

INSTONE REAL ESTATE GROUP: Adjustment of group forecast for the financial year 2018

Essen, 13 August 2018. In the context of the preparation of the interim financial reporting and in connection with the application of IFRS 15, Instone Real Estate Group N.V. adjusts its forecast for the financial year 2018.

According to this, Instone Real Estate Group N.V. expects to close its financial year 2018 with group revenues amounting between €370 million and €400 million and consolidated results before taxes adjusted by effects of PPA amortization (adjusted EBT) amounting between €32 million and €37 million. PPA amortization effects result from business acquisitions in 2014 and 2015 and reflect write-offs that have to be made on these purchase objects. Accordingly, the management board expects group revenues, which are between €50 million and €70 million above the previous forecast. The adjusted EBT is expected to be circa €7 million higher than previously expected.

As regards the Operating Performance, consisting of the sum of revenues and changes in inventory, the management board confirms its forecast target of more than €500 million. Moreover, for the financial year 2018 the management board still expects a volume of concluded sales contracts based on projects available for sale or ready for the start of the marketing phase of more than €500 million.

The adjustment of the forecast is made in the context of the preparation of the half-year financial report of the company. The management board expects a positive effect on the group revenues and consolidated results for the full financial year - detached from the development of the business - caused by the adoption of IFRS 15 since the beginning of the financial year 2018. The adoption of IFRS 15 impacts, detached from the underlying business, the net assets and results of operations of the company. Inter alia, it has the effect that also revenues from concluded purchase agreements concerning condominiums not yet delivered are taken into account in accordance with the respective performance progress.

Moreover, the management board announces that a continuation of the valuation method applied until end of the last financial year (Completed Contract Method), based on which the previous forecast was given, would have had presumably no effect on the forecast values described for the financial year 2018.

For the first half of the financial year 2018, Instone Real Estate Group N.V. provisionally expects the following results at group level:

- Revenues: €144 million
- Adjusted EBT: €7,7 million
- Operating Performance: €148 million
- Volume of concluded sales contracts: €150 million

The adjusted EBT for the first half year of 2018 will presumably only slightly increase compared to the first quarter 2018 since the Instone group will presumably have to make write-downs under IFRS 15 regarding three purchase agreements concluded with institutional investors, which will not have any effects on the respective overall projects.

Instone Real Estate Group N.V. currently prepares its half-year financial report for the first half-year 2018. The publication of the half-year financial report for the first half-year 2018 is planned for 24 August 2018.

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