranche	LTI 2025-2028	LTI 2025-2028	LTI 2025-2028
LTI bonus base amount	500.5	385.0	385.0
Allocation rate (In euros)	8.12	8.12	8.12
Base number (In units)	**61,668.6**	**47,437.4**	**47,437.4**
LTI cap limit	1,501.5	1,155.0	1,155.0

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.

LTI tranches TABLE 098

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 2022-2025	107,763.2	8.12	1,017.3	in 2026
	LTI 2023-2026	89,532.3	n/a	n/a	in 2027
	LTI 2024-2027	61,239.2	n/a	n/a	in 2028
	LTI 2025-2028	61,668.6	n/a	n/a	in 2029
Dr Foruhar Madjlessi, CFO[1]	LTI 2022-2025	89,526.3	8.12	845.1	in 2026
	LTI 2023-2026	82,645.2	n/a	n/a	in 2027
	LTI 2024-2027	0.0	n/a	n/a	in 2028
	LTI 2025-2028	0.0	n/a	n/a	in 2029
David Dreyfus, CFO[2]	LTI 2022-2025	0.0	n/a	n/a	in 2026
	LTI 2023-2026	57,750.0	n/a	n/a	in 2027
	LTI 2024-2027	39,082.9	n/a	n/a	in 2028
	LTI 2025-2028	47,437.4	n/a	n/a	in 2029
Andreas Gräf, COO	LTI 2022-2025	82,894.7	8.12	782.5	in 2026
	LTI 2023-2026	68,871.0	n/a	n/a	in 2027
	LTI 2024-2027	47,107.1	n/a	n/a	in 2028
	LTI 2025-2028	47,437.4	n/a	n/a	in 2029

[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.

TARGET ACHIEVEMENT LTI 2022-2025

The LTI bonus 2022 with the performance period 2023-2025, which will be paid out in 2026, is initially based on the TSR target already set by the remuneration system. Because the price development missed the relevant lower limit, this individual component does not lead to any payout under the LTI 2022. By contrast, the target value set by the supervisory board for the cumulative earnings per share target could be significantly exceeded, so that the target achievement for this individual component was taken into account when determining the LTI bonus to be paid out in accordance with the requirements of the compensation system with the payment factor to be applied.

As the long-term ESG target of the LTI 2022, the supervisory board has set a target for reducing emissions from the accounted operating emissions of the buildings completed by the Instone Group in the 2025 fiscal year (per square meter of net floor space) during the use phase. Here, too, the Instone Group improved during the performance period of the LTI 2022.

PENSION COMMITMENTS

The following table shows the contributions (additions) to the pension plan attributed to the individual Management Board members and the corresponding it emised cash values under the IFRSs and HGB.

Pension commitments TABLE 099

In thousands of euros

		2025	Allocation/ Release(-)	2024
Kruno Crepulja (CEO)	German Commercial Code (HGB)	535.3	28.8	506.5
	IFRS	316.1	-24.1	340.2
Andreas Gräf (COO)	German Commercial Code (HGB)	482.8	22.2	460.6
	IFRS	309.4	-18.4	327.8
	German Commercial Code (HGB)	**1,018.1**	**51.0**	**967.1**
	IFRS	**625.5**	**-42.5**	**668.0**

The pension obligations and the corresponding it emised 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 100

In thousands of euros

		2025	Allocation/ Release(-)	2024
Pension commitments of former members of the Management Board	German Commercial Code (HGB)	1,485.3	-11.1	1,496.4
	IFRS	1,022.3	-97.1	1,119.4

SHARE OWNERSHIP GUIDELINE

The Management Board members continued to fulfill the share holding obligation agreed with all members of the Management Board in the 2025 fiscal year. Management Board member David Dreyfus has begun to build up the share position prescribed by the Management Board compensation system. The following table shows the number of shares held by the members of the Management Board as reported to the Company as at 31 December 2025.

Shareholding TABLE 101

	Number of shares	Investment in registered capital in %
Kruno Crepulja (CEO)	105,775	0.225
David Dreyfus (CFO)	33,766	0.072
Andreas Gräf (COO)	50,319	0.107

REMUNERATION DECISIONS BY THE SUPERVISORY BOARD IN THE 2025 FINANCIAL YEAR

In July 2025, the supervisory board adjusted the respective remuneration to take account of the renewed employment contracts as part of the premature renewal of the Management Board mandates of Kruno Crepulja as Chairman of the Management Board and Andreas Gräf as a Management Board member. In addition to aligning the maximum compensation with the amounts shown in the Management Board compensation system, the basic compensation, the STI bonus base amount, and the LTI bonus base amount, which have remained unchanged since August 2021, have been increased in each case uniformly by 20% for the term of the contract from 1 July 2025.

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 11 June 2025, 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 99.56% of the votes cast.

According to the compensation system approved by the Annual General Meeting, Supervisory Board members receive a fixed annual compensation of €75.0 thousand. The Chairman of the Supervisory Board receives twice the remuneration and the Deputy Chairman one and a half times the amount. Members of the Audit Committee receive an additional remuneration of €15.0 thousand; members of the Compensation and Nomination Committee receive an additional €7.5 thousand per business year for their work in these committees. Two remunerations will be given to each committee chairman. In addition, the company reimburses the members of the Supervisory Board for reasonable expenses. In addition, the Company has elected the members of the Supervisory Board to a D&O-group insurance for governing bodies included, whereby a deductible for the Supervisory Board members is not stipulated. No performance remuneration for Supervisory Board members or attendance fee is paid. If a Supervisory Board member is not a member of the supervisory board or a committee during the entire fiscal year, the remuneration is reduced pro rata temporis.

Supervisory Board remuneration TABLE 102

In thousands of euros	Remuneration for 2025 financial year (earned)			Remuneration for 2024 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	150.0	37.5	187.5
Dr Jochen Scharpe	112.5	37.5	150.0	112.5	37.5	150.0
Dietmar P. Binkowska	75.0	19.2	94.2	75.0	15.0	90.0
Christiane Jansen[1]	33.3	3.3	36.6	75.0	7.5	82.5
Stefan Mohr	75.0	22.5	97.5	0.0	0.0	0.0
Sabine Georgi[2]	33.3	0.0	33.3	75.0	0.0	75.0
David S. Beardsell[3]	41.9	0.0	41.9	n/a	n/a	n/a
Total remuneration	**521.0**	**120.0**	**641.0**	**487.5**	**97.5**	**585.0**

[1] Member of the Supervisory Board until 11 June 2025.
[2] Member of the Supervisory Board until 11 June 2025.
[3] Member of the Supervisory Board since 11 June 2025.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD DURING THE 2024 FINANCIAL YEAR

The total compensation of the Supervisory Board was at €641.0 thousand (previous year: €682.5 thousand). Of this amount, remunerations accounted for €521.0 thousand (previous year: €562.5 thousand) for the work of the entire Committee. remunerations for committees activities were €120.0 thousand (previous year: €120.0 thousand). In the above table 102 shows the compensation of the members of the Supervisory Board in accordance with Sec. 162 para. 1 sentence 1 AktG, i.e. the remuneration granted and owed for work performed in the 2024 financial year (inflows), paid out in the first quarter of 2025, and the remuneration earned for the activities of the Supervisory Board in the 2025 financial year, 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 financial year 2025 were no remunerations or other benefits granted by the Instone Group companies to members of the Supervisory Board for services rendered personally, in particular consulting and placement services. Similarly, no advances or loans were granted to members of the Supervisory Board. 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 board members on which the vertical comparison is based was determined based on the remunerations granted/owed pursuant to Sec. 162 para. 1 AktG. All employees employed in the entire period from 1 January to 31 December as defined in section 267 (5) HGB of the Instone Group (i.e. Instone Real Estate Group SE and its subsidiaries) in Germany are considered to be the relevant comparative group of employees. The average remuneration of this comparative group was calculated on the basis of the remuneration paid, taking employment rate into account.

Vertical comparison

TABLE 103

Changes in %

Comparison period	2021 vs. 2020	2022 vs. 2021	2023 vs. 2022	2024 vs. 2023	2025 vs. 2024
Management Board members					
Kruno Crepulja	-14	89	-44	55	-2
Dr Foruhar Madjlessi[1]	-23	21	-41	-19	-65
David Dreyfus[2]	-	-	-	35	39
Andres Gräf	-11	63	-46	62	0
Supervisory Board members					
Stefan Brendgen	10	18	2	2	0
Dr Jochen Scharpe	10	14	-2	0	0
Marija Korsch[3]	-56	-100	-	-	0
Dietmar P. Binkowska[4]	13	24	0	0	5
Thomas Hegel[5, 6]	14	23	0	-100	0
Christiane Jansen[7,10]	-	-	4	0	1
Stefan Mohr[8]	-	-	-	-	0
Sabine Georgi[9]	-	-	-	1	1
David S. Beardsell[11]	-	-	-	-	0
Average employee remuneration	0	7	-7	8	2
Net income/loss for the year of Instone Real Estate Group SE (under HGB individual financial statement)	369	-50	-33	69	78
Adjusted EAT (under IFRS consolidated financial statements)	136	-48	-4	-24	-18

[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] Board members joined during the year 2023. Value extrapolated to the entire calendar year 2023.
[9] Board members resigned during the year in 2025. Value extrapolated to the entire calendar year 2025.
[10] Board members resigned during the year in 2025. Value extrapolated to the entire calendar year 2025.
[11] Member of the Supervisory Board since 11 June 2025.

Confirmation 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 2025 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 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 is 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 2026

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Rolf Künemann
Wirtschaftsprüfer
(German Public Auditor)

Signed: Nicole Meyer
Wirtschaftsprüferin
(German Public Auditor)

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT
(UNAUDITED)

General disclosures

ESRS 2

BASIS FOR PREPARATION

BP-1

General basis for preparation of the sustainability statement
Following the entry into force of the EU Corporate Sustainability Reporting Directive (CSRD) and the introduction of European Sustainability Reporting Standards (ESRS), the Instone Group is reporting voluntarily in accordance with the CSRD and ESRS Set 1 published in July 2023. However, there is no zero reporting. According to current drafts and developments, it is foreseeable that the Instone Group will not be subject to the CSRD because of its size. The decision regarding the future reporting basis will be made as soon as legal certainty exists. With this approach, we aim to meet our own demands for transparency and the expectations of our stakeholders.

The scope of consolidation for sustainability reporting includes all companies that are fully consolidated in the consolidated financial statements, page 87 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, we consider both our own operations and the upstream and downstream value chain. For more information on the definition of the value chain, see "ESRS 2 SBM-3" on page 193 et seqq.

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 2025 reporting year. No information has been omitted on the basis of intellectual property, expertise or innovations.

BP-2

Disclosures in relation to specific circumstances
IFRS S2.11

Different time frames enable a company's sustainability strategy to be presented holistically. In our report, we use the time frames recommended by the ESRS when considering risks and opportunities, page 43 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 information provided relates to the financial year 2025 and the reporting date of 31 December 2025. 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 recognized standards and reporting initiatives, including the Global Reporting Initiative (GRI) guidelines which have been mandatory since 1 January 2023 (see GRI table). In addition, we take into account the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) published in September 2023, which we present for the first time in a separate TNFD-compliant report. ↗ TNFD Report 2025. As part of the further development of our reporting, we are applying IFRS S2 including tagging for the first time this reporting year since we have already reported in accordance with the TFCD recommendations and these were incorporated into IFRS S2 under the responsibility of the ISSB. The Science Based Targets initiative (SBTi) validated our climate target at the beginning of financial year 2022. ↗ SBTi. Furthermore, we assessed each key topic in terms of its contribution to achieving the United Nations Sustainable Development Goals (SDGs) and displayed this on the topic separator page. We have compiled all reported information and associated datapoints with care to the best of our knowledge and belief.

GOVERNANCE

GOV-1

The role of the administrative, management and supervisory bodies

GRI 2-9, 2-10, 2-11, 2-12 IFRS S2.6(a), S2.6(b), S2.10 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. The Management Board manages the Company on its own responsibility. The Supervisory Board advises and monitors the Management Board in its activities.

Detailed information on corporate governance and the principles of corporate governance at the Instone Group is available in the corporate governance declaration, which can be found in the combined management report on page 69 et seqq.

Composition, roles and responsibilities of the Management Board and Supervisory Board

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 fulfill its sustainability obligations and, in particular, to deal with industry- and company-specific sustainability matters, for example along the value chain. In doing so, it takes account of regional particularities. With regard to the professional experience of individual members, please refer to the resumes 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 five male members. Instone Real Estate Group SE is not subject to the statutory provisions on representative participation. Accordingly, there are no employee representatives on the Supervisory Board. Further information on the composition of the Supervisory Board, in particular the changes during the year, can be found in the corporate governance statement on page 69 et seqq.

All members of the Supervisory Board are independent in accordance with the criteria of the German Corporate Governance Code (DCGK).

The Supervisory Board has relevant sector, product and location-specific experience overall. This is enhanced by membership in other supervisory boards and comparable domestic and foreign control bodies of commercial enterprises as well as the professional experience of individual members. A detailed overview of the relevant experience and additional expertise of the members of the Supervisory Board can be found on page 74 et seqq.

The Management Board's and Supervisory Board's focus on sustainability
As CFO, David Dreyfus is responsible for sustainability on the Management Board. He oversees the Finance and Accounting department, which includes the Sustainability department (Sustainability & Transformation department). The organizational structure enables sustainability matters to be closely integrated into financial management and ensures that they are integrated into accounting processes. The ESG-specific regulatory requirements are also the responsibility of the CFO. Ultimately, however, the Management Board as a collegial body defines the sustainability targets and sets out in guidelines the rules and principles of conduct regarding sustainability aspects. In addition, the Management Board establishes appropriate vertical and horizontal organizational structures throughout the Group and across business segments at the level of Instone Real Estate Group SE as well as its two operating subsidiaries Instone Real Estate Development GmbH and Nyoo Real Estate GmbH. This enables effective measures for achieving these targets to be developed, implemented and monitored by the Management Board across the Group. In particular, the overarching strategic ESG issues are discussed within the Management Board, especially between the CFO and CEO Kruno Crepulja. As a result of the Business Development/Strategy business segment assigned to him under the business distribution plan, the CEO is responsible – in coordination with the CFO – for the strategic orientation and long-term positioning of the company and the entire Instone Group with respect to sustainability.

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, chaired by 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 also deals with sustainability matters in the course of incorporating sustainability-related benefits. The nomination committee also considers sustainability-related competences when making proposals to the Annual General Meeting. The Supervisory Board also addresses sustainability issues in plenary sessions. For one, 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 monitoring of the Management Board's sustainability strategy and the measures derived from this. Sustainability matters also contribute to its decision-making with respect to the approval of investment proposals by the Management Board concerning land acquisitions. 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 46.

The Management Board of the Instone Group has appointed 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 departments and office holders responsible for the company's 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, figure 019.

Composition of the sustainability committee

FIGURE 019

Expertise in sustainability
The Supervisory Board has adopted targets for its composition, its skills profile and its diversity policy. In doing so, it ensures that the corresponding knowledge, skills and professional experience relevant to the topic of sustainability are available and taken into account when selecting suitable candidates for the Supervisory Board. The Supervisory Board reviews its targets regarding its composition and skills profile regularly 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 69 et seqq.

Until 11 June 2025, Sabine Georgi was a member of the Supervisory Board and complemented the Supervisory Board's skills profile accordingly with her expertise and experience in the field of sustainability.

The topic of sustainability will continue to be given a special emphasis in the Supervisory Board by its Chair, Stefan Brendgen, who has specialist knowledge in the field of sustainability. In addition, Dr Jochen Scharpe, Chair of the audit committee, has specialist knowledge on the subject of sustainability reporting and the auditing of sustainability reports. In light of this, the Supervisory Board, as a collegial body, has strong skills and broad expertise at its disposal with regard to sustainability matters and sustainability monitoring. If the Supervisory Board deems it necessary, it can commission experts for specific tasks.

Finally, the company supports the members of the Supervisory Board with personalized training and further education measures on Supervisory Board-specific topics relating to sustainability matters, for example by covering the 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 collegial body, the Management Board itself possesses appropriate expertise with respect to sustainability matters, including appropriate abilities for monitoring them. For example, Instone Real Estate Group SE has been voluntarily reporting on non-financial and sustainability matters for a number of years. Furthermore, the Management Board involves the Sustainability & Transformation department in a supporting capacity if there are specific questions on aspects of sustainability. The Sustainability & Transformation department is also in constant close contact with external consulting firms specializing in sustainability.

The Management Board of Instone Real Estate Group SE also bears the initial responsibility for developing ethical standards, integrating them into corporate policy and culture, as well as their further development, promotion and monitoring. The Management Board sets out the fundamental values, rules and principles in this regard and lays them down in binding guidelines, page 182. Due to the many years of experience at management level available in the Management Board, including in the field of governance, the Management Board is able to fulfill 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 70 et seqq.

Constructive dialog to reduce risks and seize opportunities

The Management Board and the Supervisory Board are highly capable of recognizing 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 Instone Group, particularly also that of the Sustainability & Transformation department, to determine the strategic direction of the company with regard to sustainability matters, formulate sustainability targets and integrate these into the corporate strategy. Here, the Management Board can build on the available experience when implementing efficient structures and processes. Sustainability-related skills and expertise also play a decisive role when it comes to risk management. They enable 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 minimize their impact. The Management Board also 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 regarding the establishment, promotion and further development of a sustainable corporate policy and culture relates to the company's impacts, risks and opportunities can be found in section "G1-1" on page 255 et seqq.

The Supervisory Board monitors the measures taken by the Management Board in a targeted manner and 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. Due to the expertise of its members, and in particular the Chair of the Supervisory Board, the Supervisory Board can constructively discuss specific aspects of matters with the Management Board and – where it considers this to be useful and necessary – formulate expectations .This constructive and high-quality dialog helps to avoid or reduce sustainability-related financial risks, for example when deciding on investment proposals 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 addressed by the Management Board and Supervisory Board

GRI 2-12, 2-13, 2-14, 3-3 IFRS S2.6(a), S2.6(b) TNFD Governance A, B

The Instone Group attaches great importance to sustainability and demonstrates this by systematically embedding sustainability considerations into the structure of its organization. The Sustainability & Transformation department manages this key topic.

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

This communication to the Management Board is backed up by regular meetings, usually 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 centralizes ESG issues. The materiality assessment forms the basis for the department's work, page 198 et seqq.

To systematically collect, manage and evaluate relevant ESG data, the Instone Group has pressed ahead with the development of an ESG platform. It is fed with data from the various branches and divisions, which is then managed centrally by the Sustainability & Transformation department. By formalizing and standardizing the data collection processes, data is collected in a consistent and quality-assured manner. At the same time, the platform ensures standardized 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 (operational business) as well as topic-specific workshops.

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 energy efficient neighborhoods, livable neighborhoods, materials and construction, ecological construction sites, resilient neighborhoods and certification. 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.

In the reporting year, there was a focus on biodiversity and on the strategic realignment of the IMPACT groups. The work assignments for the IMPACT groups were defined in more detail and target expectations were refined. The "Strategy and Digitalization" department now has responsibility for the IMPACT groups.

Specific policies and standards are being developed by the IMPACT working groups for the company-wide implementation of the ESG strategy in construction projects. These serve as guidelines for cross-branch application. The policies form the basis for practical consideration of sustainability aspects in all projects. The results and measures developed are coordinated monthly with the strategic sponsors, who act as sparring partners from the management of Instone Real Estate Development GmbH and Nyoo Real Estate GmbH.

The relevant results are then presented to the investment committee[1], in which the management of the two operating subsidiaries participate, in addition to the Management Board members. 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 181 et seqq. The meetings are also attended by the CFO, who makes the final decisions on measures and how they are implemented.

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. This includes, for example, primary sustainability-related topics such as the results of the materiality assessment and notification of the confirmation of the materiality assessment by the Management Board for the 2025 reporting year, the decisions derived from it and the respective implementation status, and the company's CSRD progress report which is aligned with ESRS. In terms of social issues, for example, this relates to employee diversity, particularly with regard to progress in promoting gender equality in management positions. In addition, sustainability-related matters are the standardized 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 analyzed and taken into account in key corporate decisions.

