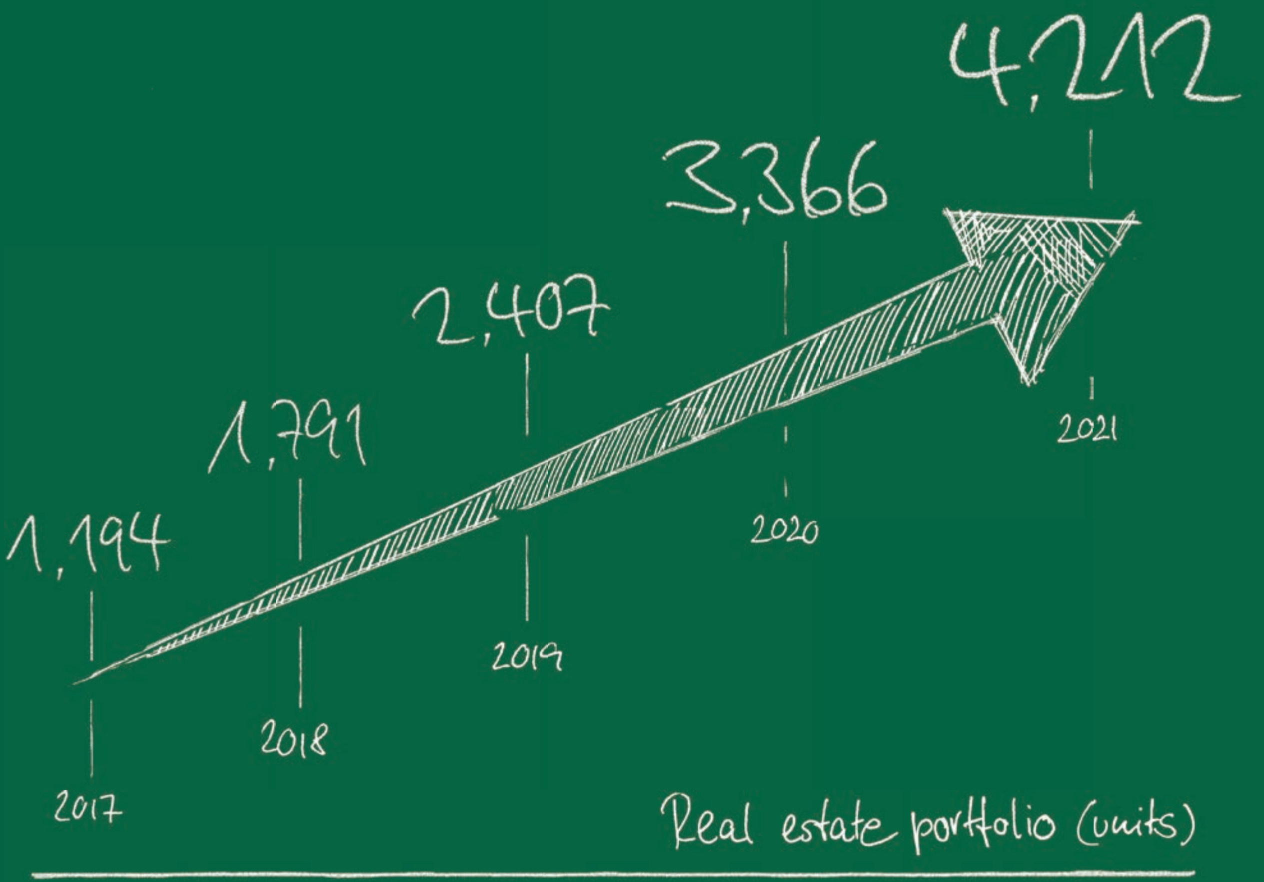
NORATIS

INVESTIERT IN WOHNEN



Annual Report 2021

abridged version [1]

Group Key Figures

(IFRS)

	2017*	2018*	2019	2020	2021
Revenue (million EUR)	68.0	56.1	76.0	28.7	73.6
EBIT (million EUR)	15.2	15.6	15.8	8.2	19.4
EBT (million EUR)	12.2	12.8	11.5	4.2	13.4
Consolidated net income (million EUR)	8.7	9.3	8.3	2.8	9.5
Earnings per share (weighted, undiluted, EUR)**	2.97	2.57	2.29	0.69	1.97
NAV per share (at market value)	-	-	19.60	22.80	30.16
Total assets (million EUR)	127.8	214.1	260.7	367.6	446.6
Units sold**	587	294	339	86	299
Units aquired	773	893	955	1,045	1,145
Existing units	1,194	1,791	2,407	3,366	4,212
Rental space of the property portfolio (rounded, sqm)	80,000	123,000	161,000	225,000	279,000

* According to German Commercial Code

** 2017 - 2018 based on German Commercial Code (number of shares at year-end), as of 2019 forward based on IFRS (weighted number of shares)

[1] only the German version of the annual report is relevant concerning the reporting standards of the Noratis AG

We take responsibility

There is an ever-growing demand for attractive living space. At the same time, Germany has countless aging properties characterised by modernisation backlog, high vacancy rates or a tense living environment. We recognise and realise this potential. In doing so, we create and maintain living space throughout Germany that is both attractive and affordable. Our approach is aimed at creating sustainable value for all stakeholders – including, of course, our shareholders.

