

## **Instone Group: Solid start to the year despite geopolitical headwinds; signing of institutional deals expected in the near future**

- *Adjusted revenues of EUR 79.3 million in the first quarter of 2026 (Q1 2025: EUR 105.0 million) were still impacted by temporarily lower construction output due to weather conditions; this is expected to be made up as planned over the course of the year*
- *Adjusted gross margin remained at an industry-leading level of 27.6% (Q1 2025: 26.8%), once again highlighting the quality of the project portfolio and Instone Group's cost leadership*
- *Sales volume of EUR 41.7 million (Q1 2025: EUR 41.6 million) reflects short-term restraint amid geopolitical uncertainty; institutional transactions are in advanced negotiations*
- *Adjusted earnings after taxes of EUR 0.9 million (Q1 2025: EUR 7.5 million); a significant increase in earnings is expected as revenues rise in the coming quarters*
- *With a very strong balance sheet (loan-to-cost: 18.8%), the company is well positioned for further growth*
- *Outlook for 2026 confirmed: adjusted revenues of EUR 550 to EUR 600 million, adjusted earnings after taxes of EUR 35 to EUR 40 million, sales of EUR 650 to EUR 750 million*

**Essen, Germany, 7 May 2026:** Instone Real Estate Group SE ("Instone Group") started the 2026 financial year with solid business performance overall in a market environment currently shaped by geopolitical headwinds. While interest from private and institutional investors continued to increase in the first quarter of 2026 and reservations remain at a high level, the outbreak of the conflict in the Middle East had a short-term negative impact on sales in the private customer segment. By contrast, the institutional business is currently less affected.



Two transactions with a total volume of around EUR 80 million are already in advanced negotiations and are expected to be signed in the near future. Based on the high level of reservations and assuming a stabilisation of the geopolitical situation, the Management Board expects catch-up effects in single unit sales in the coming months. In addition, several new sales launches from the second quarter onwards are expected to provide a boost in demand. Overall, the Management Board therefore continues to view the sales target for the full year as achievable.

The comparatively cold winter also dampened construction activity in the first quarter. The Management Board expects these effects to be made up over the course of the year, resulting in significantly higher revenues and earnings in the coming quarters. Overall, the outlook for the 2026 financial year can therefore be confirmed.

### **Instone Group maintains industry-leading profitability**

Adjusted revenues in the first quarter of 2026 amounted to EUR 79.3 million and were, as planned, still below the previous year's level (Q1 2025: EUR 105.0 million), primarily due to lower construction output as a result of weather-related effects. Instone Group expects this to be made up over the course of the year. The closing of institutional transactions and an expected acceleration in single unit sales are also expected to support revenue development.

The adjusted gross margin in the first quarter of 2026 was 27.6 percent (Q1 2025: 26.8 percent), remaining at a very high, industry-leading level. This strong profitability underscores the quality of the project portfolio and is also attributable to structural competitive advantages such as economies of scale in purchasing and a high level of vertical integration, including in-house construction management. For the full year 2026, the company continues to expect an adjusted gross margin of over 24.0 percent. The conflict in the Middle East and the sharp rise in crude oil prices and energy costs have already led to higher costs for certain building materials. However, given Instone Group's strong market position and prudent cost assumptions, no noticeable negative impact on the guidance is expected for the current financial year.

Due to the temporarily significantly lower revenue volume and a slight increase in platform costs, adjusted operating profit (adjusted EBIT) decreased to EUR 4.6 million (Q1 2025: EUR



12.9 million). Adjusted earnings after taxes of EUR 0.9 million were also, as expected, below the prior-year level (Q1 2025: EUR 7.5 million), partly also due to a somewhat more negative net financial result. However, the Management Board expects results to increase significantly as sales and construction output pick up in the coming quarters.

**Geopolitical uncertainty weighs on sales despite strong customer interest; positive development in institutional business with signings expected in the near future**

In the first quarter, which is generally the seasonally weakest quarter, Instone Group sold properties with a total value of EUR 41.7 million, remaining broadly in line with the prior-year level (Q1 2025: EUR 41.6 million). Single unit sales increased by 5.9 percent year-on-year to EUR 41.0 million.

In single unit sales to private buy-to-let investors and owner occupiers, customer interest, as measured by key demand indicators such as reservations, continues to be significantly above the prior-year level. However, the conflict in the Middle East and the resulting macroeconomic uncertainty temporarily weighed on customers' willingness to close transactions. The increased uncertainty is also reflected in longer processing times at banks for mortgage approvals, which has also slowed the pace of sales. Instone Group expects that the high level of customer interest, together with the high level of reservations, will translate into significant catch-up effects in the coming months. A key growth driver for the private customer business remains the number of sales launches expected to enter the market in greater numbers from the second quarter onwards.