Sustainability aspects are incorporated into all process steps

ESG criteria are incorporated into the internal approval process for each investment proposal 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 218 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. The specialist departments of Instone Real Estate Group SE also review and comment on each investment proposal 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.

In the subsequent planning process, the approval of service phase 2[2] (preliminary planning in accordance with HOAI) and the sales approval are key milestones, in the context of which the sustainability aspects 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 neighborhood development offers for the surrounding area and neighborhood. GRI 203-1

[1] The investment committee consists of all members of the Management Board and the management of the Instone Real Estate Group SE's operating subsidiaries. It acts as an exchange and decision-making committee for topics relating to the Instone Group's project business.

[2] Performance phase 2 (preliminary planning) according to the HOAI involves clarifying the fundamentals and developing an initial planning concept with option testing. Design-related, functional and technical requirements are agreed, specialist planning contributions are integrated, a cost estimate in accordance with DIN 276 is prepared and a preliminary deadline is set. The results serve as the basis for decisions regarding further planning and the assessment of approvability.

The monthly dialog 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.

Material topics covered in the reporting year
During the reporting period, the Management Board and Supervisory Board 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:

- Fulfillment 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 and roll-out of an ESG platform for the systematic collection, management and evaluation of relevant ESG data

ENVIRONMENT

Sustainable construction:

- Optimization of planning processes, weighing up environmental and economic aspects
- Use of sustainable building materials with a focus on CO_2 reduction and reusability in line with the cradle-to-cradle principle

Energy issues:

- Efficient execution of the EH40 energy standard
- Development of efficient energy and heating concepts, including the use of waste heat, for example from data centers
- Efficiency, cost control and sustainability for contracting models (heat and power supply)

Biodiversity:

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

SOCIAL

Creating affordable living space:

- Development of concepts for the provision of affordable[1] living space, in particular through standardized and serial construction methods such as the nyoo concept
- Realization of subsidized housing and/or residential space subject to other regulations, e.g. reduced-price living space

Sustainable neighborhood development:

- Development and implementation of needs-based mobility concepts
- Consideration of social factors in neighborhood development, e.g. creation of neighborhood squares

GOVERNANCE

Regulatory requirements:

- Alignment with the regulatory requirements of the CSRD and ESRS taking into consideration a possible exemption from external reporting requirements
- Analysis of the impacts of these requirements on internal processes and data collection for ESG indicators

[1] In this context, we understand affordable housing to be housing costs that do not exceed approx. 30% of monthly net household income.

GOV-3

Integration of sustainability-related performance in incentive systems

GRI 2-19, 2-20 IFRS S2.6(a) TNFD Governance A

Achievement of sustainability targets has been a key component of variable Management Board remuneration since the 2021 financial year in order to lend further weight to the remuneration-related incentivization of the Management Board members in this regard. To this end, the remuneration system for the Management Board that was last approved by the 2025 Annual General Meeting continues to stipulate that 25% of the short-term variable remuneration of the Management Board is attributable to the fulfillment of strategy and sustainability targets, and 30% of the long-term variable remuneration of the Management Board to a multi-year non-financial ESG target. Detailed information on the inclusion of sustainability-related performance can be found in the remuneration report on page 160 et seqq.

GOV-4

Statement on due diligence

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.

Statement on due diligence TABLE 104

Core elements of due diligence	Sections of the sustainability report
Due diligence included in governance, strategy and business model	ESRS 2 GOV-2, p. 185 et seqq. ESRS 2 GOV-3, p. 188 ESRS 2 SBM-1, p. 190 ESRS 2 SBM-2, p. 190 et seqq. ESRS 2 SBM-3, p. 193 et seqq. ESRS 2 SBM-3-E1, p. 209 ESRS 2 SBM-3-E4, p. 223 ESRS 2 SBM-3-E5, p. 227 ESRS 2 SBM-3-S1, p. 233 ESRS 2 SBM-3-S2, p. 241 ESRS 2 SBM-3-S3, p. 247
Involvement of the stakeholders concerned	ESRS GOV-2, p. 185 et seqq. ESRS SBM-2, p. 190 et seqq. ESRS IRO-1, p. 198 et seqq. ESRS MDR-P: p. 262 ESRS S1-2, p. 234 et seq. ESRS S2-2, p. 243 ESRS S3-2, p. 249 ESRS G1-2, p. 258
Determination and evaluation of negative impacts	ESRS 2 IRO 1, p. 198 et seqq. ESRS 2 SBM-3, p. 193 et seqq. ESRS 2 SBM-3-E1, p. 209 ESRS 2 SBM-3-E4, p. 223 ESRS 2 SBM-3-E5, p. 227 ESRS 2 SBM-3-S1, p. 233 ESRS 2 SBM-3-S2, p. 241 ESRS 2 SBM-3-S3, p. 247 ESRS 2 SBM-3-G1, p. 254 et seq.
Measures to counter these negative impacts	ESRS E1-3, p. 211 et seqq. ESRS E4-3, p. 224 et seq. ESRS E5-2, p. 228 et seq. ESRS S1-4, p. 235 et seq. ESRS S2-4, p. 243 et seqq. ESRS S3-4, p. 250 et seq.
Tracking the effectiveness of these measures and communication	ESRS E1-4 to E1-9, p. 213 et seqq. ESRS E4-4 to E4-6, p. 225 ESRS E5-3 to E5-6, p. 229 et seq. ESRS S1-5 to S1-15, p. 236 et seqq. ESRS S2-5, p. 245 ESRS S3-5, p. 251

GOV-5

Risk management and internal control system

GRI 201-2 IFRS S2.25 TNFD Governance A, B

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. In addition, the Sustainability & Transformation department has been participating regularly in the meetings of the Instone Group's risk committee since 2025, where it reports on specific risks connected with sustainability matters. The materiality assessment agreed with the Management Board forms the basis for the recording and evaluation of risks with regard to sustainability reporting, page 198 et seqq.

The internal control system serves to ensure risks are avoided or minimized with regard to sustainability reporting. It is closely linked to the risk management system and its content is the responsibility of the Financial and Accounting Division and is continually developed further. Its management function reports directly to the CFO. Risk management is managed by the Controlling department, which also reports directly to the CFO. The results of the risk assessment with respect to the sustainability reporting process are also part of the regular reporting to the Management Board and the Supervisory Board. As the highest decision-making authority, the Management Board acknowledges and approves the documented risks. In addition, the audit committee examines the effectiveness of the internal control system and the risk management system. As the highest decision-making body, the Management Board approves the annual sustainability report. Its content is also assessed by the audit committee 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. This includes the company-wide use of software and a database for collecting and processing project-specific data relevant to sustainability reporting, and approval requirements and processes at various decision-making levels. In addition, it also includes the application of the dual control principle as well as regular (often interdisciplinary) meetings on issues and decisions relevant to sustainability reporting. Risk management relating to sustainability reporting is also embedded in the Instone Group's overarching risk management system and internal control system. For a detailed presentation of the scope, the main features and the components of the processes and systems of the risk management and the internal control system, and with regard to the inclusion of the results of the risk assessment with respect to aspects of sustainability, please refer to the "Risk and opportunities report" section on page 43 et seqq. The material financial risks, including those related to sustainability reporting, as well as prevention and mitigation strategies relating to sustainability-related risks can also be found in the "Risk and opportunities report" and the sustainability report at "G1-1" page 255 et seqq.

STRATEGY

SBM-1

Strategy, business model and value chain

GRI 2-2 IFRS S2.9, S2.13
TNFD Risk and Impact Management A (i), A(ii)

As a project developer, we focus 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 a focus on new builds. Our company's primary goal is to position itself as one of the leading neighborhood developers in terms of sustainability and social impact, achieve climate neutrality by 2045 and integrate the protection of biodiversity into our projects as a TNFD early adopter. We pursue our sustainability targets at company level 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 can be found in the section "Foundations of the Group" on page 5 et seqq. Information on the strategy is presented on page 11 et seqq. Our value chain is explained in the "ESRS 2 SBM-3" section, page 193 et seqq. Information on sales revenue and other financial metrics is available in the "Economic report" on page 17 et seqq. and in the "Consolidated financial statements" on page 87 et seqq. The interplay between the corporate strategy and the sustainability strategy with regard to information and decision-making processes is presented in "GOV-2", page 185 et seqq.

SBM-2

Interests and views of stakeholders

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 dialog 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. This enables us to ensure employee participation. We analyze the feedback received and the resulting findings and incorporate them into strategic planning and decision-making processes. We take the perspectives of both our internal and external stakeholders into account, particularly in our materiality assessment, page 198 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 "Own workforce", page 232 et seqq.

Stakeholder engagement

TABLE 105

Important external stakeholders (Selection not final)	Organization of stakeholder engagement	Purpose and result of stakeholder engagement	Examples of results of
End users	- Support during the purchase process - Digital customer portal - Personal dialog - 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 dialog - Dialog 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 dialog - "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 - Dialog on sustainability topics and requirements	- Positive credit and financing decisions with attractive terms
Shareholders	- Annual General Meeting - Investor/analyst presentations in quarterly reporting - Personal dialog/roadshows/conferences	- Strengthening trust and investor relations through transparent communication - Impulses for strategic decisions - Management of expectations	- Minimizing volatility in the share price - Safeguarding shareholder relationships - Acquisition of new shareholders
Public/media	- Personal dialog - Press releases - Media posts (podcasts, interviews etc.)	- Improving public perception - Transparent communication and provision of information	- Expert article on the implementation of mobility concepts (Mobility Preview Heusenstamm)
Rating agencies	- Dialog on rating criteria - Communication of rating results	- Transparency of risk parameters - Creation of a trustworthy valuation basis for investors - Identification of optimization potential	- Rating partly a prerequisite for access to bond or credit markets
Cities & communities	- Intensive dialog in the context of building law creation processes - Innovative dialog and participation procedures - Urban development agreements	- Needs-based neighborhood development - Comprehensive location analysis - Creation of added value beyond project development	- Kindergarten construction - Participation in school construction - Implementation of cross-district mobility concepts
NGOs	- Research - Project-related dialog	- Consideration of societal and environmental interests - Early identification of risks, e.g. with regard to environmental violations	- Resettlement of protected flora/fauna

Stakeholder engagement

TABLE 105

Important external stakeholders (Selection not final)	Organization of stakeholder engagement	Purpose and result of stakeholder engagement	Examples of results of
Real estate associations	- Active participation on committees - Regular participation in exchange and network meetings	- Dialog on the development of industry-specific regulations - Knowledge transfer and exchange of best practices - 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 dialog (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 optimization

SBM-3

Material impacts, risks and opportunities

GRI 2-6, 2-22, 3, 3-1, 3-2, 3-3 IFRS S2.9 TNFD Strategy A, B, D, TNFD Risk and Impact Management A (i), A(ii)

Impacts along the entire value chain

FIGURE 020

Impacts, risks and opportunities

TABLE 106

		ID shown	Impact (positive/ negative)	Risk/ opportunity	Position in the value chain			Time frame		
					Upstream	Own business area	Downstream	Short term	Medium term	Long term
E1	**Climate change adaptation**									
	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 change mitigation									
	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	●	●		●	●	●

Impacts, risks and opportunities

TABLE 106

		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: Short term	Time frame: Medium term	Time frame: Long term
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 neighborhoods	16	Positive		●	●		●	●	●
	Needs-based development of real estate and districts		Positive			●		●	●	●
	Financial risks due to municipal regulations			Risk	●	●		●	●	●

Key indicators
Combined management report
Consolidated financial statements
Notes to the consolidated financial statements
Independent auditor's report
Supervisory Board report
Renumeration report
‣ Sustainability report
‣ General information
Environment
Social
Governance
Company-specific
Other information

Impacts, risks and opportunities

TABLE 106

					Position in the value chain			Time frame		
		ID shown	Impact (positive/ negative)	Risk/ opportunity	Upstream	Own business area	Downstream	Short term	Medium term	Long term
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, including 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: it has a profound environmental and social impact. At the same time, it presents numerous opportunities to press ahead with sustainable developments. In our materiality assessment, we have identified key sustainability topics that are closely linked with our business model and value chain. This process examines the environmental and social impacts and the risks and opportunities of our business activities, as well as 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 193. 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 comprehensive explanation of the value chain follows, while detailed explanations of the impacts, risks and opportunities connected to the Instone Group's strategy and business model are found in the topic-specific standards (E1, E4, E5, S1, S2, S3, G1 and U1). Disclosures in accordance with SBM-3 are included in the respective thematic ESRS.

As a project developer, the Instone Group plays a crucial role in the construction process. We initiate and manage new projects on purchased sites, which are later realized by our contractual partners (construction activity). We are 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 neighborhood development at the respective location. GRI 413, 413-1

The planning phase forms the basis for the realization of a construction project. External experts such as architects, engineers and specialist 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 apartments are sold. In 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 related to climate change has already been addressed to some extent as part of the climate scenario analysis. In the 2025 financial year, we further developed the analysis into a fully fledged resilience analysis of the Instone Group's business model and strategy. A detailed description of the resilience analysis and the results can be found under "E1-9" on page 218 et seqq.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

IRO-1

Identification and assessment of material impacts, risks and opportunities

GRI 2-29, 3, 3-1, 3-2, 3-3 IFRS S2.9
TNFD Governance B, Strategy A, D, TNFD Risk and Impact Management A(i), A(ii), B, C

In 2024, we carried out a comprehensive materiality assessment based on the guidelines of the European Financial Reporting Advisory Group (EFRAG) and ESRS. In 2025, the materiality assessment was reviewed again to determine whether there were any material changes that could affect the result. As no changes were noted, the existing materiality assessment was formally reaffirmed at the meeting of the Management Board.

The Instone Group's CSRD process description, consisting of the presentation of the procedure for determining the material topics for the sustainability statement and the Materiality Assessment Guideline, was reviewed by the auditing firm Deloitte for the 2024 financial year and provided with a limited assurance report. This audit was based on compliance with the requirements of the European Sustainability Reporting Standards (ESRS) of 31 July 2023, and the EFRAG IG 1 Materiality Implementation Guidance of 31 May 2024 on the description of the materiality assessment. This audited basis supports a technical sound and forward-looking structure of the materiality process in the context of EU sustainability reporting.

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

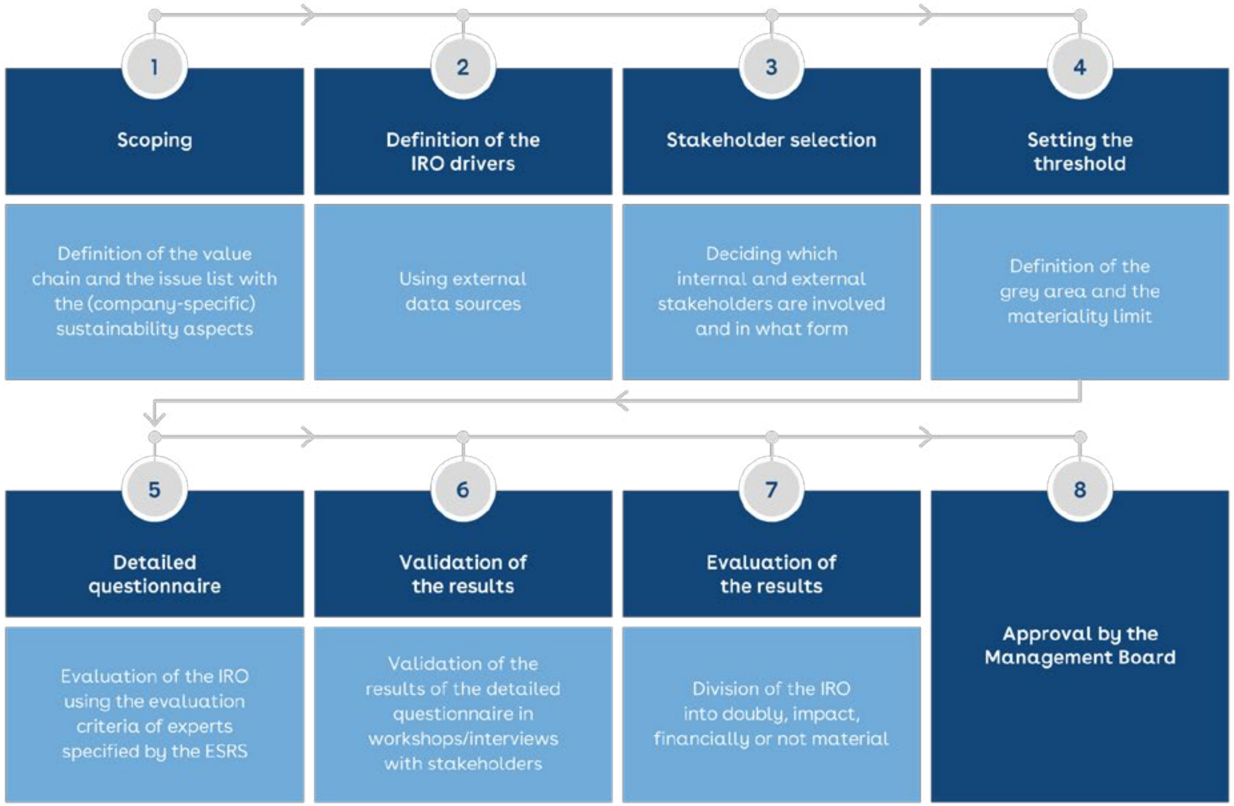
- Impact materiality refers to the company's activities that have a material impact – be it positive or negative – on people, society or the environment.

- Financial materiality covers topics that have a material impact on or pose a major risk for the company, its value or its operations.

The aim of the materiality assessment is to identify the sustainability matters that are material to the activities of the Instone Group. The entire materiality assessment process can be broken down into eight steps, each of which is described in detail below, figure 021.

Materiality assessment procedure

FIGURE 021



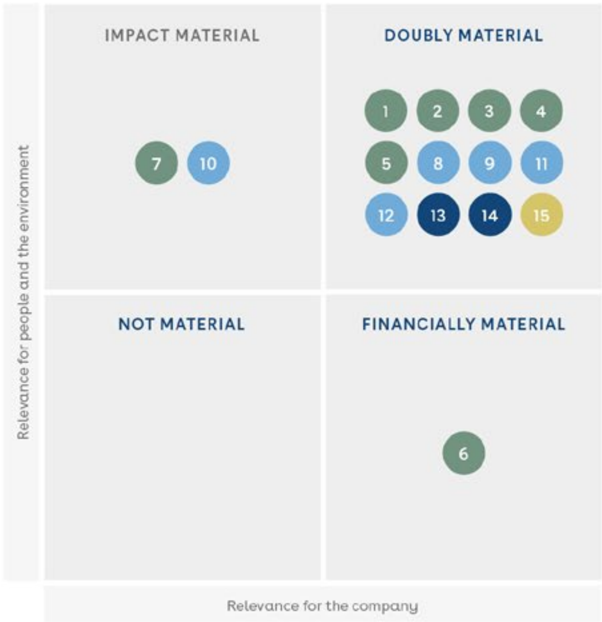
The materiality assessment of the Instone Group follows ESRS guidelines and takes both impact and financial materiality into account. The underlying process (scoping, IRO definition, stakeholder participation, evaluation, validation) was described in detail in the previous year's report.
↗ Annual Report 2024, page 34 et seqq.

In a multi-stage approach, relevant topics are identified along the value chain, and entity-specific impacts, risks and opportunities (IRO) are determined according to ESRS criteria. The results are then validated by internal and external stakeholders. Final approval is given by the Management Board.

The results continue to form the basis for this reporting and are explained in the thematic ESRS, including the interaction of IRO with strategy and business model, as well as the respective management approaches, targets and metrics.

Materiality matrix

FIGURE 022



Environment

E1 Climate change
- 1 Adaptation to the 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 ecosystems*
- 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 assessment, we ensure risk management and ongoing due diligence over the course of the process through defined processes. Internal controls as part of the Group-wide risk management system (RMS) and a quarterly review by the sustainability committee ensure that everything runs smoothly. An example of the process is illustrated in the following graphic. The materiality assessment forms the basis for content-related work on the material topics by the IMPACT working groups and the departments involved. Material financial topics are included in our company-wide risk management system. The Sustainability & Transformation department continuously monitors all material topics. This is done in close contact with the IMPACT working groups and the specialist departments. Overarching management and control are then carried out by the Sustainability Committee, figure 019.