Dear shareholders,

Noratis AG continued to develop extremely successfully in the financial year 2021. The real estate portfolio was expanded as planned; likewise, two major portfolio sales were made in 2021. The annual result has not only improved, new records have even been set in 2021. In addition, Noratis has further developed its strategy and is benefiting from its work as a portfolio developer. For this purpose, properties designated for long-term rental are added to investment properties and reported accordingly under fixed assets. This allows Noratis to profit from attractive rental yields in the long term. At the same time, its modernisation expertise has been expanded to address future challenges regarding sustainability.

We are very pleased with our business performance in 2021. Earnings before interest and taxes (EBIT) increased by 136 percent to EUR 19.4 million, up from EUR 8.2 million in 2020. Earnings before tax (EBT) improved by 223 percent to EUR 13.4 million, up from EUR 4.2 million in the previous year. Profit for the period rose by 241 percent to EUR 9.5 million, up from the prior-year figure of EUR 2.8 million. In 2021, Noratis thus achieved the best results to date in the Company's history.

This clear success can be attributed to several factors. We boosted our rental income based on the expanded property portfolio to EUR 23.0 million from EUR 16.7 million in the previous year. Our declared goal is to achieve sustainable profitability from portfolio management alone. In 2021, we took another big step in this direction. Although we intend to continue selling off individual portfolios in the future, in establishing an investment property portfolio we will use the attractive rental income from the properties we develop to create value for Noratis for a longer time. In this way, we will become less dependent on sales proceeds.

After deliberately refraining from portfolio sales in financial year 2020, we executed two portfolio sales again in 2021. This allowed us to realise the value appreciation resulting from the portfolio development as profit. As planned, these disposals had a very positive impact on profit for the period in 2021.

However, the development of an investment property had a further positive effect on earnings: Noratis AG has been preparing its accounts in accordance with International Financial Reporting Standards (IFRSs) since 2020. Under these standards, properties held for long-term rental are carried at their fair value as determined by an independent appraiser, which means that their appreciation is recognised in profit or loss. Previously, all properties were reported within current assets because the properties were available for sale following development. In the case of inventory properties reported under current assets, added value generated from the modernisation is not recognised in profit or loss but instead increases the hidden reserves. The appreciation is only disclosed in the income statement when the property is sold. At the end of 2021,

Igor Christian Bugarski
CEO

André Speth
CFO

Noratis reported its first properties within non-current assets, which means that the appreciation of these properties is recognised in profit or loss. In 2021, a profit of EUR 3.5 million was included in the income statement. Although properties were included within non-current assets for the first time, we were nevertheless able to significantly increase the hidden reserves within current assets: While these amounted to EUR 49 million at the end of 2020, they were around EUR 88 million at the end of 2021.

Noratis' full profitability in the past year is only visible by looking at profit for the period and the increase in hidden reserves. The figures clearly show why we are very satisfied with our business performance in 2021. Taking our tax rate of 27.4 percent into account for the hidden reserves, our net asset value (NAV) at the end of 2021 was EUR 30.16 per share. One year ago, this was still EUR 22.80 per share, which means our shares' intrinsic value is up 32 percent year-on-year.

We acquired a total of 1,145 units in financial year 2021 and sold 299 units. Our property portfolio thus grew by around 25 percent. The total market value of our inventory properties is now EUR 506 million. Including the property portfolio's hidden reserves, after deducting income tax of currently 27.4 percent, the equity of Noratis amounts to a total of around EUR 145 million, resulting in an equity ratio of approximately 27 percent. This means that we still maintain a solid financial position despite the growth.

Our properties are financed through a combination of equity, bonds and bank loans, which allows us to achieve balanced financing that incorporates low-cost bank loans into the financing. In August 2021, we raised EUR 10 million in a private placement with a German insurance company through a corporate bond maturing in 2027. This bond's coupon of 4.75 percent is much lower than that for the previous bond. It also shows that our growth and performance are being well received by investors.