These projects are specifically tailored to the attractive incentive scheme of the Growth Opportunities Act for buy-to-let investors. They benefit from an increased degressive depreciation rate of 5.0 percent p.a. as well as an additional linear special depreciation of a further 5.0 percent p.a. over four years for energy efficient residential buildings, enabling very attractive post tax returns.

In the business with institutional buyers, the company has already made significant progress in the first months of the year. Two transactions with a total sales volume of just over EUR 80.0 million are in advanced negotiations, with signings expected in the near future. The company is also currently in talks regarding additional institutional transactions. Overall, the



Management Board therefore expects the recovery in demand to continue and continues to view the sales target for 2026 of EUR 650 to EUR 750 million as realistic.

### **Strong balance sheet provides significant growth potential**

The strength of Instone Group's balance sheet continues to represent an important competitive advantage in the current market environment, which is also increasingly paying off as attractive growth opportunities are being seized

The ratio of net debt to contract assets plus balance sheet inventories valued at cost (loan-to-cost, LTC) remained at a low level of 18.8 percent as of the reporting date (31 December 2025: 11.9 percent). The ratio of net debt to adjusted EBITDA stood at 4.0x (31 December 2025: 2.8x).

As of 31 March 2026, freely available cash amounted to around EUR 220 million. In addition, the company has substantial undrawn revolving credit facilities (RCFs) of approximately EUR 190 million.

As a result of the execution of the growth strategy, a temporary increase in financial gearing ratios is to be expected. However, maintaining a strong balance sheet remains a cornerstone of Instone Group's business model.

### **Attractive project portfolio secures revenue potential for the coming years; acquisitions strengthen the basis for future growth**

As of the reporting date, the expected sales value of Instone Group's project portfolio (gross development value, GDV) was around EUR 7.0 billion (31 December 2025: EUR 7.1 billion). In addition, the Group holds projects in non-consolidated entities with a proportionate revenue volume of over EUR 800 million. The current pipeline already secures business potential for the coming years.

Projects in the portfolio currently under construction account for around EUR 2.7 billion, of which around 89.0 percent has already been sold. This continues to provide high visibility regarding future revenues and cash flows.



With regard to further developing the project portfolio and strengthening the growth profile, the market for land acquisitions has developed significantly positively on the supply side. Instone Group is taking advantage of the opportunities currently available in the market and has completed another acquisition in the current financial year with a GDV of just over EUR 100 million, following acquisitions with a GDV of approximately EUR 1.2 billion in 2025. These projects offer above-average returns and further strengthen the basis for growth in the coming years. Around half of the acquired volume to date is planned to be realised together with strong financial investors. The company continues to have an extensive acquisition pipeline and plans to acquire land with a total GDV of at least EUR 2.0 billion across the 2025 and 2026 financial years.

“Geopolitical tensions have left short-term skid marks in an otherwise robust demand environment. However, the sales developments in recent weeks show us that we are on a good path to achieving our annual targets and continuing our growth trajectory in a market with a structural housing shortage,” says Kruno Crepulja, CEO of Instone Real Estate Group SE.

### **Outlook for 2026 anticipates significantly positive business development**

Based on the expected further recovery in demand in 2026, the Management Board assumes sales of EUR 650 to EUR 750 million. This will be reflected in revenues with a time lag. For 2026, the Management Board therefore expects adjusted revenues of EUR 550 to EUR 600 million, an adjusted gross margin of over 24.0 percent, and adjusted earnings after taxes of EUR 35 to EUR 40 million.

In the current geopolitical situation, the Management Board notes that the outlook assumes that there will be no prolonged conflict in the Middle East and therefore no lasting macroeconomic turmoil that would affect the company’s business model.

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



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

The Instone Group is one of the leading residential developers in Germany and is listed on the Prime Standard of the German stock market. Since 1991, we have been developing future-proof and sustainable urban residential quarters with apartments for sale or rent throughout Germany – to provide a long-lasting good life in the country's metropolitan areas. Our diverse expertise, combined with efficient processes and a solid financial basis, creates real added value for our stakeholders in environmental, social and economic terms. This means we are taking responsibility for one of the most pressing social issues of our time – creating needs-based and attractive living space. The company employs 425 employees at nine locations across Germany. As at 31 March 2026, the project portfolio included 48 development projects with an anticipated overall sales volume of approximately EUR 7.0 billion and around 14,000 residential units. [www.instone-group.de/en](http://www.instone-group.de/en)

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