Ensuring due diligence

FIGURE 023

IRO-2

Disclosure requirements covered

GRI 3-3

Based on the materiality assessment, we have identified the following disclosure requirements for our company, table 107-111. Full compliance with all requirements has not yet been achieved in the current reporting year.

Disclosure requirements

TABLE 107

Disclosure requirement		Report	Page
ESRS 2 · General Disclosures			
BP-1	General basis for preparation of the sustainability statement	CFS, SR	180
BP-2	Disclosures in relation to specific circumstances	SR	180 et seqq.
GOV-1	The role of the administrative, supervisory and management bodies	MR, SR	181 et seqq.
GOV-2	Information and sustainability matters addressed by the Management Board and Supervisory Board	MR, SR	185 et seqq.
GOV-3	Integration of sustainability-related performance in incentive systems	REM, SR	188
GOV-4	Statement on due diligence	SR	188
GOV-5	Risk management and internal control system	MR, SR	189
SBM-1	Strategy, business model and value chain	MR, CFS, SR	190
SBM-2	Interests and views of stakeholders	SR	190 et seqq.
SBM-3	Material impacts, risks and opportunities	SR	193 et seqq.
IRO-1	Identification and assessment of material impacts, risks and opportunities	SR	198 et seqq.
IRO-2	Disclosure requirements covered	SR	202 et seqq.

Environment

TABLE 108

Disclosure requirement		Report	Page
ESRS E1 · Climate change			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive systems	SR	188
ESRS 2 IRO-1	Identification and assessment of material impacts, risks and opportunities	SR	198 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	209
E1-1	Transition plan for climate change mitigation	SR	210
E1-2	Policies related to climate change mitigation	SR	210 et seq.
E1-3	Measures related to climate change mitigation	SR	211 et seqq.
E1-4	Targets related to climate change mitigation	SR	213 et seq.
E1-5	Energy consumption and mix	SR	215
E1-6	Gross GHG emissions categories Scope 1, 2 and 3 and Total GHG emissions	SR	216 et seqq.
E1-7	GHG compensation and removal	SR	218
E1-8	Internal carbon pricing	SR	218
E1-9	Anticipated financial effects from material risks and potential opportunities	SR	218 et seqq.
ESRS E4 · Biodiversity and ecosystems			
ESRS 2 IRO-1	Identification and assessment of material impacts, risks and opportunities	SR	198 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	223
E4-1	Consideration of biodiversity and ecosystems in strategy and business model	SR	223 et seq.
E4-2	Policies related to biodiversity and ecosystems	SR	224
E4-3	Measures related to biodiversity and ecosystems	SR	224 et seq.
E4-4	Targets related to biodiversity and ecosystems	SR	225
E4-5	Metrics related to biodiversity and ecosystems	SR	225
E4-6	Anticipated financial effects from impacts, risks and opportunities	SR	225
ESRS E5 · Resource use and circular economy			
ESRS 2 IRO-1	Identification and assessment of material impacts, risks and opportunities	SR	198 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	227
E5-1	Policies related to resource use and circular economy	SR	227 et seq.
E5-2	Measures related to resource use and circular economy	SR	228 et seq.
E5-3	Targets related to resource use and circular economy	SR	229
E5-4	Resource inflows	SR	229
E5-5	Resource outflows	SR	230
E5-6	Anticipated financial effects from impacts, risks and opportunities	SR	230

Social

TABLE 109

Disclosure requirement		Report	Page
ESRS S1 · Own workforce			
ESRS 2 SBM-2	Interests and views of stakeholders	SR	190 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	233
S1-1	Policies related to own workforce	SR	234
S1-2	Engagement with own workers and workers' representatives	SR	234 et seq.
S1-3	Mitigation of negative impacts and channels to raise concerns	MR, SR	235
S1-4	Measures related to own workforce	SR	235 et seq.
S1-5	Targets in relation to own workforce	SR	236
S1-6	Characteristics of the undertaking's employees	SR	237
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	SR	237
S1-8	Collective bargaining coverage and social dialogue	SR	237
S1-9	Diversity metrics	SR	238
S1-10	Adequate wages	SR	238
S1-11	Social security	SR	238
S1-12	Persons with disabilities	SR	238
S1-13	Training and skills development metrics	SR	238
S1-14	Health and safety metrics	SR	239
S1-15	Work-life balance metrics	SR	239
S1-16	Compensation metrics (pay gap and total compensation)	SR	239
S1-17	Incidents, complaints and severe human rights impacts	SR	239
ESRS S2 · Workers in the value chain			
ESRS 2 SBM-2	Interests and views of stakeholders	SR	190 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	241
S2-1	Policies related to value chain workers	SR	242 et seq.
S2-2	Engagement with value chain workers	SR	243
S2-3	Improving negative impacts and reporting channels	MR, SR	243
S2-4	Measures related to workers in the value chain	SR	243 et seqq.
S2-5	Targets related to workers in the value chain	SR	245

Social

TABLE 109

Disclosure requirement		Report	Page
ESRS S3 · Affected communities			
ESRS 2 SBM-2	Interests and views of stakeholders	SR	190 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	247
S3-1	Policies related to affected communities	SR	248
S3-2	Engagement with affected communities	SR	249
S3-4	Measures related to affected communities	SR	250 et seq.
S3-5	Targets related to affected communities	SR	251

Governance

TABLE 110

Disclosure requirement		Report	Page
ESRS G1 · Business conduct			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	MR, SR	181 et seqq.
ESRS 2 IRO-1	Identification and assessment of material impacts, risks and opportunities	SR	198 et seqq.
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	254
G1-1	Business conduct policies and corporate culture	SR	255 et seqq.
G1-2	Management of relationships with suppliers	SR	258
G1-6	Payment practices	SR	258

Company-specific information

TABLE 111

Disclosure requirement		Report	Page
ESRS U1 · Affordable living			
ESRS 2 SBM-3	Material impacts, risks and opportunities	SR	261
ESRS 2 MDR-P	Policies related to affordable living	SR	262
ESRS 2 MDR-A	Measures related to affordable living	SR	262
ESRS 2 MDR-T	Targets related to affordable living	SR	263

SR Sustainability Report
MR Management Report
REM Remuneration Report
CFS Consolidated Financial Statements

Environment

We aim to make our business activities carbon neutral by 2045. We systematically consider environmental aspects such as reducing emissions, environmentally friendly construction methods, and biodiversity in our projects. We are continuously improving our data collection processes and were able to further reduce our Scope 1 and Scope 2 emissions compared with the 2020 baseline in the reporting year.

ESRS E1

207 Climate change

Material topics:

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

ESRS E4

222 Biodiversity and ecosystems

Material topics:

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

ESRS E5

226 Use of resources and circular economy

Material topics:

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

-42.0%

Reduction of our Scope 1 and Scope 2 emissions by 2030 compared with the 2020 baseline

-70.3%

Reduction already achieved in Scope 1 and Scope 2 emissions compared with the 2020 baseline

22.2 kg CO_2e/m^2*a

Scope 3 intensity of completed buildings (upstream and downstream)

11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION
15 LIFE ON LAND

ESRS E1

CLIMATE CHANGE

Material topics:

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

Climate change

TABLE 112

		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: Short term	Time frame: Medium term	Time frame: Long term
E1	**Climate change adaptation**								
E1	**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 exposed to climate risks and need to be adapted accordingly.	Negative		●					●
E1	**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		●	●				●
E1	**Additional costs due to climate-adapted construction methods** Climate-adapted construction of buildings can result in additional costs.		Risk	●	●				●
E1	**Climate change mitigation**								
E1	**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		●			●		
E1	**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		●		●	●	●	
E1	**GHG emissions in use phase** Supplying energy to buildings during the use phase results in greenhouse gas emissions (CO_2).	Negative				●	●		
E1	**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	●					●
E1	**Energy**								
E1	**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				●	●		
E1	**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

IFRS S2.10, S2.14

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

- **Climate change adaptation:** Buildings are becoming increasingly exposed to extreme climatic risks such as storms, rising temperatures and changes in precipitation patterns. These challenges call for resistant construction methods that ensure long-term use and preservation. Climate-adapted planning is therefore essential. As a project developer, we can adapt to climatic conditions at an early stage by considering appropriate countermeasures.

- **Climate change mitigation:** The building sector is a major contributor of CO_2 emissions. These emissions are generated along the entire value chain, figure 020, 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. The transportation and disposal of materials can also result in 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 characterized 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 higher 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. We too are 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 among contractual partners:** The rising energy prices faced by our contractual partners represent a further risk. In some cases, the contractual partners pass on any additional costs to their business partners. Our company may therefore 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. Below, we explain the underlying policies and measures.

E1-1

Transition plan for climate change mitigation

IFRS S2.14

Our aim is to get the entire company actively involved in the sustainable transformation process and to clearly communicate and practice our own responsibility. Back in the 2021 financial year, we adopted a climate strategy as part of our sustainability strategy. It included the publication of the long-term climate target: We aim to achieve net zero emissions along the value chain by 2045. The detailed objectives can be found in section "E1-4", page 213 et seq.

Actively addressing the decarbonization 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 analyzing it in our IMPACT working groups. The aim is to develop well-founded strategies and measures to minimize carbon emissions throughout the entire life cycle of buildings (from manufacture to disposal). See "E1-3" for further details, page 211 et seqq.

We are currently reviewing the transition plan requirements in order to assess when implementation can take place. This postponement to the next financial year is due to the comprehensive changes anticipated in the new drafts of European Sustainability Reporting Standards (ESRS). These adaptations will require detailed analysis before sound implementation can take place.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

E1-2

Policies related to climate change mitigation

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

We act within the scope of the requirements of the IFRS S2 standard of the International Sustainability Standards Board (ISSB). We are taking measures to systematically identify and assess climate-related risks and opportunities and report on them transparently. To shed light on transition and physical risks and opportunities in line with these recommendations, we updated the climate scenario analysis drawn up in 2022 in the 2025 financial year. We also continued to work on embedding and implementing our climate strategy through the IMPACT groups as part of our overarching business strategy. GRI 201-2

In 2025, we carried out a resilience analysis for the first time. This analysis represents a further development of the existing climate scenario analyses and has been integrated into a comprehensive, uniform policy. Previously, the financial consequences of the transition to a 1.5°C-compliant low-carbon economy were systematically considered. By contrast, the resilience analysis that has now been carried out will enable a more precise assessment of climate-related risks as well as their impacts on the business model and strategy of the Instone Group. The aim is to sustainably strengthen the resilience of our company and to increase its flexibility to meet future challenges. The results will likewise be integrated into the CapEx/OpEx plans. We are also pursuing numerous other activities that are also incorporated into the policy, providing the basis for holistically managing climate-related risks and opportunities and for aligning our strategic orientation with the requirements of climate change in the long term.

The following guidelines and statements already exist at the Instone Group and are being consistently implemented (shown in the sustainability report in blue boxes):

Guideline for conducting the materiality assessment
We have implemented a guideline for carrying out the materiality assessment. The materiality assessment supports the Instone Group's climate change mitigation efforts by identifying the relevant sustainability issues that are affected both by the company's business activities and that have an impact on the company itself. By prioritizing these issues, we are able to develop targeted measures to minimize their impact on climate change while effectively managing risks and opportunities in relation to sustainability. The 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 increasing the use of electric and hybrid models. This supports the company's environmental goals and reduces 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
Our 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. We are pursuing the goal of achieving CO_2 -free, resource-saving operations by 2045, and in this way aim implementing the goals of the Paris Climate Agreement and the EU taxonomy.

E1-3

Measures related to climate change mitigation
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.

In our climate activities to reduce GHG emissions, we 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 among the focal points of our IMPACT working groups, which are made up of more than 35 colleagues. To implement our holistic approach, we have defined a range of specific measures that include our own business activities as well as construction projects.

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: To further reduce our direct emissions, we have revised our company car policy. New CO_2 limits and additional requirements promote environmentally conscious behavior. 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. Using a checklist developed in-house, we ensure that all relevant sustainability criteria are taken into account, enabling a reduction in energy consumption and Scope 2 GHG emissions.

- Scope 2 – Electricity consumption on construction sites: In 2022, we signed a framework agreement aimed at reducing GHG emissions on construction sites. Since then, the framework agreement has ensured that all projects are supplied with green electricity for construction. This measure supports the target achievement of climate neutrality.

The GHG balance is presented in detail in section "E1-6", page 216 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 a particular focus on reducing CO_2 emissions during building construction, the use phase and the disposal phase. We focus on the following areas of activity in particular:

- GHG emissions from extraction of raw materials and production of building materials: We opt to use low-emission materials and optimized construction methods in order to minimize 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. In doing so, we also take into account alternative energy sources, such as the use of waste heat from data centers to sustainably meet heating demand. 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: Through the recycling and reuse of construction materials, we can reduce carbon emissions during the demolition and deconstruction phases.

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 optimization. A large number of internal technical experts are involved in the IMPACT working groups, intensively considering the topics from different perspectives. We also keep a close eye on market developments and analyze which new technologies and solutions can be implemented. An example of this is timber construction, which we are continuing to research as a sustainable alternative in construction in order to analyze the possibilities for lower emission construction projects. For information on the initial implementation in one of our projects, see section "E5-2", page 228 et seq. The "Materials & Construction" IMPACT group has also developed recommendations for sustainable construction, including the use of green limestone, the use of low-carbon coverings such as wooden coverings on balconies and terraces, and the integration of flat panels on thermal insulation systems. By taking these steps, we reduce the carbon emissions of our projects and lay the foundation for further improvements. These topics are the focus of each project.

In addition to reducing CO_2 emissions, our aim is to construct buildings that meet certain energy efficiency requirements and are certified to accepted standards. In our new projects, we generally strive to achieve certification according to the German Sustainable Building Quality Seal (QNG). This includes renowned sustainability certificates such as DGNB, NaWoh and BiRN. This fundamental orientation ensures that we not only significantly reduce CO_2 emissions, but also plan and implement further parameters of sustainable construction. Based on the 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 analyze potential carbon 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 requirements. To ensure that these requirements are implemented, we are currently revising our "Planning Requirements" work tool and integrating the material ESG topics so that they are made mandatory 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 minimizing the energy consumption of our buildings and improving the carbon footprint. Where a district heating connection is not mandatory, we look into alternative solutions for heat supply. These include, in particular, the integration of highly efficient heat pumps, possibly in combination with geothermal energy, in order to ensure an energy-efficient supply.

METRICS AND TARGETS

E1-4

Targets related to climate change mitigation

IFRS S2.28, S2.29, S2.33, S2.34, S2.35

The Instone Group has set various targets aimed at achieving a sustainable reduction in emissions in all phases of the construction process. By doing so, we aim to minimize 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.

These targets are outlined below. Detailed quantitative evaluations and analyses can be found in section "E1-6", page 216 et seqq., where target achievement is comprehensively documented.

Back in the 2021 financial year, the Instone Group adopted a climate strategy as part of its sustainability strategy. This included in the publication of our long-term climate target: achieving net zero emissions along the value chain by 2045. We also set a medium-term target to reduce Scope 1 and Scope 2 emissions by 42.0% by 2030 and had this validated by the Science Based Targets initiative (SBTi). The medium-term target will be reviewed in 2026. This review will take place as part of the ongoing development of our transition plan, with existing targets adapted if necessary. The underlying methods will also be reviewed and refined, if necessary, in order to continually improve the accuracy and validity of our analyses. In addition, the Instone Group is currently looking into developing a medium-term reduction target for Scope 3 emissions in order to further strengthen its 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 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 in 2025 as the sum of Scope 1 and 2, which account for 0.3% of total emissions, fell by 70.3% in absolute terms compared to the base year of 2020 and by 88.2% in terms of GHG intensity/m² 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 stipulates decarbonization in line with the 1.5°C pathway, figure 024. The ongoing replacement of fleet vehicles with more fuel-efficient as well as electric models had further positive effects on Scope 1 emissions. In total, 27 combustion engine vehicles and 4 hybrid vehicles were removed and 23 electric vehicles added to the fleet. The improvements in Scope 2 were primarily achieved through the full conversion of construction sites to green electricity and the gradual conversion of offices to green electricity. The "Ecological Construction Site" IMPACT working group is already working to develop and implement measures to reduce GHG emissions at branches and on construction sites. There is also potential for further reductions in the areas of energy and Scope 1 and 2 emissions in the coming year.

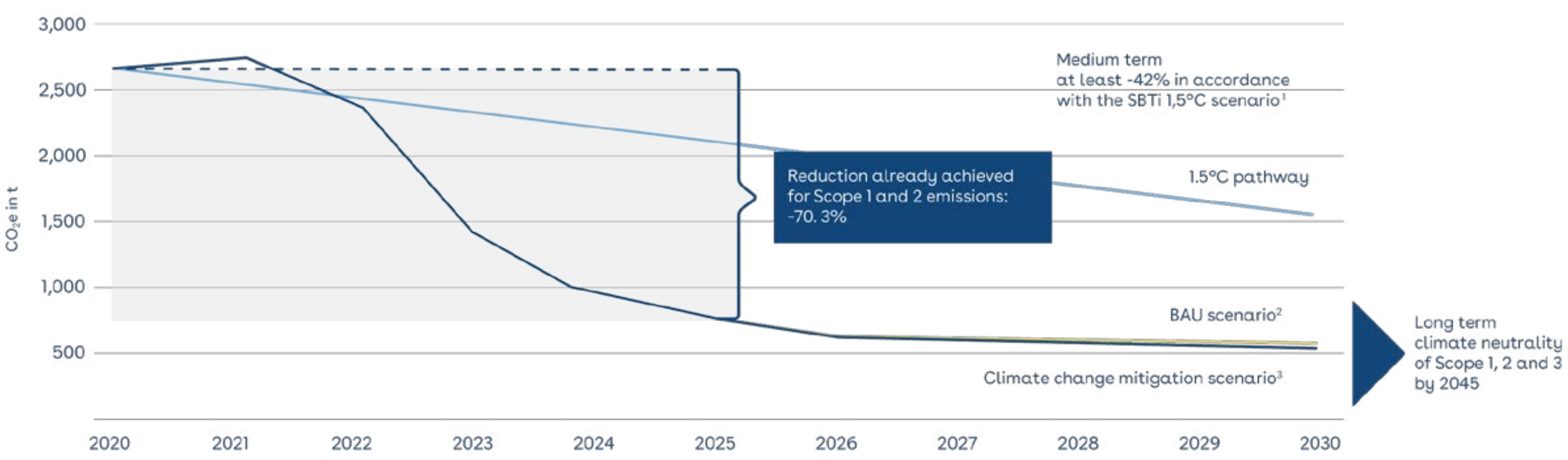
In addition to Scope 3 emissions resulting from project development, there is a further share from business trips (Scope 3, Category 6) and employees' commuting activities (Scope 3, Category 7), which jointly accounted for around 0.1% of total Scope 3 emissions in the 2025 financial year. Compared to the previous year, this share decreased by 0.1%. While absolute emissions from business trips fell in the reporting year, absolute emissions from commuting rose compared with the previous year. This increase is mainly due to the fact that additional staff were recruited in the reporting period, while at the same time the reduction in the company car fleet led to an increase in employee commuting activities, including through an increased use of private forms of mobility or those not covered by the company car fleet.

In an overall comparison of Scope 3 emissions, GHG emissions intensity (relative to revenue) increased by 53.1% in financial year 2025 compared with 2024. The increase is attributable to the fact that several projects were completed in the reporting year and therefore additional downstream Scope 3 emissions from the use and disposal phase of these projects were reported. The increase in GHG intensity is due to revenue declining in the reporting year while absolute emissions increased. This changed the ratio between emissions and the reference value to the detriment of the intensity metric.