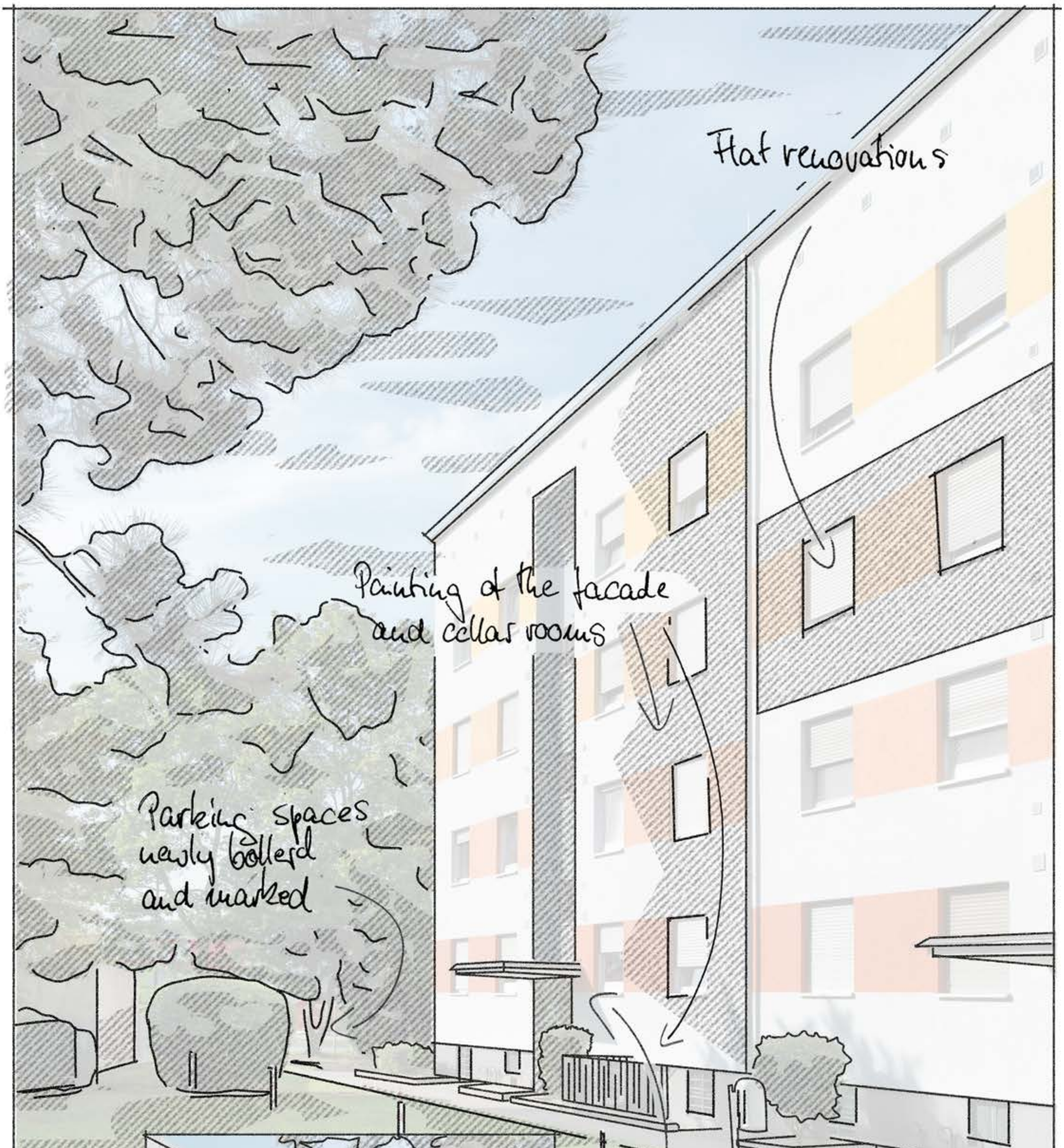
We see Noratis' good performance as confirmation of our business policy, which is geared to the interests of all stakeholders (investors, tenants, employees, buyers and sellers of real estate, banks and service providers). We believe that having due regard for the interests of all stakeholders is the basis for sustainable success.

As a successful real estate company, we are committed to the issue of sustainability or ESG (Environment, Social, Governance): our responsibility towards society, the environment and our stakeholders is part of our everyday work at Noratis and an integral part of our corporate culture. As a portfolio developer of outdated residential properties, we already live by the principle of sustainability very successfully in creating and maintaining affordable living space using resource-friendly methods. We are making good progress in implementing our ESG strategy. For example, we will publish our first sustainability report in July 2022 - two years before the legal reporting requirement. Our outstanding performance in 2021 would not have been possible without the untiring efforts of our employees. We are delighted to have put together a team that works together on making Noratis successful and would like to express our heartfelt thanks to all members for their commitment. Our thanks also go to our business partners for their pleasant cooperation. Finally, we would like to thank you, our shareholders, for placing your trust in Noratis AG. We hope you will continue to give us your support.

Kind regards,

Igor Christian Bugarski

André Speth


Flat renovations
Painting of the facade and cellar rooms
Parking spaces newly bollerd and marked
Renovation of the staircases and balconies
ERLENSEE

Interview

Noratis AG continued to increase its property holdings, in the 2021 financial year by more than 25%. Two larger portfolios were also sold as planned in 2021. The company has thus successfully maintained the dynamic performance seen in recent years. In addition, Noratis further refined its strategy and increasingly holds properties in its own portfolio for longer periods of time. At the same time, it stepped up restructuring expertise, so that the company is well prepared to meet future sustainability challenges. In an interview, Igor Christian Bugarski, CEO, and André Speth, CFO, discuss the market environment, what is driving business performance and the company's future prospects.

Property holdings rose to more than 4,200 units at the end of 2021. Are you happy with this performance?

Igor Christian Bugarski: Yes, we can look back at a very successful 2021 financial year. With property prices continuing to rise, we acquired 1,145 units at attractive conditions. That makes Noratis special. Thanks to our network and our expertise in properties that require technical or commercial improvement work, we were able to continue purchasing and will be able to do so going forward. We have earned a good reputation in the sector and not only do we want to significantly step up our specialised expertise as a property developer, we also of course want to use this to generate a profit in the long term. We are also excellently positioned when it comes to the upcoming challenges relating to ESG (environmental, social, governance): Our business model is sustainable by its very nature and so we are well equipped for the future. What's more, you should not forget that more than 70% of the housing in Germany is existing stock and our business model specialises in developing ageing properties.

Staying with the topic of ESG, what do you think your role is here?