By contrast, looking at the upstream and downstream Scope 3 emissions of the buildings completed in the reporting year shows that emissions intensity improved by 13.8% per square meter of net floor space compared with the previous year. We consider the area-related intensity metric to be particularly meaningful as it takes into account the actual realized net floor space and thus represents a consistent reference value in relation to the emissions generated by completed buildings.

Projected versus actual climate targets

FIGURE 024



[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 decarbonization 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 decarbonization 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, 302-4, 302-5

Energy consumption and mix

TABLE 113

	Unit	2025	2024
Coal and coal products	MWh	0.0	0.0
Crude oil and crude oil products	MWh	0.0	0.0
Natural gas	MWh	265.0	200.9
Other fossil sources	MWh	0.0	0.0
Purchased or acquired electricity, heat, steam or cooling from fossil sources	MWh	391.7	559.4
Total energy consumption from fossil sources	MWh	656.6	760.3
Total energy consumption from nuclear sources	MWh	0.2	5.1
Renewable energy sources such as biomass, biofuels, biogas, hydrogen from renewable sources etc.	MWh	0.0	0.0
Purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	3,168.1	2,808.8
Self-generated, non-fuel-related energy from renewable sources	MWh	0.0	0.0
Total energy consumption from renewable sources	MWh	3,168.1	2,808.8
Total energy consumption	**MWh**	**3,824.9**	3,574.1
Proportion of energy from fossil sources in total consumption	%	17.2	21.3
Proportion of energy from nuclear sources in total consumption	%	0.0	0.1
Proportion of energy from renewable sources in total consumption	%	82.8	78.6
Non-renewable energy generation	MWh	0.0	0.0
Renewable energy generation	MWh	0.0	0.0
Energy intensity (total energy consumption in relation to net revenue)	**MWh per million EUR**	**7.6**	**6.8**

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 was 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.

In the 2025 reporting year, total energy consumption, energy intensity and a detailed breakdown of energy consumption by energy source are presented. Total energy consumption rose year-on-year by approximately 7.0% (2024: 3,574.1 MWh). Energy intensity also increased by around 11.5% (2024: 6.8). This increase is due to the fact that we had more projects under construction in 2025 than in the previous year, which increased energy-related outlay and thus overall consumption. In addition, revenue declined during the reporting year, while absolute energy consumption rose. At the same time, we are consistently pursuing the measures developed in previous years to reduce energy consumption. A list of measures aimed at reducing consumption in offices has already been implemented step by step, for example, through the increased use of motion sensors for automatic light control. In addition, the Ecological Construction IMPACT group is currently examining various approaches to reduce electricity consumption on construction sites. The lessons learned from this analysis will then be translated into specific measures and gradually implemented.

E1-6

Gross GHG emissions categories Scope 1, 2 and 3 and Total GHG emissions

GRI 305, 305-1, 305-2, 305-3, 305-4, 305-5 IFRS S2.28, S2.29, S2.33, S2.36

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 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 2025 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 215.

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.

The concept for the collection and reporting of Scope 3 emissions was subjected to a limited assurance review by the auditing firm Deloitte for the 2024 financial year on the basis of the relevant documentation. For the Scope 3 emissions, which make up 99.7% of the total emissions, the calculation method was specified, unlike in previous years. The Scope 3 GHG accounting according to the GHG Protocol captures the upstream and downstream emissions generated throughout the entire life cycle of the residential buildings developed by the Instone Group. These include emissions arising from the manufacturing of materials, during the use of the building and in the disposal phase. Since planning and construction is carried out by external companies 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.

A detailed description of the calculation methods is available in the Annual Report 2024, page 52 et seqq.

Gross GHG emissions for Scope 1, 2 and 3, as well as total GHG emissions

TABLE 114

	Unit	2025	2024	Target (if applicable)
GHG emissions				
Absolute value of Scope 1 greenhouse gas emissions	tCO_2e	559.5	716.7	Net zero climate neutrality by 2045
Absolute value of the reduction in Scope 1 greenhouse gas emissions compared to the previous year	tCO_2e	-157.2	-138.0	
Intensity value of Scope 1 greenhouse gas emissions	tCO_2e per million EUR	1,1	1,4	
Reduction in the intensity value of Scope 1 greenhouse gas emissions compared with the previous year	tCO_2e per million EUR	-0.3	0.0	
Scope 2 GHG emissions for electricity	tCO_2e	64.8	87.1	
Scope 2 GHG emissions for heating	tCO_2e	167.4	197.7	
Absolute value of Scope 2 greenhouse gas emissions	tCO_2e	232.3	284.8	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	-52.5	-297.7	
Intensity value of Scope 2 greenhouse gas emissions	tCO_2e per million EUR	0.5	0,5	
Reduction in the intensity value of Scope 2 greenhouse gas emissions compared with the previous year	tCO_2e per million EUR	-0.1	-0.4	
Absolute value of Scope 1 and 2 greenhouse gas emissions	tCO_2e	791.8	1,001.5	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	70.3	62.3	At least -42% by 2030 (1,546 tCO 2 e; 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	11,736.8	27,399.7	
6 Business trips	tCO_2e	61.7	86.8	
7 Commuting	tCO_2e	133.1	108.2	
13 Rented properties before the start of the project	tCO_2e	877.2	796.5	
2 Buildings under construction – manufacturing phase	tCO_2e	10,349.9	25,576.7	
2 Completed buildings – manufacturing phase	tCO_2e	314.9	831.5	
Scope 3 greenhouse gas emissions – downstream value chain	tCO_2e	247,819.4	149,772.7	
11 Completed buildings – use phase	tCO_2e	238,289.5	145,292.3	
12 Completed buildings – disposal phase	tCO_2e	9,530.0	4,480.4	
Absolute value of Scope 3 greenhouse gas emissions	tCO_2e	259,556.3	177,172.4	Net zero climate neutrality by 2045
Absolute value of the reduction in Scope 3 greenhouse gas emissions compared to the previous year	tCO_2e	82,383.8	-20,484.8	
Intensity value of upstream and downstream Scope 3 GHG emissions for completed buildings[1]	$kgCO_2e/m^2*a$	22.2	25.7	
Reduction in the intensity of upstream and downstream Scope 3 greenhouse gas emissions for completed buildings[1]	$kgCO_2e/m^2*a$	-3.5	n/a	
Intensity value of upstream and downstream Scope 3 GHG emissions for completed buildings[1]	$kgCO_2e/m^2$	1,109.7	1,287.0	
Reduction in the intensity of upstream and downstream Scope 3 greenhouse gas emissions for completed buildings[1]	$kgCO_2e/m^2$	-177.3	n/a	
Intensity value of Scope 3 greenhouse gas emissions	tCO_2e per million EUR	514.6	336.1	

Gross GHG emissions for Scope 1, 2 and 3, as well as total GHG emissions TABLE 114

	Unit	2025	2024	Target (if applicable)
GHG emissions				
Reduction in the intensity of Scope 3 greenhouse gas emissions compared with the previous year	tCO_2e per million EUR	178.5	15.2	
Absolute value of Scope 1 to 3 greenhouse gas emissions	tCO_2e	260,348.0	178,173.9	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	82,174.1	-20,920.5	
Intensity value of Scope 1 to 3 greenhouse gas emissions	tCO_2e per million EUR	516.2	338.0	
Reduction in the intensity of Scope 1 to 3 greenhouse gas emissions compared with the previous year	tCO_2e per million EUR	178.2	14.8	

[1] The life cycle phases under DIN 15978 include the manufacturing phase (A1-3), exchange during use (B4), energy consumption during use (B6) and waste management and disposal (C3 and C4).

E1-7

GHG compensation and removal

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 210 et seq.

E1-9

Anticipated financial effects from material risks and potential opportunities

GRI 201-2 IFRS S2.15, S2.16, S2.22

As part of the climate strategy, the analysis of transition 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 transition 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. For a detailed description of the scenarios and procedure, please refer to the 2022 Annual Report. Annual Report 2022, page 74 et seqq.

The following results showed no significant changes from the previous year. Across all scenarios, energy and emissions costs increase significantly more strongly from 2025 to 2030 than from 2030 to 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. This is reflected in a correspondingly steep rise in energy prices. From 2030 onwards, energy prices in particular will stabilize, 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 impact chains 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 2025 TABLE 115

		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	Low	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	Low	Low	Low	Not available	Low	Low
Windows	Glass price	Low	Low	Low	Low	Low	Low
Sanitary fittings and accessories	Ceramic price	Low	Low	Low	Not available	Low	Low
Heating systems	Steel price Plastic price	Medium	Low	Low	Not available	Low	Low

Impact chains on the cost side

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 analyzed comprise a total of 63% 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 only in a few cases due 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 compared with the reporting year. 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 onward can be achieved in the main by improved efficiency and the use of carbon capture and storage (CCS) and green hydrogen, for example for the manufacturing of steel, concrete and bricks. 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 expected 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 2025 TABLE 116

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

Impact chains on the revenue side

On the revenue side, it was possible to identify impact chains for 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 analyzed 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 reveals 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 constructing buildings according to energy-related requirements and standards, which could potentially fetch higher prices than existing ones that do not meet current technical and energy-related standards.

The current subsidy situation carries only a low risk because expiring subsidies for completed projects account for only a small single-digit percentage of our company's revenue. The main focus of funding programs such as the "Klimafreundlicher Neubau" (climate-friendly new construction) program 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. We will continuously monitor this development in order to develop measures early on.

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 mid-2022, each project site in the portfolio has been procedurally assessed for potential physical risks. Responsibility for the analysis process with respect to the physical climate scenario analysis lies with the acquirer. The results of the analysis can thus be incorporated into the purchase decision and taken into account in planning and structural adjustments.

In the 2025 financial year, we analyzed all portfolio projects under construction and completed during the calendar year.

High risks are to be expected in four projects at three different locations. There are two high-risk projects in Baden-Württemberg, while one project is affected in Hamburg and one in North Rhine-Westphalia. Flood and tornado risks are to be expected, especially in Hamburg. The sites in Baden-Württemberg and North Rhine-Westphalia are at increased risk due to hail and tornadoes. Of the 16 projects covered, four projects (25%) have a high risk for at least two hazards. Appropriate mitigation measures were taken into account in the planning.

Measures were already successfully implemented in 2025. Examples of this include robust construction methods in accordance with structural requirements to increase the resistance to storms, the absence of glass roofs and glass ceiling lights to protect against hail, and also the leveling out of the plot to prevent floods. We will continually review and implement other measures for managing high risks associated with certain physical hazards over the coming years.

Resilience analysis shows good positioning in terms of climate risks
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.

Based on the results of the physical and transitory climate scenario analyses, we conducted a comprehensive resilience analysis in the 2025 financial year to assess our business model's resilience against climate risks. The analysis is methodologically based on the recommendations of the former Task Force on Climate-related Financial Disclosures (TCFD), the contents of which have been fully integrated into the current ISSB standards (IFRS S1/S2).

The resilience analysis has revealed that the Instone Group is well positioned to tackle climate risks. Resilience in terms of physical risks is estimated to be high, among other things due to the measures already implemented. Resilience against transition risks varies according to the trade: while emission-intensive areas such as shell construction have medium resilience, other trades are already well positioned. At the same time, our business model remains viable even under ambitious climate scenarios, particularly due to rising demand for energy-efficient housing.

The current analysis shows that the Instone Group's business model is resilient to climate risks. We have already laid the key foundations in our strategic direction and operational implementation in order to effectively meet the challenges of climate change. The combination of early risk identification, targeted mitigation measures and continuous development enables robust positioning against physical and transition climate risks.

In order to ensure the long-term resilience of our buildings, the existing analysis will be further expanded in the 2026 financial year. In particular, the context of the planning and the specific risks resulting from future physical hazards will be discussed. A key component of this expanded analysis is the vulnerability assessment, which allows us to carry out a site-specific or project-specific assessment. This assessment also takes into account measures already implemented and planned for the respective project in order to establish a risk profile that is as realistic as possible.

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

Biodiversity and ecosystems

TABLE 117

		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: Short term	Time frame: Medium term	Time frame: Long term
E4	**Direct causes of biodiversity loss**								
E4	**Habitat changes due to construction activities** Construction activities can lead to the destruction, deterioration and fragmentation of habitats, resulting in a loss of biodiversity and natural capital on the construction sites and in the surrounding areas.	Negative		●			●	●	●
E4	**Impacts and dependencies of ecosystem services**								
E4	**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		●			●		
E4	**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	●					●
E4	**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

TCFD Governance C, Strategy A

As a project developer with a direct impact on land use, soil, water and habitats, we recognize biodiversity as a strategically significant factor in our business activities. Given that the real estate industry accounts for a significant share of global biodiversity loss, we systematically integrate nature-related impacts, risks and opportunities into our governance, risk and decision-making processes. By applying the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) as early as possible, we identify, assess and manage the impacts of our projects on ecosystems throughout the project life cycle, from site selection, through to planning, construction and operation. Corresponding disclosures are provided in a standalone TNFD initial report, which supplements ESRS reporting with additional, structured disclosures about nature-related dependencies, impacts, risks and opportunities, as well as related governance, strategy and risk management processes. ↗ TNFD Report 2025

In the materiality assessment, 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 analyze 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 significant impacts on natural habitats because they lead to the destruction, deterioration 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 neighboring areas. These changes can pose long-term risks to the environmental functions and resilience of the affected ecosystems.
- In addition, the extraction of raw materials for the production of building materials and surface sealing 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 such as sand, timber and iron ore, and on services such as high water quality or the outflow of surface water. Shortage of these resources can lead to financial risks in the form of increased costs, which may be passed on.
- There is a risk of rising costs if the site cannot be developed as planned due to the threat to flora and fauna. This includes, in particular, additional expenditure for necessary surveys, stricter official requirements and possible delays in the construction process.

E4-1

Consideration of biodiversity and ecosystems in strategy and business model

TNFD Strategy B

Strengthening biodiversity is a key element in making climate-resilient neighborhoods a reality and in fulfilling our environmental responsibility. To this end, we are developing a company-wide biodiversity strategy that anchors biodiversity as the central focal point of our sustainability strategy. We define long-term targets and guidelines for conserving and strengthening ecosystems, safeguarding central ecosystem services and promoting resilient, nature-oriented urban neighborhoods along our value chain.

To operationally implement this strategic focus, we launched the Resilient Neighborhoods IMPACT working group in the fourth quarter of 2024. This group brings together cross-disciplinary expertise from project development, coordination and management, and specifically addresses biodiversity-related challenges and opportunities. In this context, we are continually analyzing the effects of our new construction activities on ecosystems and, based on this, developing specific strategies and measures to avoid and reduce negative impacts and make a positive contribution to biodiversity over the entire project life cycle where possible.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

E4-2

Policies related to biodiversity and ecosystems

TNFD Strategy B, Risk and Impact Management B

Nature-related dependencies, impacts, risks and opportunities are identified and assessed based on several complementary analyses and assessment tools. The starting point is the double materiality assessment, in which the impact, risk and opportunity approach is taken to assess nature-related topics both in terms of their impacts on the environment and ecosystems, as well as their financial relevance. In addition, we conduct an internal survey to determine the operational status quo and the practical relevance of biodiversity in the project business. The WWF Biodiversity Risk Filter is used to systematically document location- and portfolio-related dependencies and impacts; this approach has been gradually refined since 2022 and was expanded in 2025 to include all projects under construction and completed in the reporting year. A scenario analysis was also carried out on this basis to assess physical and transition nature-related risks and opportunities under various assumptions about the future. The analysis is based on structured impact chains and two contrasting scenarios; it will be updated regularly in the future. Further information on the methodology and results is presented in the TNFD Report. ↗ TNFD Report 2025, page 31 et seqq.

Based on these analyses, we develop company-wide policies for systematically taking biodiversity and ecosystems into account. A key element here is the development of a biodiversity guideline for new construction projects that specifies requirements for site selection, planning, construction and operation, and defines criteria for excluding sites with particularly high natural risks. This is complemented by a conceptual framework for developing green and biodiversity-friendly neighborhoods.

These policies provide the basis for integrating biodiversity into investment decisions, site assessments and planning processes. In the 2025 fiscal year, the IMPACT working group prepared key content in line with industry-standard guidelines and developed initial concept modules for preventing, mitigating and restoring nature-related impacts where necessary.

Biodiversity-related requirements are also embedded in our recommendations for sustainable construction. These include, in particular, requirements for responsible procurement of raw materials, such as not using natural stone from Asia and the mandatory use of wood from largely certified sustainable forestry. These measures help reduce environmental impacts, protect global forest ecosystems and promote biodiversity along the supply chain. GRI 204

E4-3

Measures related to biodiversity and ecosystems

TNFD Strategy B, C

In order to manage the identified nature-related financial risks, the Instone Group identifies three key measures from a broader portfolio of measures as examples below. A key element of early risk management is the systematic review of biodiversity aspects prior to every property acquisition. In particular, the presence of endangered species is assessed using the EU-LUCAS database and the EU Red List. Aspects of low-impact use of natural resources are also taken into account, for example by minimizing surface sealing and using environmentally friendly materials. These reviews support the early integration of biodiversity risks into investment decisions.

Early identification of ecological risks: In addition, environmental appraisals, such as FFH compatibility assessments and environmental impact assessments (if required), are systematically used during the due diligence phase. This makes it possible to identify potential impacts on biodiversity and ecosystem services early on and to effectively reduce project-specific risks for permits, construction and land use.

Regulatory and legal coverage: Compliance with environmental requirements, in particular those of the EU Taxonomy, is ensured through legal reviews, ongoing dialog with relevant authorities and contractual incorporation of relevant environmental requirements. This helps to minimize legal uncertainties, delays and potential financing costs.

Reducing physical natural and climate risks: Targeted use of nature-based solutions such as green roofs and green façades, vegetation areas that promote biodiversity, and rainwater and seepage systems strengthens the environmental quality and climatic resilience of our project sites. At the same time, these measures help to promote biodiversity in urban areas.
GRI 303, 303-1, 303-2, 303-3

A complete description of all measures, including their specific design and evaluation, is included in the TNFD Report. ↗ TNFD Report 2025, page 40 et seq.

METRICS AND TARGETS

E4-4

Targets related to biodiversity and ecosystems

TNFD Metrics and Targets C

In the reporting year, we worked intensively on a scenario analysis and on the risks and opportunities derived from it, gaining a comprehensive overview of the nature-related topics relevant to our future corporate development. On this basis, we are prioritizing the action areas identified and gradually translating them into concrete targets. In doing so, the IMPACT working group is examining which strategic and operational targets should be implemented in the future and the format and timing for integrating these into corporate management. The aim is to further refine our sustainability-related focus, especially on biodiversity and ecosystems, and to embed it in the long term. ↗ TNFD Report 2025, page 46 et seqq.

E4-5

Metrics related to biodiversity and ecosystems

TNFD Metrics and Targets B

As part of TNFD reporting, we systematically reviewed both the mandatory and the optional metrics and assessed them in terms of their relevance to our business activities. The areas in which robust data bases already exist and where there is additional need for development were analyzed. All mandatory metrics are reported in the TNFD report in full and transparently. Metrics that are not yet fully available via a central data collection system are first described qualitatively and integrated step by step into a structured data collection system. For the first time, all metrics for the 2025 financial year will be recorded, reviewed and approved centrally in an in-house tool and used for continuous monitoring. On this basis, they will be used systematically in the future for analyses, benchmarking and the further development of our biodiversity-related management.
↗ TNFD Report 2025, page 46 et seqq.

E4-6

Anticipated financial effects from impacts, risks and opportunities

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 in construction projects affects their implementation costs. In particular, designing roof greenery and other spaces on the construction site in a manner that is conducive to biodiversity increases 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 revenues 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 us to better detail the effects of potential risks on our company overall and development projects in particular and thus qualitatively also on financial performance.

ESRS E5

RESOURCE USE AND CIRCULAR ECONOMY

Material topics:

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

Resource use and circular economy

TABLE 118

		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: Short term	Time frame: Medium term	Time frame: Long term
E5	**Resource inflows, including resource utilization**								
	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

Material impacts, risks and opportunities

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. Therefore, the effective use of resources and the transition to a circular economy are central components of our sustainability strategy.

The results of the materiality assessment underscore the importance of this topic for our company, revealing that the topic of resource use and circular economy is doubly material. 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 for construction activities requires significant resources as it entails large quantities of both natural and artificial materials. This intensive use of resources poses an ecological challenge for sustainability, especially in light of limited natural raw materials and growing demand for construction materials. The mining and processing of the required raw materials generates considerable environmental impacts, for example due to interference with natural ecosystems, high energy consumption and emissions of greenhouse gases and pollutants. This has a negative impact on the climate, biodiversity and long-term availability of natural resources.
- 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, reducing the consumption of resources and minimizing 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 policies, measures and targets are presented below. GRI 306

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

E5-1

Policies related to resource use and circular economy

TNFD Strategy B, Risk and Impact Management B

We have developed concrete approaches and measures to meet this central concern.

As part of its environmental policy, the Instone Group is explicitly committed to sustainable practices. In particular, the focus is on the resource-efficient use of materials in line with the principles 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 306-2

In Germany, the majority of non-hazardous waste and rubble is already sent for recycling or reuse in accordance with the provisions of the German Circular Economy Act. To further strengthen the verification process, specialized waste logistic firms (service providers) will be deployed on all future construction sites. This enables us to precisely record and evaluate the quantities of waste generated, which creates a robust basis of data and increases transparency along the entire disposal chain.

We have also included this topic in the supplementary agreement on "Waste disposal", which serves as an appendix to the negotiation minutes and work contracts. GRI 306-2

E5-2

Measures related to resource use and circular economy

GRI 301 TNFD Strategy B

As for the other environmental aspects, we also analyzed 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-optimized 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 Materials & Construction IMPACT working group, which works closely on measures relating to this topic. During this process, potential areas for optimization are identified and concrete approaches for practical implementation are developed.

The "Materials & Construction" working group aims to develop and implement sustainable solutions for construction projects. The focus is on developing recommendations for sustainable construction, further analyzing measures to improve environmental standards and the compilation of environmental specifications as a basis for future projects. In addition, the group monitors new building materials and designs in order to assess innovations or alternative materials at an early stage. One example of this is recycled concrete as an alternative to conventional concrete. An active dialog is maintained with the concrete industry on this topic.

As a specific result of the working group, recommendations for sustainable construction have been developed and are already being integrated into the standard process. The measures were evaluated not only according to ecological criteria but also according to relevant influencing factors such as costs, completion date, feasibility and customer acceptance. Among other things, the recommendations include optimizing the load-bearing structures to reduce concrete and steel, and using ecological construction materials such as eco-limestone or lightweight concrete blocks. Further measures concern the use of biocide-free external plaster and interior paints bearing the Blue Angel seal, as well as the exclusive use of FSC or PEFC certified wood.

The working group also focuses on the integration of circular economy principles into construction and business processes. The aim is to reduce the use of materials and energy throughout the life cycle and make reuse possible. 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 insights gained are evaluated, further measures are derived and these are gradually implemented.

The working group's tasks also include the investigation of timber hybrid constructions as a way of reducing embodied carbon by relying on timber solutions. To this end, the working group carried out an LCA comparison[1] on a specific example in order to calculate different designs (solid construction [standard], frame construction, timber frame wall and 100% timber load-bearing structure) and then compare them with each other. This further analysis not only covered the greenhouse gas potential and non-renewable primary energy, but also included specific considerations regarding construction costs as well as potential in terms of serial production, living space and construction time. We are currently implementing this approach in the nyoo lime project. A total of 16 townhouses and 69 apartments in four apartment buildings are being built on a plot measuring around 7,900 m². The buildings are being constructed using timber and timber hybrid construction methods in order to reduce the use of CO_2-intensive materials and to retain the carbon stored in the wood used in the building over the long term.

The results of the IMPACT working group are continuously collected, analyzed and integrated into existing processes. Through continuous review and adaptation, the insights gained are continuously incorporated into the optimization of the work processes. This enables us 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.

METRICS AND TARGETS

E5-3

Targets related to resource use and circular economy

TNFD Strategy B, C

One target for "Resource use and circular economy" is to fulfill the topic-specific taxonomy guidelines[2] in all Instone Group projects by complying with legal obligations. It should be taken into account that legal standards in Germany already stipulate a high level of sustainability, especially with regard to resource efficiency and environmental compatibility. Another target is to make a significant contribution to reducing CO_2 in the production phase of materials by using sustainable construction materials and reducing the use of materials, and to translate this into economically viable solutions.

E5-4

Resource inflows

TNFD Metrics and Targets B

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

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

[2] The Taxonomy Regulation specifies the following Do No Significant Harm (DNSH) criteria for the economic activity "Construction of buildings" (NACE: 41) in the circular economy field of:
- At least 70% of the non-hazardous construction waste/rubbish and demolition is reused or recycled.
- Observance of best practices for handling hazardous substances and sorting materials.
- The design of the buildings and the construction technology support the circular economy.

E5-5

Resource outflows

TNFD Metrics and Targets B, C GRI 306-1, 306-2, 306-3

The reported waste quantities relate to projects for which we have relevant data, such as waste balance sheets or disposal certificates. The results are presented in accordance with the requirements of the TNFD.
↗ TNFD Report 2025, page 50.

Waste volumes by disposal route

TABLE 119

		Unit	2025	2024
Waste incinerated (with and without energy recovery)	hazardous	t	73.5	n/a
	non-hazardous	t	88.8	n/a
Waste taken to landfill	hazardous	t	28.0	n/a
	non-hazardous	t	6,318.0	n/a
Other disposal methods	hazardous	t	0.0	n/a
	non-hazardous	t	0.0	n/a
Waste reused	hazardous	t	0.0	n/a
	non-hazardous	t	3,094.0	n/a
Recycled waste	hazardous	t	0.9	n/a
	non-hazardous	t	12,757.3	n/a
Other recovery channels	hazardous	t	0.0	n/a
	non-hazardous	t	53.308,2	n/a

E5-6

Anticipated financial effects from impacts, risks and opportunities

TNFD Strategy B, Metrics and Targets A

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

The „Materials & Construction" IMPACT working group has already carried out a comparison of the GHG emissions and costs for different construction methods. The analyses show that using alternative materials, such as green limestone, can achieve relevant GHG savings of up to around 6% without incurring additional costs. For other measures, such as the complete transition to lightweight construction, GHG emissions could be reduced by around 5%, but with cost increases of over 17%. Despite these insights, the market situation remains challenging: prices for conventional and natural materials are volatile, products from recycled or reusable raw materials are often not available in sufficient quantities, and certain technologies, such as low-emission cement, currently lack industrial feasibility. Based on the findings of the updated "Climate-Neutral Germany 2045"[1] study, we expect to have access to low-emission products in the early 2030s at the earliest. Developments continue to be monitored on an ongoing basis and assessed for feasibility.

Resource-optimized designs can help 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 realized over the entire life cycle of a building.

[1] Agora Think Tanks (2024): Climate-Neutral Germany 2045. From Target-Setting to Implementation. AGORA, 2024. – 344/10-S-2025/EN | Version 2.0, October 2024.

Social

We are committed to fair working conditions, equal opportunities, and diversity. At the heart of our activities are the well-being of our employees, the promotion of diversity, and our social responsibility to communities and partners. We are guided by international standards and social expectations.

ESRS S1

232 Own workforce

Material topics:

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

ESRS S2

240 Workers in the value chain

Material topics:

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

ESRS S3

246 Affected communities

Material topics:

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

-5.5%

Reduction in turnover rate compared with the previous year

83.0%

of our contractual partners come from within a radius < 100 km

4,684

hours of training completed by our employees

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

ESRS S1

OWN WORKFORCE

Material topics:

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

Own workforce

TABLE 120

		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: Short term	Time frame: Medium term	Time frame: Long term
S1	**Working conditions**								
S1	**Working conditions for own workforce** Poor working conditions have a negative impact on the company's own workforce.	Negative			●		●	●	●
S1	**Increased shortage of skilled labor due to reputational damage** A poor reputation due to poor working conditions can increase the shortage of skilled workers.		Risk		●				●
S1	**Equal treatment and equal opportunities for all**								
S1	**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 company's own workforce.	Negative			●		●	●	●
S1	**Increased shortage of skilled labor due to inadequate equal treatment** Inadequate equal treatment of employees can lead to a poor reputation and thus exacerbate the shortage of skilled workers.		Risk		●				●

STRATEGY

ESRS 2 SBM-3

Material impacts, risks and opportunities

Our employees are a key success factor for the sustainable development of our company. The results of our materiality assessment clearly underscore this: the topic of "own workforce" was assessed as doubly material. In light of this, we consider it our responsibility to continuously assess the associated impacts, risks and opportunities and to take appropriate measures. In doing so, we are making an important contribution to the social dimension of our ESG strategy and ensuring the long-term viability of our company.

The following aspects are emphasized in particular:

- 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 being interested in employment, which would further exacerbate the existing skills shortage. As a result, it would become more difficult to fill key positions in a timely manner, which would create strategic challenges. In addition, insufficient availability of qualified employees may impair the transfer of knowledge in our company and jeopardize its long-term competitiveness.

- Unequal treatment among the company's own workforce as well as a lack of equal opportunities can have significant negative consequences for our own employees. These factors can not only lead to a deterioration in the operating climate and lower employee motivation, but also damage confidence in our company in the long term.

- Insufficient equal treatment of employees can significantly damage the company's image, which in turn leads to negative public perceptions. This could deter potential skilled workers and make our company less attractive in the labor market.

- Over the long term, there is a risk that the Instone Group will face the challenge of attracting and retaining qualified professionals. Demographic change and an increasingly aging society further intensify this situation. This could exacerbate the already existing shortage of skilled workers and impact the competitiveness of our company.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S1-1

Policies related to own workforce

We are committed to the principles of the Diversity Charter, the Universal Declaration of Human Rights and the International Labour Standards of the International Labour Organization (ILO). We aim to minimize negative impacts on our workforce and the associated risks for our company.

At the start of their employment, employees are also provided with comprehensive information on the Instone Group's Code of Conduct. This Code of Conduct defines the basic values and standards that shape the actions of every employee at the Instone Group. Furthermore, it serves as a guide to ethical behavior and responsible decisions in everyday work. The Legal department is responsible for this Code. Further details are listed under "G1-1", page 255 et seqq. It helps reduce negative impacts by creating pleasant and respectful working conditions that support employee well-being. At the same time, it serves to strengthen a positive work environment that increases both employee satisfaction and efficiency. This contributes to long-term employee retention and high quality of work.

The Instone Group has also prepared several statements (for example, anti-discrimination statement, declaration on respecting human rights, diversity and freedom of association) and published them on its website. GRI 405, 406, 407

These complement the existing guidelines, address key aspects of corporate policy and culture, and also serve as internal work instructions. Further details are listed under "G1-1", page 255 et seqq.

To further strengthen our ESG targets, a structured diversity policy will be developed in 2026. The sustainability committee established at the Instone Group is working closely with the HR department to define binding standards and clear targets. In particular, the approach will focus on promoting a gender balance and on integrating diversity in order to leverage different perspectives and backgrounds for innovation and cooperation. Measurable indicators will also be introduced to regularly review progress and report transparently as part of our ESG strategy. The aim is to strategically embed diversity in all divisions of the company, thereby promoting equal opportunity and respectful cooperation.

S1-2

Engagement with own workers and workers' representatives

Employee inclusion is a key element of our corporate philosophy. We actively promote interaction with our employees for which we use various communication formats that give employees the opportunity to enter into dialog directly with management. Company decisions, values, innovations and developments are communicated at an early stage. This strengthens employees' commitment and encourages them to actively contribute to the company's success.

Key communication formats include "Instone in Dialog" (the quarterly live stream with the Management Board), the annual employee survey and works meetings. The live stream with the Management Board enables a dialog for which employees can submit questions in advance. These are answered by the Management Board during the live stream. Alternatively, questions can be asked directly in the live stream. The annual employee survey is used to record the opinions and needs of our employees. In addition, 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 their interests are represented. Once a year, all employees also have a structured meeting with their direct manager to discuss their personal development, individual goals and task- and development-related topics.

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 impacts on the workforce and at the same time minimizing risks for the Instone Group.

S1-3

Mitigation of negative impacts and channels to raise concerns
To support 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, with the anonymity of the reporting persons maintained.

The whistleblower system is an important tool for identifying and eliminating negative effects within 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 whistleblower system procedure is outlined in the corporate governance statement on page 82.
GRI 2-25, 2-26

Furthermore, the Instone Group adheres to the parameters of labor law in compliance with, for example, occupational safety or the General Equal Treatment Act (AGG). We undertake to treat all applicants and employees equally, regardless of age, gender, sexual orientation, physical appearance, ethnicity, nationality, religion, beliefs or other characteristics.

S1-4

Measures related to own workforce
Measures to improve poor working conditions are essential in order to create a healthy and productive work environment that supports employees' well-being while ensuring the long-term competitiveness of our company.

The Instone Group actively works to prevent or minimize negative impacts on its own workforce. Employees receive the Code of Conduct and become familiar with the regulations of the Instone Group even before they join the company. At the start of their employment, employees receive individual onboarding training from their manager.

The increasing digitalization of work processes makes the work environment more flexible 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 general conditions for mobile working, protects operational processes, guarantees the security of the IT network and ensures necessary occupational health and safety measures.

We are also actively pursuing the "New Work" approach. The digital workplace plays a central role in the transformation to a modern work environment. Communication, tools, processes and information are digitalized to enable efficient, flexible and mobile working. The focus is on continually refining modern collaboration tools. We rely on solutions such as Microsoft Teams and SharePoint to simplify collaboration across sites and optimize the exchange of information. At the same time, we are working on the automation of processes by implementing digital workflows for administrative procedures. This not only increases efficiency but also ensures greater transparency and significantly reduces manual work steps.

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

For us, diversity means creating work environments in which different skills, talents, experiences and perspectives can be incorporated. In accordance with the basic principles of the Charter of Diversity, the Universal Declaration of Human Rights and the International Labor Standards of the International Labour Organization (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.

By establishing the uniform management principles, which were developed in 2022, and continually revising them, we have laid the foundation for a modern, value-oriented corporate culture. The importance of diversity among employees is particularly emphasized. Heterogeneous team structures, different personalities and skills, and the diverse strengths of employees are considered key success factors. By implementing 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 program. We attach particular importance to continually increasing the percentage of women in our programs. Currently, the ratio is approximately 36% female and 64% male participants. Young leaders participate in this program as they get accustomed to their new role and are supported by experienced mentors over a period of two years. In addition, the program gives young managers the opportunity to expand their internal network and deepen their experience by means of introductory presentations. This reinforces their satisfaction and identification with our company.

In addition to targeted development programs, the Instone Group offers a comprehensive range of further training and development programs that promote both the professional and the personal development of its employees. Alongside 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. Every year, each employee receives access to an individual training budget that can be used for external training measures. This budget makes it possible to invest specifically in personal and professional development – whether by participating in seminars, specialist conferences, individual coaching measures or specialized training courses. This enables us to offer our employees the ideal conditions for long-term professional development and at the same time strengthen the innovation and competitiveness of our company.

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

Targets in relation to own workforce

GRI 402, 402-1

Ongoing reviews are conducted to examine which further targets that the HR department can develop, coordinate and approve in close cooperation with the Management Board. This process ensures targeted planning that takes into account both the corporate strategy as well as the needs and potential of employees. A particular focus is on maintaining and continually improving good working conditions. In addition, the topic of equal opportunities will be further expanded in order to promote a fair and equitable working environment. These targets, which are backed up by appropriate measures, minimize the risk of reputational damage and prevent the shortage of skilled workers. Regular meetings and close coordination ensure that the defined targets are communicated clearly and transparently and that all participants are involved in implementation. This coordinated approach contributes to the successful development of our company.

S1-6

Characteristics of the undertaking's employees

GRI 2-7, 2-8, 401, 401-1

Employees of the company, 31 December 2025

TABLE 121

	Unit	2025	2024
Number male/female/non-binary [1]	Number	241/181/0	241/171/0
Proportion male/female/non-binary [1]	Percentage	57.1/42.9/0.0	58.5/41.5/0.0
Proportion full-time/part-time	Percentage	72.6/27.4 (working students account for 34.5% of part-time employees)	72.3/27.7 (working students account for 30.7% of part-time employees)
Number of employees with fixed-term contracts	Number	59	56
Proportion of employees with fixed-term contracts	Percentage	14.0	13.6
Number male/female/non-binary[1] employees with fixed-term contracts	Number	39/20/0	39/17/0
Number of employees with permanent contracts	Number	363	356
Proportion of employees with permanent contracts	Percentage	86.0	86.4
Number male/female/non-binary[1] employees with permanent contracts	Number	202/161/0	202/154/0
Employees by region			
Germany	Number/ FTE	422/346.2	412/335.2
Total	Number/ FTE	422/346.2	412/335,2

[1] Gender according to data provided by employees.

The employee turnover rate was 9.7% in the reporting year, down 5.5% year-on-year. It includes all terminations and termination agreements at the instigation of the employer and employees. The basis for the calculation is the number of departures divided by the average FTE value.

S1-7

Characteristics of non-employee workers in the undertaking's own workforce

The Instone Group aims to deploy its employees according to their skills and capabilities. In the 2025 financial year, no external employees were employed in our company as temporary workers. 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 122

Terms of employment

	Unit	2025	2024
Collective bargaining agreements			
Employees by type of employment as at Dec 31			
Employees covered by collective pay agreements	Number	245	251
	Percentage	58.0	60.9
Employees with individual contracts[1]	Number	177	161
	Percentage	42.0	39.1
Total	Number	422	412

[1] Employees with individual contracts are mainly managers and employees who are remunerated above the standard pay scale.

The Instone Group and its subsidiaries operate exclusively in Germany. Our employees are represented by the employee representatives from the regional workers' councils. The regions are North East (Hamburg, Berlin, Leipzig), West (Essen, Cologne, Frankfurt am Main) and South (Munich, Nuremberg, Stuttgart). In total, the employee representatives represent a total of 403 employees of Instone Real Estate Group SE and its subsidiaries.

S1-9

Diversity metrics

GRI 2-7

Diversity

TABLE 123

Gender distribution at management levels

	Unit	2025	2024
First management level			
Number male/female/non-binary [1]	Number	5/1/0	5/1/0
Proportion male/female/non-binary [1]	Percentage	83.3/16.7/0.0	83.3/16.7/0.0
Second management level			
Number male/female/non-binary [1]	Number	16/8/0	16/8/0
Proportion male/female/non-binary [1]	Percentage	66.7/33.3/0.0	66.7/33.3/0.0
Third management level			
Number male/female/non-binary [1]	Number	29/7/0	27/5/0
Proportion male/female/non-binary [1]	Percentage	80.6/1.4/0.0	84.4/15.6/0.0

[1] Gender according to data provided by employees.

Employees at the Instone Group are divided into three age groups: 17.1% are under the age of 30, 56.6% are between 30 and 50 years old, and 26.3% are over the age of 50.

S1-10

Adequate wages

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 for the long term by paying market-level salaries and providing career opportunities, and to counteract the impacts of the shortage of skilled workers.

S1-11

Social security

GRI 416, 416-1

At Instone Real Estate Group SE and its subsidiaries, the focus is on people and their well-being. In addition to the statutory requirements for health and retirement provisions, certain groups of employees have access to group accident insurance, which covers them in the event of disability or death. All employees in Germany are also protected by the German welfare state against the consequences of serious life events because they work in Germany and are therefore integrated into the social security system. In addition, certain groups of employees (based on their employment contract) can benefit from a health check-up as well as continued payment of wages beyond statutory requirements in the case of illness.

S1-12

Persons with disabilities

Metrics on employees with disabilities

TABLE 124

Employees with disabilities by gender

	Percentage
Male	1.0
Female	0.2
Non-binary[1]	0.0

[1] Gender according to data provided by employees

S1-13

Training and skills development metrics

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 our employees. In the 2025 financial year, employees took a total of 4,684.0 hours (previous year: 4,199.3 hours) for training. This averages out at 11.4 hours of training per employee.