Igor Christian Bugarski: As a property company that specialises in portfolio development, we already live by the principle of sustainability/ESG by virtue of our business model and believe we continue to have an obligation here. Our responsibility to society, the environment and our stakeholders[1] is part of Noratis's day-to-day business and an integral aspect of our corporate culture. We create and maintain environmentally friendly and affordable housing. We are also making good progress with our ESG strategy. In July 2022, we will publish our first sustainability report, two years before the statutory requirement to do so comes into effect.

Earnings also picked up significantly. What drove this?

André Speth: In operating terms, two factors had a particular impact here: The first was our considerably larger property portfolio, which helped us increase gross rental income to EUR 23.0 million compared to EUR 16.7 million in the previous year. Our aspiration is to generate sustainable profitability already from managing this. Secondly, we sold two more portfolios in 2021, which meant that we were able to recognise the added value from portfolio development as profit. As you know, we deliberately chose not to make any major sales in the previous year.

Given this, what does the fact that you are now holding individual properties as non-current assets mean?

André Speth: While we used to put developed properties up for resale, we now hold individual properties for longer. This ensures good rental yields from our project development over a longer period of time and means that these properties are then recognised as non-current assets. What looks merely like an accounting reclassification will in fact affect our earnings, as we will report the market value of the properties under non-current assets. This means that value increases are recognised through profit or loss. In the last financial year, this accounted for about EUR 3.5 million. By contrast, increases in value for properties held as current assets result in hidden reserves; but these are not recognised through profit or loss until the properties are sold.

[1] Investors, tenants, employees, property buyers and sellers, banks and service providers

So you're far more flexible with sales now?

Igor Christian Bugarski: We decide whether we want to resell certain properties or keep them in our portfolio on a case-by-case basis. Selling developed properties is still part of our business model, it's just that now we can be far more strategic when calmly deciding when to resell a property. Of course, this should also have an even more significant impact on our earnings.

Will you continue to sell apartments to institutional and private investors?

Igor Christian Bugarski: Whether we aim for a block sale to institutional investors or privatise individual residential units depends on the location and on the property. In the case of block sales, we also like to pool portfolios that we purchased in small lots so that we can offer institutional investors an attractive lot size. As a result, we have institutional investors that have already bought portfolios from us on several occasions. When it comes to privatisation, we talk about tenants being able to buy the apartment they live in or private investors being able to buy an apartment as an investment or for their own use. Given the low level of home ownership in Germany, we believe there is high demand here – both now and in the future.

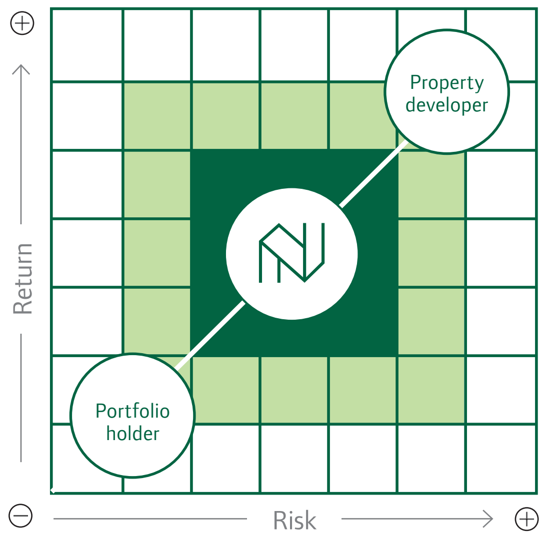
Do you have anything else to add about the level of hidden reserves?

André Speth: Most of the property portfolio was recognised as current assets at the end of 2021. Of course, we also valued these properties even if the valuations are not included in the statement of financial position. At the end of the year, this calculation put the value higher than the property value recognised in the statement of financial position. We are talking about hidden reserves of about EUR 88 million as at 31 December 2021. These are essentially gains that are lying dormant in the statement of financial position and that have not yet been realised. At EUR 30.18 per share at the end of 2021, net asset value (NAV) is therefore significantly higher than the reported equity per share.

About the Company

Noratis AG is a leading developer of residential property portfolios in Germany. Geographically speaking, the Company focuses on properties in secondary locations such as cities with a population of more than 10,000 and those on the outskirts of metropolitan areas. At the time of acquisition, these properties often have technical and/or commercial development potential as well as a renovation backlog or vacancy rates. Noratis AG harnesses its many years of experience to carefully upgrade these residential properties in a way that realises their potential. In doing so, the Company takes into account the interests of all stakeholders, from tenants and local authorities to investors and shareholders. Its aim is to create and maintain affordable living space and offer tenants attractive value for money.

Tenant satisfaction is one of Noratis AG's main priorities. If tenants feel comfortable in their homes, this results in lower fluctuation and regular, predictable rental income. By carefully upgrading residential properties in attractive secondary locations with well-developed infrastructure, the Company can also acquire new tenants to reduce existing vacancy rates. This long-term investment approach has been steadily fuelling Noratis AG's profitable and dynamic business performance for many years.



Noratis AG combines and harnesses the advantages of project development and portfolio management, merging the above-average returns of the former with the stable cash flows of the latter. By expanding the property portfolio, the Company aims to be profitable from portfolio management alone.

Noratis prepares its financial statements in accordance with the International Financial Reporting Standards (IFRSs). Investment property is recognised in non-current assets. Until now, Noratis had reported its entire property portfolio in current assets. This reclassification means that the value created from the property held as non-current assets is now reflected in the annual financial statements in both the balance sheet and the profit and loss statement. These increases in value have a positive impact on the Company's earnings in the form of revaluation gains.