S1-14

Health and safety metrics

Health and safety

TABLE 125

	Unit	2025	2024
First-aiders (total/newly qualified or retrained)	Number	56/18	60/34
Number of deaths due to work-related injuries	Number	0	0
Number of work-related injuries	Number	2	0
Rate per thousand people	Percentage	5.9	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] Data on work-related illness is not collected by employers in Germany for reasons related to data protection law.

S1-15

Work-life balance metrics

GRI 401-3

Work-life balance

TABLE 126

	Unit	2025	2024
Share of employees who were entitled to take time off for caring responsibilities	Percentage	100.0	100.0
Number of employees who took time off for caring responsibilities	Number	26	26
Days of absence pursuant to Section 616 BGB	Number	547	1,293

S1-16

Compensation metrics (pay gap and total compensation)

GRI 405-2

Pay gap

TABLE 127

	Unit	2025	2024
Unadjusted ratio of basic salaries and remuneration of men and women	Percentage[1]	112.7/82.5	109.7/85.2
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	101.4	144.9

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

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

S1-17

Incidents, complaints and severe human rights impacts

GRI 406, 406-1

For the 2025 financial year, the Instone Group is not aware of any work-related incidents, complaints or other serious consequences related to human rights. Accordingly, there have been no corresponding complaints using the communication channels maintained by the Instone Group for this purpose – for example, on the digital whistleblower system, the option of contacting the Group compliance officer, the HR department or the direct supervisor – about relevant discrimination or harassment. No fines, damages or other sanctions were imposed in the reporting period.

ESRS S2

WORKERS IN THE VALUE CHAIN

Material topics:

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

Workers in the value chain

TABLE 128

		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: Short term	Time frame: Medium term	Time frame: Long term
S2	**Working conditions**								
S2	**Working conditions of employees in the value chain** In the construction sector value chain, there is the potential for low and irregular income, for little or no social and health protection, for inadequate social benefits and for undeclared work.	Negative		●			●	●	●
S2	**Other work-related rights**								
S2	**Labor rights of employees in the value chain** In particular, when purchasing raw materials for the production of building materials in countries with inadequate labor rights, there may be negative effects on workers, such as forced or child labor.	Negative		●			●	●	●
S2	**Reputational damage due to forced or child labor** Forced or child labor in value chain (for example when sourcing natural stone from China) can lead to reputational damage for the Instone Group.		Risk	●					●

STRATEGY

ESRS 2 SBM-3

Material impacts, risks and opportunities
Within the scope of our project development, we work in partnership with our contractors. 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 sites, the other contractual partners can be divided into the following categories:

- Brokers who have access to our customers
- Consultants who provide assistance during purchase and sale processes
- Property management service providers
- Planning teams consisting of architects and specialist planners
- Experts
- Suppliers of C-parts (office items, tools, IT material, etc.)

Connected with this, the Instone Group bears a great responsibility for all workers along the value chain. We are aware of this responsibility and have embedded it firmly into our sustainability strategy.

In the course of the materiality assessment, the topic of workers in the value chain was assessed as doubly material. This assessment highlights the need to take targeted action to promote constructive, trust-based collaboration.

At the same time, as part of our sustainability strategy, we are continuously looking at the impacts, risks and opportunities related to workers 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. Particularly in this area, there are negative impacts such as low and irregular incomes, inadequate social and health protections, and a lack of social benefits. Undeclared work is also a problem that can endanger fair competition.

- Another important negative impact concerns the safeguarding of labor rights, especially in the procurement of raw materials for the manufacture of construction materials in countries with poor labor regulation. In such cases, serious violations, such as forced or child labor, could occur, raising both ethical and legal issues.
  GRI 408-1, 409, 409-1

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

To prevent these risks, we conducted a comprehensive human rights due diligence process in the 2025 financial year. The aim was to identify the biggest human rights risks along the value chain, assess existing measures and determine whether additional action was needed. The measures already implemented, the planned measures and the underlying policies are described in detail below.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S2-1

Policies related to workers 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 content is shown in "S2-4", page 243 et seqq. This Code of Conduct applies without limitation to all contractual partners and is to be understood as a binding component of any contract, the content of which is acknowledged upon signing by the contract partner and accepted as binding. The Purchasing department is responsible for implementing the regulation.

Construction site regulations
The Construction Site Regulations of the Instone Group are a fixed component of the contract when concluding works contracts with general and subcontractors. They comprise essential requirements and guidelines for conduct which are aimed at ensuring a safe and smooth construction process and thus the safety and health of all those involved. A key element of these regulations is the appointment of a health and safety coordinator (OHSC) by the Instone Group on every construction site. The contractual partner is obliged to inform its personnel deployed on the construction site and subcontractors of the content of the Construction Site Regulations before work begins and to monitor and enforce compliance with them during the work. Branch management, the Commercial department, project management and purchasing are responsible for implementing the guideline.

Verification of contractual partners
We consider it very important to work with contractual partners who share our values regarding social responsibility and fair working conditions. We therefore ensure that our contractors and their subcontractors fulfill their obligations to pay social security contributions and pay their employees the minimum wage. This responsibility is an important part of our long-term cooperation based on trust. The Verification of Contractual Partners guideline is used to implement the statutory requirements of the Act on Mandatory Working Conditions for Workers Posted Across Borders and the Minimum Wage Act as well as to query and review the required documentation from contract partners. This includes, among other things, the (regular) submission of an exemption certificate, business registration, clearance certificates for professional associations and social security funds, evidence of existing company liability insurance and (as part of access checks at construction sites) minimum wage certificates for all employees of contract partners employed on the Instone Group's construction sites. The COO, branch management and commercial management are responsible for implementing the regulation.

Human rights due diligence

For the Instone Group, respect for human rights along the entire value chain is a high priority. In light of this, a human rights due diligence process was conducted in the reporting year to identify and assess potential risks along the value chain. The risk analysis related both to potential human rights risks in connection with direct business partners and to those within the upstream supply chains. In particular, this analysis focused on aspects such as working conditions, workplace safety and fair pay, with risk-prone areas prioritized. This assessment was conducted in accordance with the EU Taxonomy Regulation's requirements, in particular the minimum social safeguards in Article 18, which are based on the United Nations Guiding Principles on Business and Human Rights, OECD guidelines and ILO core labor standards. We are already in the process of implementing targeted prevention measures, raising awareness and cooperating with partners. The human rights due diligence process is an integral part of our sustainability strategy and is regularly reviewed and refined. The Head of Purchasing and the Sustainability & Transformation department are responsible for conducting the due diligence process.

S2-2

Engagement with value chain workers

The Instone Group endeavors to establish lasting and dependable partnerships with its contractual partners. Sustainability issues are discussed with the contractual partners in connection with the initiation of an order . In doing so, we want to increase transparency and ensure that these issues are reliably taken into account in the partnership. At the same time, this approach meets diverse regulatory requirements.

The Purchasing department is primarily responsible for the management of material topics under workers 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 essential for us to involve contractual partners in this process and to provide them with timely information about changed requirements. This applies in particular to the Corporate Sustainability Due Diligence Directive (CSDDD), the thresholds of which were increased again in 2025. As a result, the Instone Group remains below the relevant application thresholds. We will continuously monitor possible changes to these thresholds and the resulting implications and requirements, and initiate appropriate measures as soon as our company exceeds the specified thresholds.

S2-3

Improving negative impacts and reporting channels

A digital whistleblower system is available to both employees and third parties, such as customers or business partners, to anonymously report any wrongdoing. The detailed whistleblower system procedure can be found in the "corporate governance statement," page 82.

S2-4

Measures related to workers in the value chain

GRI 204-1

To avoid the risks identified in our human rights due diligence process, we rely on a comprehensive package of measures that ensures that our business partners meet our high standards of compliance, social responsibility and respect for human rights. Among other aspects, this package includes strict verification requirements prior to commissioning, continuous ESG assessments, compliance with our Code of Conduct, regular inspections to ensure workplace safety and securing construction sites. We also intend to further develop the existing guidelines in order to increase their effectiveness with regard to human rights requirements. These measures are described in detail below.

Before contractual partners are commissioned in writing, all necessary supporting documents and safety certificates must be available in accordance with the Verification of Contractual Partners guideline. The respective Project Purchasing department is responsible for the initial reception and checking of these documents. GRI 204

All current and new contractual partners are also recorded in the Supplier Relations Management (SRM) database and, if they are commissioned at different points in the process, are evaluated with respect to various ESG criteria. This includes compliance with accident prevention regulations, the use of digital and written accounting, and compliance with statutory requirements such as the German Circular Economy Act. By performing this continuous assessment before, during and after the completion of a project, we ensure that our contract partners not only share our corporate values, but also ensure compliance with fair working conditions for all employees in our value chain.

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:

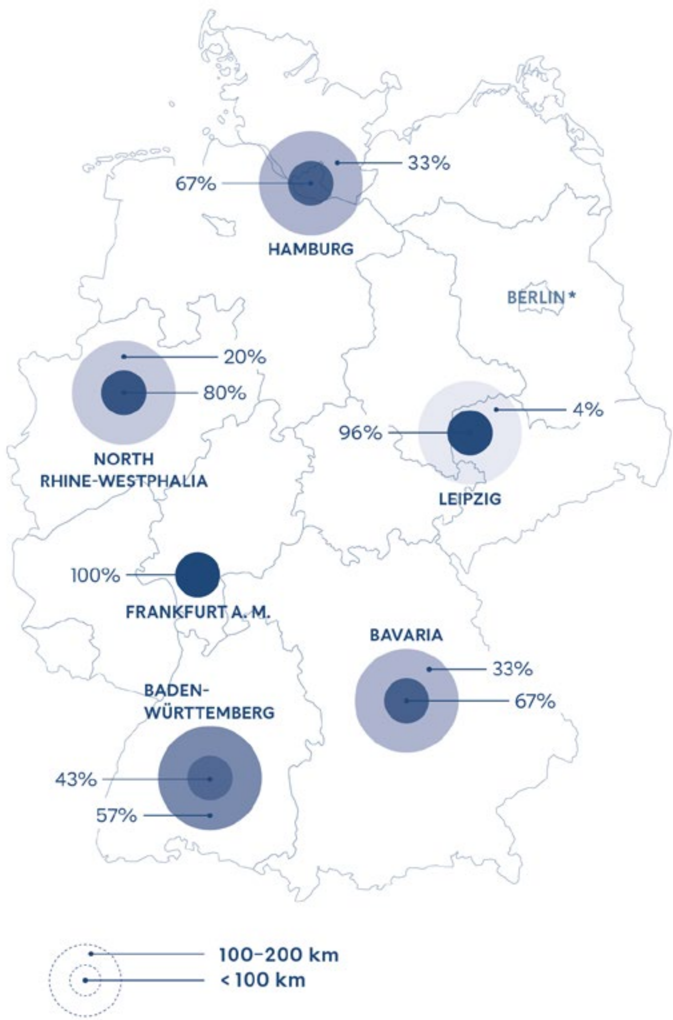
- Fair pay: Compliance with the statutory minimum wage applicable in Germany
- Occupational health and safety
- Compliance with statutory working hours regulations
- Collaboration in the creation of the occupational safety policy on the construction sites
- Compliance with accident prevention and insurance association recommendations on occupation 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 labor, human trafficking, child labor or undeclared work

The Instone Group reserves the right, at any time and without prior notice, to verify compliance with the Code of Conduct or to have it verified by independent third parties within the scope of applicable law. The contractual partner is obliged to inform the Instone Group immediately of any violations of applicable law or the Code of Conduct. If we become aware of a violation of 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. Where shortcomings are identified, the coordinator issues prompt corrective action instructions and follow-up checks to ensure sustainable implementation of the measures. In addition, the OSHC provides safety training for employees and subcontractors on topics such as the use of personal protective equipment and general occupational safety measures.

In accordance with our company-wide guideline on site security and access control, the establishment of construction site security measures with access controls is mandatory at all Instone Group construction sites. Access is only permitted using the marked, approved entrances and requires a valid ID card. The Site Management team ensures that the site is properly secured against unauthorized access.

Supplier region FIGURE 025



* No suppliers were commissioned in Berlin during the reporting year.

In the application process, we place particular emphasis on the selection of contractual partners who are preferably from the region around the respective project locations, where this is economically and technically feasible. This strategy stimulates the local economy, creates jobs and fosters growth in the regions. At the same time, shorter transport routes actively contribute to reducing CO_2 emissions and support environmental protection. GRI 204-1

Interested new companies have the option of applying to be a contractual partner of the Instone Group on our website at ↗ Become a Partner.

METRICS AND TARGETS

GRI 414

S2-5

Targets related to workers in the value chain
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 are striving to optimize our ESG data collection so we are able to make environmental, social and governance criteria measurable and transparent in close cooperation with our contractual partners. Our goal is to minimize negative impacts by setting clear standards, establishing transparent supply chains and working with responsible suppliers, and to actively promote fair working conditions.
GRI 308, 308-1, 308-2

ESRS S3

AFFECTED COMMUNITIES

Material topics:

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

Affected communities

TABLE 129

		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: Short term	Time frame: Medium term	Time frame: Long term
S3	**Economic, social and cultural rights of communities**								
	Active district development The planning and construction of new neighborhoods can have a significant impact on communities and avoid potential gentrification effects.	Positive		●	●		●	●	●
	Mixed neighborhoods By planning and building mixed neighborhoods and involving different social groups, a diverse society can be promoted.	Positive		●	●		●	●	●
	Needs-based development of real estate and districts Due to the needs-based development of housing and neighborhoods, 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 subsidized housing.		Risk	●	●		●	●	●

STRATEGY

ESRS 2 SBM-3

Material impacts, risks and opportunities
The Instone Group consciously assumes responsibility for society and the environment. 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 a property and neighborhood developer, we create livable spaces in numerous projects and actively shape the future of our cities.

In the materiality assessment, the topic of affected communities was rated as doubly material. This assessment highlights the central importance of this topic for our corporate strategy and demonstrates the potential for targeted measures to promote and ensure needs-based real estate and neighborhood development.

Our sustainability strategy includes an ongoing analysis of the impacts and risks related to affected communities. Below, we explain the drivers that are critical to identifying, evaluating and managing key issues when taking the Impact Risk Opportunity (IRO) approach.

- Active neighborhood development contributes to creating new living areas that have a positive impact on the community. It makes it possible to take different social and economic interests into account, to counteract potential gentrification effects and to safeguard the prerequisites for a high quality of life for all residents in the long term.

- The planning and construction of mixed neighborhoods promote a diverse society by involving different social groups. This inclusive approach helps to strengthen social cohesion and create a balanced, inclusive residential environment.

- Creating diverse neighborhoods promotes diversity. A diverse society can be strengthened through the targeted involvement of different groups of people, for example through a broad range of living arrangements, price bands and 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 for the Instone Group can arise from municipal requirements, for example in connection with approval procedures and requirements relating to environmental protection and assisted living. Such requirements can delay the building permit process and directly impact project costings or profitability. These risks must therefore be taken into account early on.

Neighborhood development requires the coordinated consideration of social, economic and urban planning interests. Plans for development, energy supply, mobility, utilities, local recreation and environmental aspects, among others, must be geared to long-term requirements in order to ensure a good quality of life and prospects for use for residents.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S3-1

Policies related to affected communities

In the 2025 financial year, the Instone Group further refined its concept which aims to ensure the highest level of satisfaction among all groups involved and to combine and optimally implement the diverse requirements of modern living. The basis for this is the social impact scoring model developed in-house figure 026, which is already playing a role in the planning process from the land purchase stage. This model enables a comprehensive site analysis in order to identify potential and needs and to incorporate social aspects into planning at an early stage. We have defined the following key action areas:

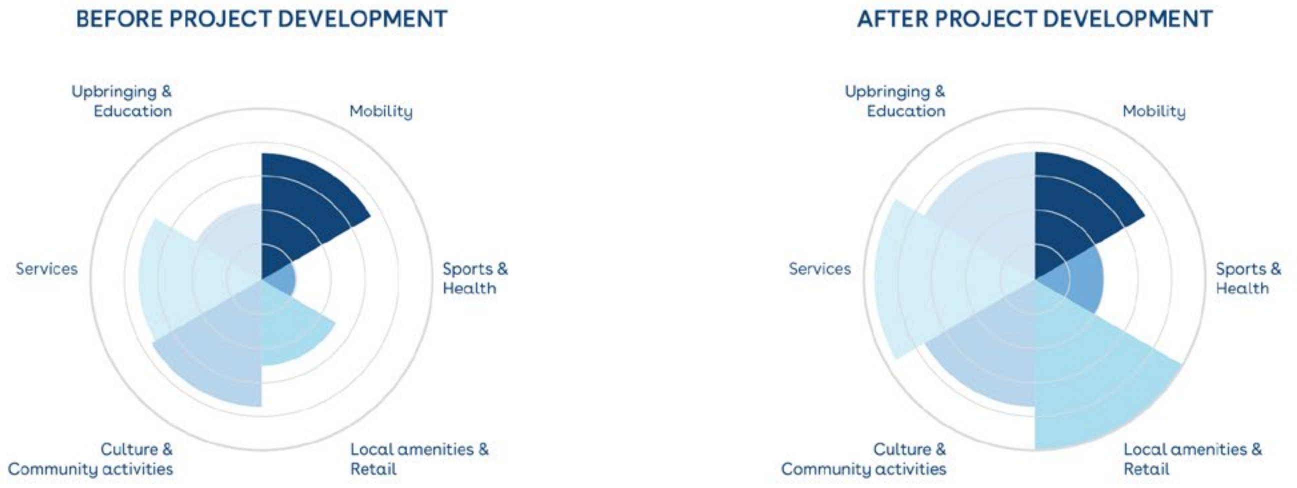
- Mobility
- Sports & health
- Local amenities & retail
- Culture & community activities
- Services & facilities
- Upbringing and education

Based on the six defined action areas, each plot and the surrounding infrastructure is analyzed by our acquisition specialists before project development and by project developers after project development. The social impact scoring model serves to measure and assess the effectiveness of the project in relation to the planned measures and the resulting social impact. In addition, a construction kit with best practice examples offers innovative ideas and solution approaches in order to respond specifically to the needs of the respective site. GRI 203, 203-1, 203-2

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

Social impact scoring model

FIGURE 026



S3-2

Engagement with affected communities

GRI 413, 413-1

We foster 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 those involved and support the community. Direct interaction makes it possible to identify valuable development impetus and increase long-term acceptance of our projects.

During the early acquisition and construction licensing phase, the Instone Group engages with cities and municipalities on a regular basis in order to define meaningful added value and goals for the new neighborhood development that go beyond the urban development agreements. Early dialog between all stakeholders, for example through participation procedures or direct surveys of the neighborhood by the project team, and the results of a careful location analysis form the basis for development of the neighborhood in line with needs. Specific agreements with the neighborhood are also concluded during this process, such as on temporary usage rights, regulations for construction site access, measures to secure adjacent sites or consideration of environmental and noise concerns.

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

In our projects, we often go beyond standard participation procedures and adopt an interactive approach that promotes active stakeholder engagement throughout the planning process. One concrete example of dialog-oriented citizen participation took place as part of one of our projects during the development phase to prepare a land use plan. As part of the neighborhood development on the former Real site in Maintal-Dörnigheim, we launched an early and dialog-oriented citizen participation process in fall 2024. A large public information event was held in November where over 150 Maintal residents discussed the future design of the neighborhood with specialist planners. The aims were to mobilize the "silent majority of the population" through targeted information, to promote dialog with citizens and to gain an understanding of the prevailing sentiment. The process included a comprehensive presentation of all relevant urban development topics. The focus was on engaging in direct dialog with citizens in order to incorporate their opinions and perspectives. Lectures by experts provided additional insights, while a diverse supporting program – with offerings such as children's activities, an open movie theater for all and guest speakers – created a pleasant atmosphere and attracted a broad audience. Various methods such as workshops, interactive voting and feedback stations were used to give participants an easy way to express their opinions. This holistic approach fostered dialog, boosted acceptance of the planned measures and actively integrated the population into the neighborhood development.