As before, any increases in the value of properties held as current assets are only recognised as income when the properties are sold. Until then, the increases in value result in what are known as hidden reserves. In addition to portfolio management, the sale of properties remains part of the business model of Noratis AG. These sales can be made as block trades or as privatisations, i.e. by selling individual apartments. By combining portfolio management with sales of selected optimised properties, Noratis AG can generate an even more attractive return for its shareholders.

Anchor shareholder Merz Real Estate GmbH & Co. KG provides financial support for the expansion of the Company's property portfolio. As part of an investor and firm commitment agreement, Merz Real Estate GmbH & Co. KG agreed to provide Noratis AG with up to EUR 50 million of equity via corporate actions by the end of financial year 2024.

The Value Chain

Noratis AG covers all core tasks along the value chain with its in-house expertise, from purchasing and the technical and commercial development of properties to asset management and sales. The Noratis Group had more than 64 employees in 2021. The Company's in-house expertise ensures that all relevant core areas of its business performance are consistently addressed with great professionalism. In doing so, Noratis can draw on its track record of around 35 projects successfully completed in recent years.

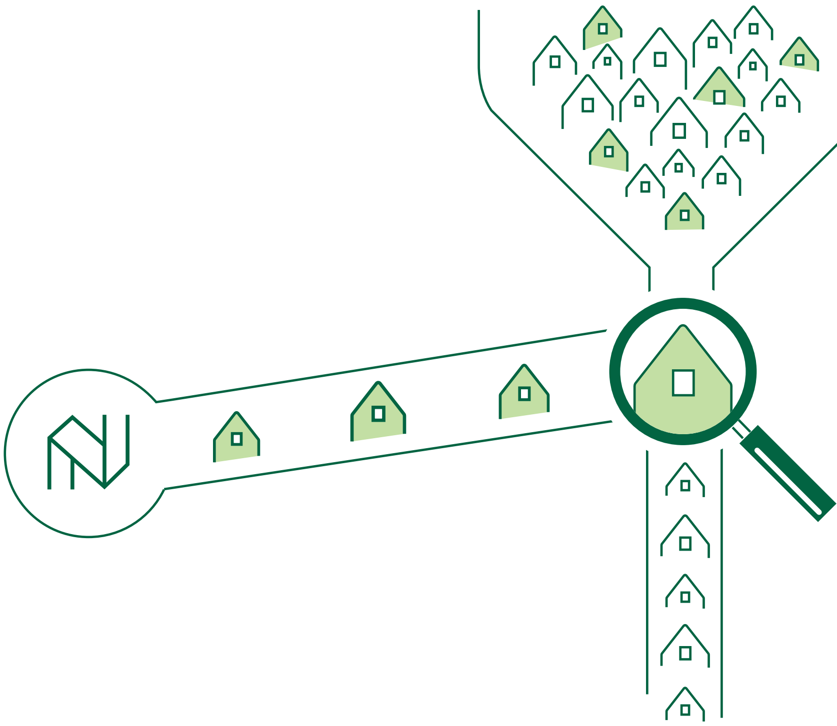
Acquisition

Thanks to its exceptional network within the real estate sector, Noratis AG regularly receives offers to acquire a larger number of properties. The acquisitions and property developments successfully completed in recent years have enabled the Company to optimise its business processes in order to ensure that it can efficiently identify the most attractive properties. During financial year 2021, Noratis AG was offered more than 118,500 residential units overall with a value of EUR 19.9 billion.

The Company acquired a total of 1,145 residential units as part of portfolio transactions and smaller property acquisitions in financial year 2021, enabling it to expand the property portfolio across Germany in line with its strategy. Acquiring properties in regions where Noratis AG is already represented enables the Company to exploit synergy effects by expanding its residential portfolio in these areas. It also moved into new locations.

When selecting residential properties, Noratis AG focuses on outdated properties such as company-owned apartments, housing estates and residential areas, provided that its location analysis confirms the area's appeal. The listed company prefers to acquire properties in cities with a population of more than 10,000 or in the commuter belts of economically-strong metropolitan areas. These residential properties should demonstrate good technical and/or commercial development potential. In addition, traditional Noratis properties often have high vacancy rates at the time of acquisition. The Company uses its many years of in-depth expertise to upgrade its properties in a way that adds lasting value and to create and maintain affordable living space. This strategy allows Noratis to combine stable, predictable rental income with attractive property development returns.

The focus here is on portfolios ranging from 20 to several hundred residential units. The Noratis West subsidiary, which operates in the Rhine-Ruhr region, also acquires smaller properties worth up to EUR 5 million per transaction. Noratis AG also acquires smaller individual properties with attractive return potential and high synergy effects in its home Rhine-Main region.