Although citizen participation events are an established tool that we use on a regular basis, there was no opportunity to hold events in the 2025 reporting year as our projects were either in advanced phases for which previous participation events had already taken place, or in very early stages of development in which the next stages of participation are not planned to take place until the coming years. As soon as our projects reach a planning stage that allows constructive public engagement, we will continue with our tried and tested, dialog-oriented participation formats as usual.

S3-4

Measures related to affected communities
The social impact scoring model provides the basis for deriving effective, tailored measures for each location. The following implementation options are being realized with regard to the fields of action already mentioned.

- 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 amenities & retail: Integration of commercial units on the ground floor
- Culture & community activities: Creation of interaction areas such as community gardens, barbecue areas, neighborhood squares, water fountains and inclusive play areas
- Services & facilities: Package stations, service point, neighborhood app
- Upbringing & education: Construction of day care centers, hybrid primary school

Through the citizen participation process described in "S3-2", we can incorporate individual feedback and suggestions into our planning and implementation processes. This participative approach enables us to integrate different perspectives and needs early on and thus to develop sustainable, needs-based solutions. To counteract the effects of gentrification, we implement targeted measures that help to create housing that meets the diverse needs of a wide variety 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 neighborhoods. The creation of affordable housing also contributes to this.

At an early stage of project development, we are already in close contact with cities and municipalities. This enables us to precisely understand the specific demands and requirements of the respective municipality and to incorporate them into our planning in a meaningful way. A key issue here is the creation of affordable housing. By coordinating with the relevant authorities at an early stage, we determine whether and to what extent subsidized housing can and should be built. This allows us to incorporate these requirements into our economic calculations and planning. Further information on affordable housing measures can be found in "ESRS 2 MDR-A", page 262.

We are committed to designing our neighborhoods so that they are cross-generational and inclusive. Both internal and external analyses are used to determine site-specific requirements in advance. By creating different living arrangements and sizes, we aim to take the needs of all ages and lifestyles into account as effectively as possible. As part of this process, a residential impact tool figure 027 was developed to record and present the apartment mix in a structured way within a residential neighborhood. When it comes to project and product development, we attach particular importance to:

- Accessibility: Housing and community facilities are designed to be accessible for all, especially for people with motor, sensory and cognitive restrictions. One example of this is the nyoo lime project in Duisburg, where all apartments are designed to be fully accessible in order to enable inclusive and comfortable living. ↗ TNFD Report 2025, page 6 et seq.

- Variety on offer: Different types of living – from family-friendly apartments and accessible senior citizens' housing, to flexible multi-generation housing concepts – ensure a social mix and promote intergenerational interaction. Nuremberg's Seepalais showcases this diversity, with apartment sizes ranging from around 55 to 180 m² that appeal to both families and seniors. ↗ TNFD Report 2025, page 8 et seq.

- Services and facilities required: Neighborhood services such as childcare, shopping assistance, medical care and leisure activities support independent living in a familiar environment and mean residents do not have to travel far. One example is Parkstadt in Leipzig. Here daycare centers, schools and shopping facilities are located directly in the neighborhood, promoting living with everyday amenities nearby.
  ↗ TNFD Report 2025, page 10 et seq.

With this approach, we aim to design neighborhoods that not only meet current requirements, but are also fit for the future and suitable for all generations.

Presentation of the apartment mix FIGURE 027

METRICS AND TARGETS

S3-5

Targets related to affected communities
The Instone Group considers it its responsibility not only to provide housing, but also to generate a positive neighborhood impact for residents and the surrounding area. Our goal is to create housing that meets the needs of different groups of people and strengthens coexistence in the neighborhood. With the development of our residential areas, we aim to achieve an improvement in all six action areas defined by us, or at least to maintain the previous level. In doing so, it is important for us to make the impacts of our actions measurable and traceable based on clearly defined criteria in order to transparently document target achievement and continuously develop it.

The social impact scoring model figure 026 serves as the key control and verification tool: it enables the social added value of our projects to be systematically recorded and presented transparently. Through targeted measures in each action area, we strive to ensure that the result after our project development is consistent with the initial state or noticeably improves it.

Governance

We believe in responsible and transparent corporate governance. Our governance structures ensure compliance with legal requirements, promote integrity, and strengthen the trust of our stakeholders. We attach importance to clear responsibilities, effective risk management, and a corporate culture that places an emphasis on ethical conduct and sustainable decisions.

ESRS G1

253 Business conduct

Material topics:

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

12.7

days on average until payment of the invoice from the start of the contractual or statutory payment period

96.7%

of payments comply with standard payment terms

0

outstanding legal proceedings due to payment default

8 DECENT WORK AND ECONOMIC GROWTH

ESRS G1

BUSINESS CONDUCT

Material topics:

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

Business conduct

TABLE 130

		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: Short term	Time frame: Medium term	Time frame: Long term
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	**Increased shortage of skilled labor due to poor corporate culture** A poor corporate culture could cause the Instone Group to struggle to attract qualified employees, which in turn could exacerbate the skills shortage.		Risk		●		●	●	●
G1	**Management of supplier relationships, including payment practices**								
G1	**Relationship with suppliers** Depending on the size of the order, suppliers are dependent on timely or rapid 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

The Instone Group continually addresses the impacts, risks and opportunities related to sustainability matters with respect to its strategy and business model. The following two aspects were considered to be doubly material in the materiality assessment:

Corporate culture

- A positive corporate culture is very important, both in terms of the positive impacts on the company's own workforce and also the risks that an inadequate corporate culture could present for the company. A good corporate culture has a positive impact on the working environment and employee satisfaction and promotes a sense of belonging and commitment. The Instone Group is confident that this will have an overall positive impact on the quality of work output and the productivity of the workforce. A good corporate culture also strengthens our employees' loyalty to our company.

- By contrast, a negative corporate culture can pose a significant risk to the Instone Group. It could lead to increased employee turnover and thus to a financial and non-financial burden for the company by drawing on additional resources. A negative corporate culture can also damage our corporate image and lead to difficulties in recruiting new skilled workers.

- A lack of suitable skilled workers represents a material risk for the Instone Group and its operations. For example, a shortage of skilled workers, such as project developers, project managers or sales employees, increases the risk of delays and loss of quality in the planning and implementation of the housing projects we develop, and thus also increases the risk of higher project costs and lower profitability. Poor planning of our complex projects due to a shortage of qualified skilled personnel could result in extensive rework and thus lead to relevant financial burdens for the Instone Group. Furthermore, a shortage of skilled workers adversely affects the economic success of our company and thus ultimately our competitiveness if projects cannot be implemented optimally with available skilled personnel. The positive corporate culture that the Instone Group underscores with management guidelines and their ongoing implementation therefore makes an important contribution to strengthening our company's competitive position.

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 our suppliers. A decisive factor in the fair treatment of our suppliers is the payment behavior of the Instone Group and its operating subsidiaries. Late payments could jeopardize the trust-based, cooperative relationship with suppliers and endanger their own financial stability, especially in the case of small and medium-sized companies that are more vulnerable, for example if they are financially dependent on the Instone Group.

- 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 with whom relationships are strained might also be less willing to respond flexibly if there are bottlenecks in the supply of construction materials, or to work on joint solutions. This could also increase the risk of delays and thus result in additional costs in the construction process.

As part of its management of supplier relationships, the Instone Group has also carried out a human rights due diligence process to identify risks related to human rights in the supply chain. More detailed information can be found under "S2-1" on page 242 et seq.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

G1-1

Business conduct policies and corporate culture
In addition to the aspects of competence and transparency, the fundamental principles and also the most important topics of corporate culture that the Instone Group promotes and communicates both internally and externally are:

- the diversity of employees, which is the responsibility of the HR department in close consultation with the Management Board;
- the responsibility of our company towards people and the environment;
- the development of need-based affordable housing and, therefore, the creation genuine social added value, especially for cities and municipalities, and
- acting with integrity and an effective compliance organization that promotes compliance with the principles of the Instone Group through appropriate measures.

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

These principles of corporate culture are translated into specific behaviors based on the obligations for action set out in the guidelines and supplementary declarations mentioned below. The Management Board and management continually demonstrate this to their employees by adapting their behavior and attitudes in line with the same principles (tone from the top). Ultimately, the employees themselves also significantly shape this corporate culture through their everyday actions.

In order to promote a positive corporate culture and minimize the resulting risk for our company, the Management Board has adopted a wide range of binding guidelines that apply across the Group. They are available 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 contractors. These Codes specify existing obligations under law and also contain mandatory requirements relating to the activities of the employees of the Instone Group. They convey values that the Instone Group is firmly committed to and concern, among other topics, corruption, money laundering, charitable donations and sponsorship, competition and antitrust law, conflicts of interest, data protection and respect for human rights and equal opportunities. 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 the latest changes. The aims are to strengthen trust in the Instone Group, protect employees and prevent damage to our company and thus to secure and further expand sustainable corporate success.

Benefits
The Group-wide guidelines on benefits supplement the Code of Conduct by adding specific regulations and information on how to handle the giving and receiving of benefits, particularly with regard to the topic 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. For this purpose, the guidelines also contain, for example, a checklist for the management of benefits and instructions for employees, an approval procedure used by line managers and the Compliance department of the Instone Group, and a table with value limits relating to permitted benefits that are given and received.

Decisions
The Group-wide mandatory decision-making guidelines are an integral part of our internal control system and risk management and therefore an important instrument, including with regard to sustainability matters. The purpose of the guidelines is to protect the Instone Group from potential risks by defining functional responsibilities and specific rules for involvement, control and decision-making. Key elements include, for example, the specification of qualitative descriptions of issues relevant to decision-making in the realization of residential real estate projects, quantitative materiality limits such as thresholds in terms of amount, and the dual-control and multi-eyes principle. By specifying these criteria and applying formal decision-making and documentation processes – in some cases with the additional use of digital process chains – we ensure that decisions are made transparently in a uniform manner based on the same and generally accepted principles while maintaining consistently high standards.

Compliance management system
The Instone Group has developed a risk-oriented and preventive compliance strategy that makes employees aware of compliance issues and promotes a positive compliance culture within the company. Among other things, the guidelines include statements about our compliance culture and our corporate mission statement. They also define the organization and goals with respect to compliance issues and regulate how they are communicated within our 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 an essential 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 are designed to provide the employees of the Instone Group with assistance in ensuring that they use them safely and to ensure that business partners are chosen with care.

Further declarations
We have also developed a range of declarations and published them on our 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.

Implementing policies for business conduct and corporate culture
Every employee is responsible for complying with the conduct set out in the guidelines and declarations. 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. All employees are invited to participate in this development process and to contribute suggestions and ideas. This is possible, for example, during the annual qualitative assessment of the corporate culture as part of the employee satisfaction survey.

We consistently enforce compliance with our Code of Conduct. In the event of violations, the employee or employees concerned must therefore expect consequences commensurate with the severity of the violation and the other circumstances to be taken into account in this context. The respective line managers monitor and continually verify compliance with the provisions of the Code of Conduct. In addition, the Compliance Officer and Internal Audit may carry out independent audits. The compliance organization ensures that the culture of compliance is internalized by managers and employees as an essential part of the corporate culture. When compliance with the Code of Conduct is verified, internal and external reports from stakeholders regarding potential violations that are submitted on the Instone Group whistleblower system are taken into account.

In addition, we carry out extensive training measures to maintain, promote and develop our corporate culture. These refer to the material topics and principles of the Instone Group, as set out in the Code of Conduct. Compulsory training for all employees on subjects such as compliance, data protection and security, corruption and bribery, competition law and antitrust law, and occupational health and safety is carried out annually. The training courses are designed to deliver an in-depth learning program that provides comprehensive knowledge and skills relating to all aspects of the Code of Conduct. The theoretical knowledge is incorporated into practical use cases and then reviewed. Metrics for training are available under "S1-13" at page 238. GRI 205-2

G1-2

Management of relationships with suppliers

Minimizing negative impacts from relationships with suppliers and the resulting risks for the Instone Group is achieved in particular by the fact that the Instone Group itself expects, encourages and verifies compliance with the Code of Conduct by its own employees, page 86. In addition to transparent communication, the fair treatment and effective protection of suppliers primarily involve upholding the agreed payment terms. We have established a structured and formalized process for the digital processing of incoming invoices, which effectively prevents late payments, as shown below.

Furthermore, the Instone Group expects its contractual partners to take social, ethical and environmental standards into account. 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 240 et seqq. GRI 204-1, 308-1, 414-1

METRICS AND TARGETS

G1-6

Payment practices

As a reliable partner, the Instone Group usually contractually undertakes to pay invoices within 14 to 30 days of receiving them, depending on the agreed terms. 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 we overfulfilled our payment obligations in terms of payment periods. This forms an essential basis for trust-based cooperation between the Instone Group as the contractor and its contractual partners, and effectively protects small and medium-sized companies in particular that are exposed to financial risks resulting from late payment.

Payment practices TABLE 131

Average number of days until payment of the invoice from the date on which the calculation of the contractual or legal deadline for payment begins	12.7 days
Percentage of payments that comply with the standard payment terms	96.7%
Number of outstanding court proceedings due to late payment	0

Company-specific

Our aim is to create affordable housing and align our projects with society's needs. The focus here is on company-specific topics such as developing innovative construction concepts, supporting social infrastructure, and working with municipalities.

ESRS U1

Material topics:

Affordable living

–20.0%

Construction costs due to standardization and optimization of the entire project development and construction process at Nyoo Real Estate GmbH

–6

Months construction time due to standardization and optimization of the entire project development and construction process at Nyoo Real Estate GmbH

11 SUSTAINABLE CITIES AND COMMUNITIES

ESRS U1

COMPANY-SPECIFIC TOPICS

Material topics:

- **Affordable living**

Company-specific topics

TABLE 132

		Impact (positive/ negative)	Risk/ opportunity	Position in the value chain: Upstream	Own business area	Downstream	Time frame: Short term	Medium term	Long term
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

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 Economic Framework Conditions section provides a detailed overview of macroeconomic trends and their impacts on the housing market. page 17 et seqq. The new building gap in Germany is currently estimated at around 720,000 residential units.[1] There is also a continuing decline in building permits.[2] This results in a dynamic of rental and sales prices that deprives people in many income groups of the opportunity for adequate housing. According to Bündnis Soziales Wohnen (Social Housing Alliance), around 210,000 new social housing units are required each year to meet the need for social housing.[3] The affordable housing supply situation remains under strain due to inflation as well as increases in interest rates, construction and energy prices, especially in metropolitan regions.

As a leading housing developer in Germany, we are aware of our responsibility in this regard and want to help solve 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. In this context, we understand affordable housing to entail housing costs that do not exceed approx. 30% of monthly net household income. Our sustainability strategy includes an ongoing analysis of the impacts and risks related to affordable housing. Below, we 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 livable housing is one of the most pressing social issues of our time. By implementing residential construction projects, the Instone Group can make a positive contribution to resolving the housing issue in Germany despite the difficult market situation.
- The planning and development of subsidized housing creates affordable housing for low-income families, particularly in metropolitan areas with very high rental prices. GRI 201-4
- At the same time, modular and serial construction (nyoo concept) enables the creation of livable apartments at reduced costs. With this construction method, our subsidiary Nyoo Real Estate GmbH ensures that affordable housing can be offered in attractive B and C cities. Standardized processes speed up the construction process and reduce overall costs without compromising the quality of the apartments.
- 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 realized.
- Financial support for project development in the construction of subsidized housing is available in some federal states (for example in Baden-Württemberg).

[1] ZIA, 2024: "Frühjahrsgutachten der Immobilienweisen" (Spring Real Estate Industry Report), accessed at https://zia-deutschland.de/wp-content/uploads/2024/02/240220_PM-ZIA-Frühjahrsgutachten-d-Immobilienweisen.pdf
[2] Statista, 2025: accessed at https://de.statista.com/themen/1429/baugenehmigungen/
[3] Handelsblatt, 2025: "Jährlich wären 210.000 neue Sozialwohnungen nötig" (210,000 new social housing units required each year) accessed at https://www.handelsblatt.com/finanzen/immobilien/inside-energie-und-immobilien/wohnungsmangel-jaehrlich- waeren-210000-neue-sozialwohnungen-noetig/100105927.html

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 MDR-P

Policies related to affordable living

To be able to achieve affordable housing in Germany, all project development stakeholders must work closely together. The Instone Group must act as a project developer together with municipalities, 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 standardized construction and redensification, are crucial to achieving economic and ecological goals. The Instone Group sees one way of creating affordable housing in the use of specific support programs for subsidized or low-price housing. Funding instruments are essential levers for meeting the increasing demand for affordable housing, while at the same time promoting sustainable investment in housing. This also includes participation in nationwide programs such as KlimaQuartier. NRW, which supports projects that are implemented according to clearly defined energy and neighborhood-related criteria and thus contribute to the development of sustainable residential areas. The targeted use of such programs 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 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 by taking a serial and modular approach. At the heart of this conceptual approach are digitalization and standardization on three levels: product, process and production. Through standardization and digitalization, we optimize 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 related to affordable living

In response to the ever-increasing housing shortfall in Germany, Instone Real Estate Group SE is continuously working with its subsidiaries Instone Real Estate Development GmbH and, in particular, Nyoo Real Estate GmbH to optimize the overall value chain, for example with the lean management approach using Beeboard software. This is intended to help us continue to build housing even in challenging times. The Instone Group is pursuing two approaches in this regard:

Realization of subsidized and price-controlled housing

At the start of each project, we first investigate to what extent subsidized and price-controlled residential units can and must be realized. There are often municipal regulations that stipulate a certain minimum proportion of housing that is subsidized or price-controlled. These requirements are set out in the development plan. When drawing up new development plans, the Instone Group maintains a close dialog with the relevant city or municipal authorities in order to coordinate requirements jointly. Funding conditions can also vary across individual federal states, cities and municipalities. On this basis, we examine economically viable solutions.

Modular and serial construction

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, enabling efficiency gains and cost savings. A key element here is serial product development. A standardized planning and floor plan construction kit is used to streamline processes, creating synergies along the entire value chain. In addition, the consistent standardization and optimization of the entire project development and construction process ensures that construction costs can be reduced by up to 20% and construction time by up to six months. These measures ensure optimal use of all resources.

METRICS AND TARGETS

ESRS 2 MDR-T

Targets related to affordable living

The first projects completed by Nyoo Real Estate GmbH show that we are succeeding in creating affordable and sustainable housing. In addition, initial successes in urban planning competitions underscore the relevance of this approach. In North Rhine-Westphalia's largest urban development project at present, 6-Seen-Wedau, Nyoo Real Estate GmbH is contributing to sustainability alongside affordable housing. The nyoo berry and nyoo lime projects have been certified under KlimaQuartier.NRW[1]. Over the next few years, including the projects in Duisburg, Nyoo Real Estate GmbH will have more than 1,000 residential units in the project pipeline. The Instone Group will consistently continue to take steps to optimize serial and modular construction.

Furthermore, we are continuously pursuing our goal of examining how subsidized and price-controlled 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.

[1] https://www.energy4climate.nrw/kommunen/klimaquartiernrw

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, 6 March 2026

Management Board

Kruno Crepulja David Dreyfus Andreas Gräf

Appendix B (UNAUDITED)

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TABLE 133

ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 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		181 et seqq.
	GOV-1 Percentage of Board Members who are independent, Paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		181 et seqq.
	GOV-4 Statement on due diligence, Paragraph 30	Indicator no. 10 in Annex 1, Table 3				188
	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 of the Commission[6], Table 1: Qualitative disclosures of environmental risks, and Table 2: Qualitative disclosures of Social risks	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]	Pillar 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)	210
	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 of the Commission, Registration Form 3: Banking Book – Climate change transition risk: Adjustment indicators	Commission Delegated Regulation (EU) 2020/1818, Article 6		213 et seq.
	E1-5 Energy consumption from fossil fuels disaggregated by sources (high climate impact sectors only), paragraph 38	Indicator no. 5 in Annex 1, Table 1 and indicator no. 5 in Annex 1, Table 2				215
	ESRS E1-5 Energy consumption and mix, Paragraph 37	Indicator no. 5 in Annex 1, Table 1				215
	E1-5 Energy intensity associated with activities in high climate impact sectors, Paragraphs 40 to 43	Indicator no. 6 in Annex 1, Table 1				215
	E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators 1 and 2 Annex 1, Table 1	Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 of the Commission, 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)		216 et seqq.