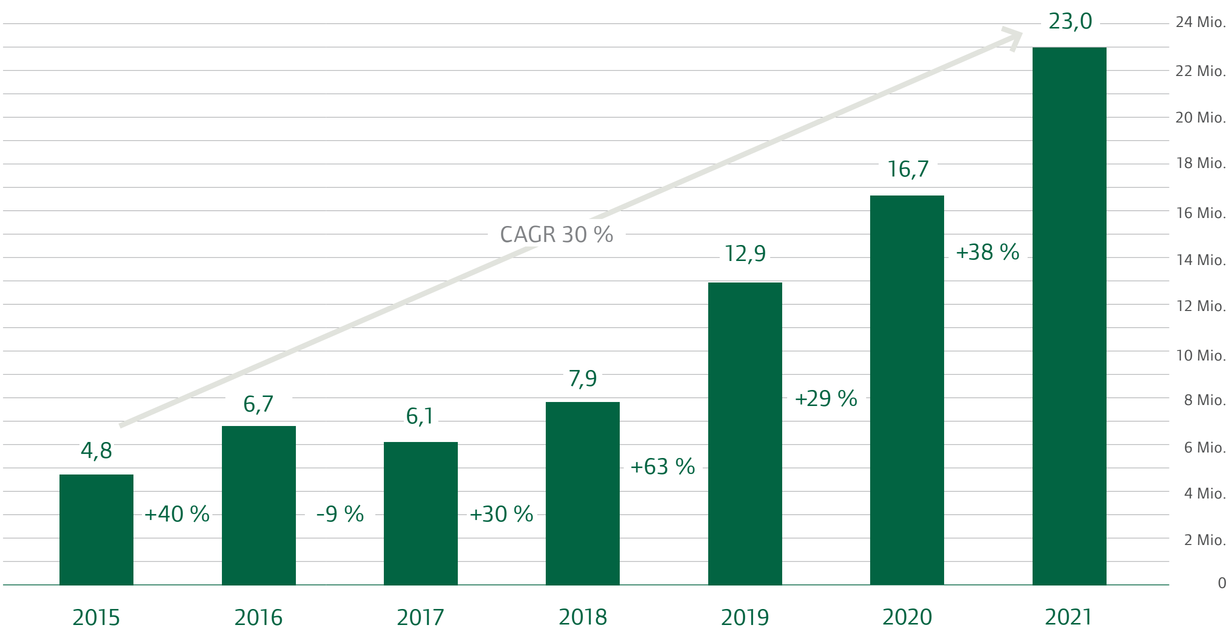


Asset Management

Developing the real estate portfolio with a profit is a key element of Noratis AG's operating activities and value creation approach. The Company carries out careful modernisation projects to create and maintain affordable living space, benefiting not only existing and future tenants but also local communities and shareholders. Carrying out technical and energy-saving measures and upgrading façades, staircases, balconies and outside areas not only increase the value of the property but also enhance its feel-good factor for tenants many times over. Any vacant residential units are renovated immediately. By upgrading the entire development and focusing on affordable housing, Noratis AG can add social value. Apartments offering attractive conditions such as good transport links and shops selling daily essentials located within walking distance are increasingly in demand among young families as well as senior citizens and young people. This, in turn, is reflected in the consistently high demand and stable rental income experienced by Noratis AG. The Company ensures that tenants remain highly satisfied with their apartments after moving in to them by placing a strong emphasis on services.

In financial year 2021, gross rental income from asset management and expanding the property portfolio in line with strategy rose to EUR 23 million, an increase of 38% on the previous year's figure of EUR 16.7 million.

Gross Rental Income*
(million EUR)



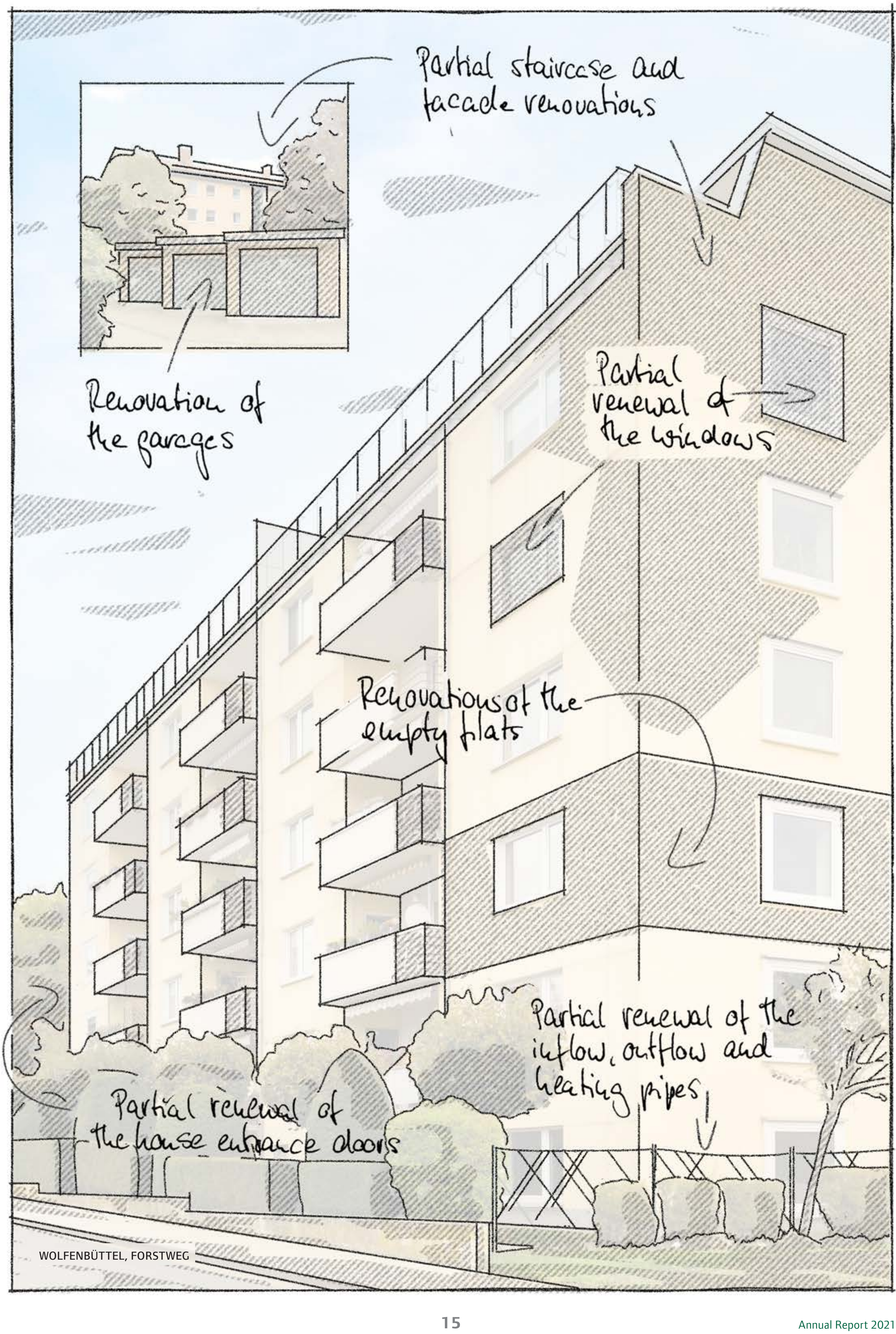
* 2015 - 2018: according to German Commercial Code, 2019-2021: according to IFRS