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 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 Table 1 in Annex 1	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 of the Commission, Registration Form 3: Banking Book – Climate change transition risk: Adjustment indicators	Commission Delegated Regulation (EU) 2020/1818, Article 8 (1)		216 et seqq.
	E1-7 GHG removals and Carbon credits, Paragraph 56				Regulation (EU) 2021/1119, Article 2 (1)	218
	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		218 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 Climate Change transition risk: Loans collateralized 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		218 et seqq.
ESRS 2	SBM-3 – E4 Paragraph 16 (a) (i)	Indicator no. 7 in Annex 1, Table 1				223
	SBM-3 – E4 Paragraph 16 (b)	Indicator no. 10 in Annex 1, Table 2				223
	SBM-3 – E4 Paragraph 16 (c)	Indicator no. 14 in Annex 1, Table 2				223

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 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				224
	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				224
ESRS E5	E5-5 Non-recycled waste, Paragraph 37 (d)	Indicator no. 13 in Annex 1, Table 2				230
	E5-5 Hazardous waste and radioactive waste, Paragraph 39	Indicator no. 9 in Annex 1, Table 1				230
ESRS 2	SBM3 – S1 Risk of incidents of forced labor, Paragraph 14 (f)	Indicator no. 13 in Annex I, Table 3				-
	SBM3 – S1 Risk of incidents of child labor, 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 Annex I, Table 3 and indicator no. 11 in Annex I, Table 1				234
	S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, Paragraph 21			Commission delegated Regulation EU) 2020/1816, Annex II		234
	S1-1 Processes and measures for preventing trafficking in human beings, Paragraph 22 Paragraph 22	Indicator no. 11 in Annex I, Table 3				-
	S1-1 Workplace accident prevention policy Paragraph 23	Indicator no. 1 in Annex I, Table 3				-
	S1-3 Grievance/complaints handling mechanisms, Paragraph 32 (c)					235
	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		239
	S1-14 Number of days lost to injuries, accidents, fatalities or illness, Paragraph 88 (e)	Indicator no. 3 in Annex I, Table 3				239
	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		239
	S1-16 Excessive CEO pay ration, Paragraph 97 (b)	Indicator no. 8 in Annex I, Table 3				239

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ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 Reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
	S1-17 Cases of discrimination, Paragraph 103 (a)	Indicator no. 7 in Annex I, Table 3				239
	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 labor or forced labor in the value chain, Paragraph 11 (b)	Indicators no. 12 and no. 13 in Annex I, Table 3				241
ESRS S2	S2-1 Human rights policy commitments, Paragraph 17	Indicator no. 9 in Annex 1, Table 3 and indicator no. 11 Annex 1, Table 1				242 et seq.
	S2-1 Policies related to value chain workers, Paragraph 18	Indicators no. 11 and no. 4 in Annex 1, Table 3				242 et seq.
	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 Organization Conventions 1 to 8 Paragraph 19			Commission delegated Regulation (EU) 2020/1816, Annex II		242 et seq.
	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				243 et seqq.
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)		-
	S3-4 Human rights issues and incidents, Paragraph 36	Indicator no. 14 in Annex 1, Table 3				-

Appendix B

TABLE 133

ESRS	Disclosure requirement and related datapoint	SFDR reference[1]	Pillar 3 Reference[2]	Benchmark Regulation reference[3]	Climate Law reference[4]	Page
ESRS S4	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				255 et seqq.
	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) 2020/1818 Article 12 (1)		-
	G1-4 Standards of anti- corruption and anti-bribery, Paragraph 24 (b) Indicator no. 16 in Annex 1, Table 3	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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GRI content index

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IFRS S2-Reporting-Index

IFRS S2-Reporting-Index

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Governance			
Description of governance structures, processes, and control mechanisms for monitoring and managing climate-related risks and opportunities.	S2.6(a). Describe the board's roles and responsibilities in dealing with climate-related risks and opportunities.	Sustainability report – General disclosures: GOV-1, GOV-2	181-187
	S2.6(b). Describe management's role in the processes, controls, and procedures for monitoring and managing climate-related risks and opportunities.	Sustainability report – General disclosures: GOV-1, GOV-1, GOV-2	181-187
Strategy			
	S2.9 Overview of the five strategic disclosure elements: climate-related risks and opportunities, business model and value chain, strategic orientation including transformation path, financial impacts, resilience assessment.	Sustainability report – General disclosures: SBM-1, SBM-3, IRO-1	190, 193, 198 et seqq.
	S2.10 Specific disclosure of climate-related risks and opportunities that may significantly affect the Company's future development and performance.	Sustainability report – General disclosures: GOV-1 Environment E1: ESRS 2 SBM-3	181 et seqq., 209
	S2.11 Identify climate-related risks and opportunities based on all reasonable and available information, without undue effort, including lessons learned from the past, present, and future forecasts.	Sustainability report – General disclosures: BP-2	180 et seq.
	S2.13 Presentation of current and forecast impacts on business model and value chain.	Sustainability report – General disclosures: SBM-1	190
	S2.14 Explanation of the impact of climate-related risks and opportunities on business strategy and decision-making processes, including the transformation plan.	Sustainability report - Environment E1: ESRS 2 SBM-3, E1-1	209, 210
	S2.15 Report current and forecast financial impacts of climate-related risks and opportunities.	Sustainability report – Environment: E1-9	218 et seqq.
	S2.16 Quantitative and qualitative information on strategic disclosure requirements.	Sustainability report – Environment: E1-9	218 et seqq.
Strategic approach to managing climate-related risks.	S2.22 Evaluation of climate resilience through scenario analysis, including description of methodology and disclosure of key results.	Sustainability report – Environment: E1-9	218 et seqq.

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Risk Management			
Description of the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities, and their integration into the company-wide risk management system.	S2.25 Specifically disclose the processes and directives for dealing with climate-related risks and opportunities, and how they are embedded in the overall risk management.	Risk and opportunities report, Sustainability report - general disclosures: GOV-5	43 et seqq., 189
Metrics and targets			
Understanding performance in managing climate-related risks and opportunities, including progress against internal targets and regulatory requirements.	S2.28 Report cross-sector and sector KPIs, including target settings and target achievement.	Sustainability report – Environment: E1-4, E1-6	213 et seq., 216 et seqq.
	S2.29 Detailed disclosure of the cross-sector KPIs in accordance with IFRS S2.	Sustainability report – Environment: E1-4, E1-6	213 et seq., 216 et seqq.
	S2.33 Presentation of climate-related goals, including legal requirements, and any required disclosures for each goal.	Sustainability report – Environment: E1-4, E1-6	213 et seq., 216 et seqq.
	S2.34 Describe the approach to establishing, reviewing and monitoring climate-related goals.	Sustainability report – Environment: E1-4	213 et seq.
	S2.35 Presentation of performance against goals set, including trend and change analysis.	Sustainability report – Environment: E1-4	213 et seq.
	S2.36 Additional disclosures required for greenhouse gas objectives.	Sustainability report – Environment: E1-6	216 et seqq.

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TABLE 136

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Governance			
	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	181 et seqq., 185 et seqq., 188, 189
	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	181 et seqq., 185 et seqq., 189, 198 et seqq.
Disclosure of governance regarding nature-related dependencies, impacts, risks and opportunities	C. Describe the organization'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 organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	Sustainability report – General disclosures: GOV-2, GOV-4, SBM-2	188, 190 et seqq.
		Sustainability report – Environment: E4-2, E4-3	223
Strategy			
	A. Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term	Sustainability report – General disclosures: IRO-1, SBM-3	193 et seqq., 198 et seqq.
		Nachhaltigkeitsbericht – Umwelt E4: ESRS 2 SBM 3	223
	B. Describe the impact of nature-related dependencies, impacts, risks and opportunities on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analyses.	Sustainability report – General disclosures: SBM-3	193 et seqq.
		Sustainability report – environment:E4-1, E4-2, E4-3, E4-4, E4-6, E5-1, E5-2, E5-3, E5-6	223 et seq., 224 et seq., 225, 227 et seq., 228 et seq., 229, 230
	C. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios	Sustainability report – environment: E4-3, E4-5, E4-6, E5-6	224 et seq., 229
The strategic approaches to identifying and managing nature-related dependencies, impacts, risks and opportunities and their integration into the corporate strategy	D. Disclose the locations of assets and/or activities in the organization'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	193 et seqq., 198 et seqq.

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Risk Management			
Methods for identifying, assessing and managing nature-related dependencies, impacts, risks and opportunities	A. Describe the organization's processes for identifying, assessing and prioritizing 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	190, 193 et seqq., 198 et seqq.
		ii) Sustainability report – General disclosures: IRO-1, SBM-1, SBM-3	190, 193 et seqq., 198 et seqq.
	B. Describe the organizations processes for managing nature-related dependencies, impacts, risks and opportunities	Sustainability report – general disclosures: IRO-1	198 et seqq.
		Sustainability report – Environment: E4-2, E5-1	224, 227 et seq.
	C. Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes	Sustainability report – general disclosures: IRO-1	198 et seqq.
Metrics and targets			
Establishing and disclosing specific metrics and targets to monitor and manage nature-related dependencies, impacts, risks and opportunities	A. Disclose the metrics used by the organization 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	225, 230
	B. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature	Sustainability report – General disclosures: SBM-3	225, 230
	C. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these	Sustainability report – Environment: E1-1, E4-4	225, 230

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.

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 German cities of regional and, to a limited extent, national importance that significantly impact the surrounding regions.

At the Instone Group these attractive cities are grouped under the umbrella term "add cities".

CAPITAL MARKET SALES

Form of selling characterized by a multi-level agency organization. The agency organization sells Instone Group developments to capital investors.

CONTRACTUAL TRUST ARRANGEMENT (CTA)

Pension trust company.

CONVERSION (CONVERSION AREAS)

Conversion or change of use

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

Commitment period of capital invested in fixed-interest securities.

EBIT

Earnings before interest and taxes.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

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.

FTE

Full-time equivalent (FTE) is a key indicator used in staff planning. The standard used to convert an FTE into working hours is the average number of working hours per work day.

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.

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 organization that publishes a sustainability report.

GROWTH OPPORTUNITIES ACT

An act that came into force in March 2024 to strengthen growth opportunities, investment and innovation, tax simplification and tax fairness.

ICS

The internal control system (ICS) is a system of technical and organizational rules for methodological management and controls in the company and is designed to ensure compliance with regulations and prevent losses.

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 recognize 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.

IFRS S2

IFRS S2 is a climate-related reporting standard published by the International Sustainability Standards Board (ISSB). It details the requirements from IFRS S1 for climate-related matters and requires disclosure of climate-related risks and opportunities that may affect the financial position, performance, cash flows or enterprise value. The standard requires disclosures on governance, strategy, risk management, metrics and targets, including greenhouse gas emissions (Scope 1, 2 and 3), climate targets and transition plans. IFRS S2 is strongly aligned with the recommendations of the TCFD and is intended to provide investors with consistent, comparable and decision-relevant information on climate-related impacts on companies.

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.

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.

LIFE CYCLE ANALYSIS SOFTWARE

Software designed to optimize the energy-related, 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.

NEIGHBORHOOD DEVELOPMENT

Neighborhood development encompasses the holistic planning, design and implementation of urban subspaces. The aim is to create neighborhoods in which living, working, mobility, care and recreation blend harmoniously together.

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.

POC METHOD

Percentage-of-completion method.

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.

PURCHASING POWER INDEX

Regional purchasing power level per inhabitant or household compared to the national average (with a standard value of 100).

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.

REALIGNMENT OF BOUNDARIES (BOUNDARY AREAS)

When realigning boundaries, scattered plots of land are grouped into a larger plot and surrounding plots are assigned to a central plot to increase the usability of the land.

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 neighborhood 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.

SUBSIDIZED RESIDENTIAL SPACE

Homes for rent that have been created or modernized 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).

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.

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.

TASKFORCE 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 organizations 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 minimize biodiversity losses.

THOUSAND-PERSON RATE

Reportable accidents at work per 1000 full-time workers.

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.

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 utilization 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 utilization of areas to be left free from development.

Quarterly comparison

TABLE 137

In millions of euros		Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Real estate business key performance indicators									
Volume of sales contracts		273.3	132.7	54.7	41.6	173.6	34.7	33.9	88.0
Volume of sales contracts	In units	352	268	106	76	366	55	68	213
Project portfolio (existing projects)		7,095.4	7,076.8	6,840.7	6,971.4	6,891.1	7,111.0	7,124.9	6,885.8
of which already sold		2,727.0	2,603.3	2,470.5	2,796.4	2,755.0	2,675.8	2,784.8	2,781.1
Project portfolio (existing projects)	In units	14,089	14,187	13,793	14,236	14,243	14,650	14,760	14,252
of which already sold	In units	5,784	5,823	5,555	6,264	6,188	6,074	6,448	6,430
Volume of new approvals[1]		176.4	255.6	216.7	71.2	0.0	0.0	261.6	0.0
Volume of new approvals	In units	405	636	397	109	0	0	566	0
Cash flow from operations		-13.2	-1.1	16.4	-16.9	-24.6	107.7	47.0	-27.7
Adjusted results of operations									
Revenues adjusted		156.9	116.5	126.0	105.0	142.7	129.1	135.9	119.5
Project costs adjusted		-119.8	-91.9	-95.6	-76.9	-116.4	-101.8	-102.9	-86.9
Gross profit adjusted		**37.2**	**24.5**	**30.4**	**28.1**	**26.3**	**27.3**	**32.9**	**32.7**
Gross profit margin adjusted	In %	**23.7**	**21.0**	**24.1**	**26.8**	**18.4**	**21.1**	**24.2**	**27.4**
Platform costs adjusted		-23.3	-19.8	-16.9	-17.7	-17.1	-18.9	-19.2	-17.7
Share of results of joint ventures adjusted		2.0	1.6	2.4	2.6	2.9	3.6	3.8	0.9
Earnings before interest and tax (EBIT) adjusted		**15.9**	**6.3**	**16.0**	**12.9**	**12.1**	**12.0**	**17.6**	**15.8**
EBIT margin adjusted	In %	**10.1**	**5.4**	**12.7**	**12.3**	**8.5**	**9.3**	**13.0**	**13.2**
Results from investments adjusted		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result adjusted		-3.7	-0.9	-2.3	-2.7	-1.2	0.0	-2.5	-3.2
Earnings before tax (EBT) adjusted		**12.2**	**5.4**	**13.7**	**10.2**	**10.9**	**11.9**	**15.2**	**12.6**
EBT margin adjusted	In %	**7.8**	**4.6**	**10.9**	**9.7**	**7.6**	**9.2**	**11.2**	**10.5**
Income taxes adjusted		-2.1	-1.1	-3.9	-2.8	-3.1	-3.3	-4.2	-3.1
Earnings after tax (EAT) adjusted		**10.2**	**4.2**	**9.7**	**7.5**	**7.9**	**8.5**	**10.9**	**9.6**
EAT margin adjusted	In %	**6.5**	**3.6**	**7.7**	**7.1**	**5.5**	**6.6**	**8.0**	**8.0**
Earnings per share (adjusted)	In euros	0.23	0.09	0.22	0.17	0.18	0.19	0.25	0.22

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

Multi-year overview

TABLE 138

In millions of euros

		2025	2024	2023	2022	2021
Key liquidity figures						
Cash flow from operations		-14.8	102.5	107.7	70.2	43.9
Cash flow from operations without new investments		55.2	148.0	118.1	187.2	256.3
Free cash flow		-16.9	116.6	119.2	79.6	167.4
Cash and cash equivalents and term deposits[1]		252.6	266.2	267.7	255.6	151.0
Key balance sheet figures						
Total assets		1,818.2	1,939.0	1,839.6	1,780.3	1,520.8
Inventories		1,147.9	1,188.1	1,085.8	967.3	843.7
Contract assets		131.0	91.1	177.1	333.6	358.0
Equity		614.9	593.4	576.0	573.0	590.9
Financial liabilities		492.1	511.3	532.6	520.6	390.5
of which corporate finance		106.1	137.2	176.8	179.7	199.1
of which project financing		386.0	374.1	355.8	341.0	191.4
Net financial debt[2]		151.5	132.5	186.8	265.1	239.5
Leverage		2.8	2.1	2.1	2.8	1.5
Loan-to-cost[3]	In %	11.9	10.5	15.1	20.8	20.1
ROCE adjusted[4]	In %	7.1	8.1	10.3	10.2	22.0
Employees						
Number		410	417	468	486	457
FTE[5]		339.6	341.9	382.5	409.4	387.6

In millions of euros

		2025	2024	2023	2022	2021
Real estate business key performance indicators						
Volume of sales contracts		502.3	330.2	211.4	292.1	1,140.1
Volume of sales contracts	In units	802	702	370	530	2,915
Project portfolio (existing projects)		7,095.4	6,891.1	6,972.0	7,668.8	7,500.0
of which already sold		2,727.0	2,755.0	2,693.4	2,980.5	3,038.9
Project portfolio (existing projects)	In units	14,089	14,243	14,252	16,209	16,418
of which already sold	In units	5,784	6,188	6,217	7,309	7,215
Volume of new approvals[6]		719.9	261.6	0.0	336.7	1,587.4
Volume of new approvals	In units	1,547	566	0	749	3,245
Adjusted results of operations						
Revenues adjusted		504.4	527.2	616.0	621.0	783.6
Project costs adjusted		-384.2	-408.0	-461.5	-463.8	-562.1
Gross profit adjusted		**120.2**	**119.2**	**154.5**	**157.2**	**221.5**
Gross profit margin adjusted	**In %**	**23.8**	**22.6**	**25.1**	**25.3**	**28.3**
Platform costs adjusted		-77.7	-72.9	-76.5	-72.5	-80.5
Share of results of joint ventures adjusted		8.6	11.2	8.1	3.9	14.6
Earnings before interest and tax (EBIT) adjusted		**51.1**	**57.5**	**86.1**	**88.6**	**155.7**
EBIT margin adjusted	**In %**	**10.1**	**10.9**	**14.0**	**14.3**	**19.9**
Results from investments adjusted		0.0	0.0	0.0	0.0	0.1
Financial result adjusted		-9.6	-6.9	-14.9	-15.9	-19.3
Earnings before tax (EBT) adjusted		**41.5**	**50.6**	**71.2**	**72.7**	**136.5**
EBT margin adjusted	**In %**	**8.2**	**9.6**	**11.6**	**11.7**	**17.4**
Income taxes adjusted		-9.9	-13.7	-23.1	-22.6	-39.6

TABLE 138

In millions of euros

		2025	2024	2023	2022	2021
Earnings after tax (EAT) adjusted		**31.6**	**36.9**	**48.2**	**50.0**	**96.9**
EAT margin adjusted	In %	**6.3**	**7.0**	**7.8**	**8.1**	**12.4**
Earnings per share (adjusted)	In euros	0.71	0.84	1.14	1.11	2.10
Dividend per share	In euros	0.43[7]	0.50	0.33	0.35	0.62
Distribution amount		18.60[7]	21.7	14.3	15.2	28.7

[1] Term deposits comprise cash investments of more than three months. Excluding restricted cash and cash equivalents of €114.9 million (31 December 2024: €160.0 million) from the "Westville" subsidized loan.

[2] Net financial debt = financial liabilities less cash and cash equivalents and term deposits. Excluding the €88.0 million (31 December 2024: €112.6 million) subsidized 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

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

Management Board
Kruno Crepulja (Chairman/CEO)
David Dreyfus
Andreas Gräf

Chair 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 and implementation
RYZE Digital
www.ryze-digital.de

Financial calendar

17/03/2026	Publication of annual report as at 31 December 2025
07/05/2026	Publication of quarterly statement as at 31 March 2026
06/08/2026	Publication of half-year report as at 30 June 2026
05/11/2026	Publication of quarterly statement as at 30 September 2026

GRI 2-3

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