Sales

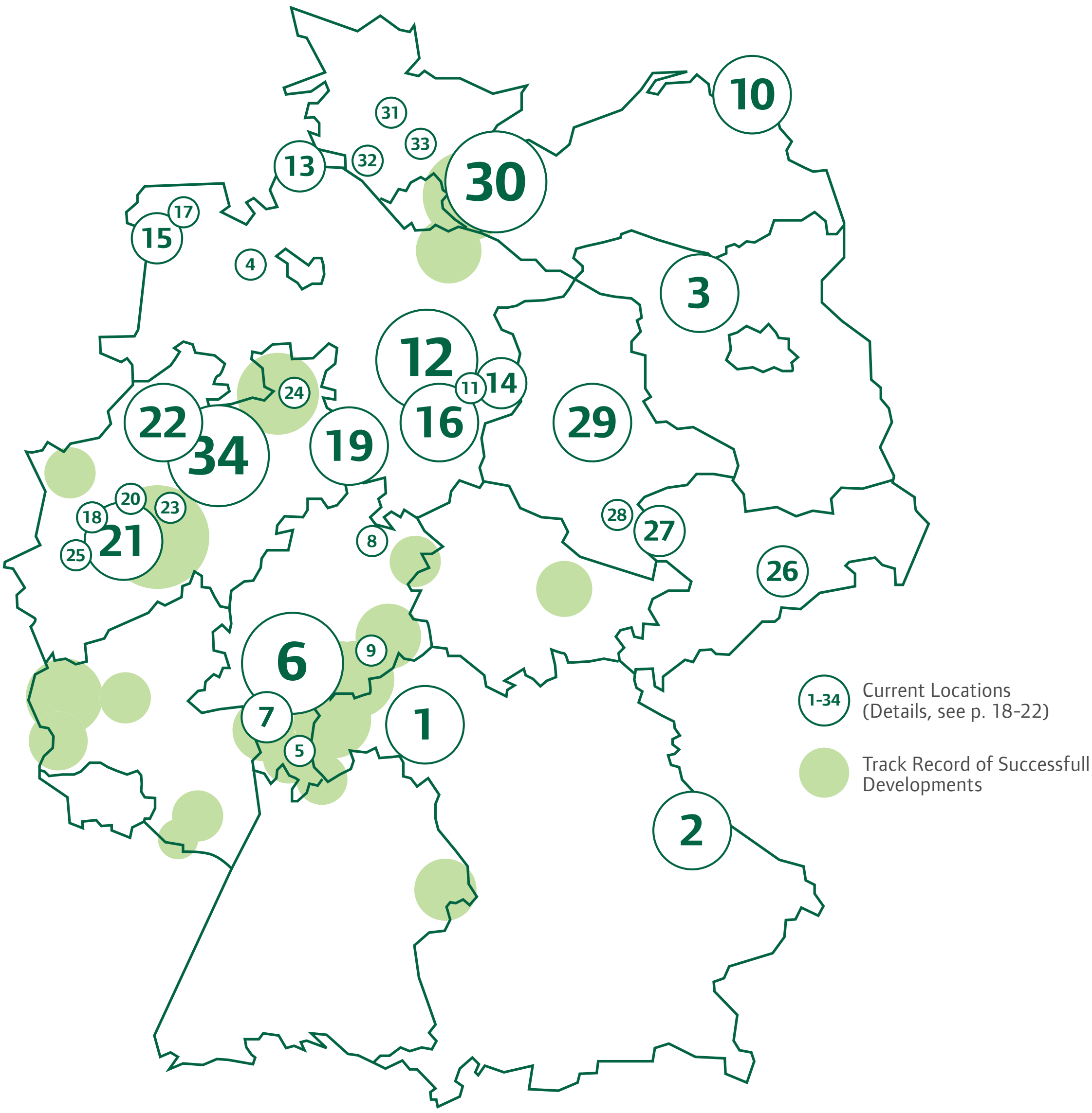
Having refrained from portfolio sales during financial year 2020 in order to grow its real estate portfolio more rapidly, Noratis AG resumed its sales activities in 2021. The sales were completed in the first half of 2021, when the Company disposed of 299 units in two block sales and several individual privatisations. These units are located in Neu-Isenburg in the Rhine-Main region, and in Mölln and Ratzeburg in the Hamburg metropolitan region. On the one hand, the buyers consisted of institutional investors. In the case of privatisations, however, the buyers were tenants as well as private investors acquiring apartments as an investment.

Units Sold since 2015

2015	2016	2017	2018	2019	2020	2021
249	593	587	294	339	86	299


Partial staircase and facade renovations
Renovation of the garages
Partial renewal of the windows
Renovations of the empty flats
Partial renewal of the inflow, outflow and heating pipes
Partial renewal of the house entrance doors
WOLFENBÜTTEL, FORSTWEG

The Property Portfolio



As in previous years, Noratis AG continued to expand its property portfolio in financial year 2021. The Company acquired a total of 1,145 units in 18 transactions in 2021, almost equalling the previous year's impressive figure of 1,311 purchased units. Noratis's activities were characterised by small-scale acquisitions in particular, enabling it to continue making attractive purchases amid rising property prices in 2021, as fewer institutional investors are active in this segment.

Noratis deliberately refrained from larger portfolio sales in financial year 2020 in order to further expand its portfolio. As a result, only 86 units were sold in 2020. The Company resumed portfolio sales by disposing of a total of 299 units in 2021. In addition to portfolio sales in Neu-Isenburg and Ratzeburg, Noratis also completed smaller sales in Erlensee, Mönchengladbach and Mühlheim. The Company catered to institutional investors with block sales, while also giving tenants and private investors the opportunity to acquire residential property via privatisations and smaller transactions.

By the end of the financial year, the property portfolio had grown to 4,212 units, up from 3,366 units at the end of 2020. This meant that the portfolio expanded by around 25 percent. Noratis moved into new locations such as Bremen and expanded its presence in existing locations such as the Rhine-Main region as well as the Hamburg and Rhine-Ruhr metropolitan areas. By acquiring properties in existing locations, the Company created and exploited administration and management synergies. Based on Noratis AG's presence across Germany, the property portfolio was spread across 41 locations at the end of 2021.

The Company also has its own subsidiary, Noratis West, in the Rhine-Ruhr metropolitan region, specialising in the acquisition of individual properties and small portfolios up to EUR 5 million per transaction. Here, Noratis uses the regional expertise and excellent networks of its management teams to exploit attractive small-scale acquisition opportunities. In financial year 2021, Noratis West was responsible for acquiring 148 units and selling a further 16.

The property portfolio almost exclusively consists of residential properties, in line with the Company's strategy. It also includes some isolated smaller shops, while some units are also used by a care facility for assisted living purposes. While Noratis recognised several individual properties as non-current assets in financial year 2021 as part of its continuing focus on portfolio management, it continues to hold the majority of its properties in current assets.

At the end of 2021, the total portfolio consisted of 4,156 residential units with living space of 267,600 sqm, which means the property portfolio has an average apartment size of 64 sqm. The Company also held 56 commercial units with total space of 11,700 sqm.

Development of the Property Portfolio

		31.12.2019	31.12.2020	31.12.2021
Units		2,407	3,366	4,212
Residential Units		2,347	3,327	4,56
Lettable Area (Residential)	sqm	149,500	215,000	267,600
Average Size of Appartment	sqm	67	65	64
Commercial Units		60	39	56
Lettable Area (Commercial)	sqm	11,500	10,000	11,700

1

Location	Erlenbach am Main
Acquisition	November 2020
Number of units	197
Rental space	11,300 sqm
Sales channel	Block Sale

2

Location	Cham / Upper Palatinate area
Acquisition	December 2020
Number of units	161
Rental space	11,300 sqm
Sales channel	Block Sale

3

Location	Neuruppin
Acquisition	December 2019 - February 2021
Number of units	195
Rental space	15,100 sqm
Sales channel	Block Sale

4

Location	Bremen
Acquisition	August 2021
Number of units	60
Rental space	3,700 sqm
Sales channel	Block Sale

5

Location	Bensheim
Acquisition	July 2020 - December 2021
Number of units	68
Rental space	4,300 sqm
Sales channel	Block Sale

6

Location	Frankfurt am Main
Acquisition	August 2018 - December 2019
Number of units	415
Rental space	27,600 sqm
Sales channel	Block Sale / Privatisation

7

Location	Rüsselsheim
Acquisition	July 2020
Number of units	83
Rental space	8,300 sqm
Sales channel	Block Sale

8

Location	Kassel
Acquisition	March 2019
Number of units	36
Rental space	2,400 sqm
Sales channel	Block Sale

9

Location	Niederrodenbach
Acquisition	August 2021
Number of units	10
Rental space	700 sqm
Sales channel	Privatisierung

10

Location	Rügen
Acquisition	March 2017
Number of units	142
Rental space	8,900 sqm
Sales channel	Block Sale

11

Location	Braunschweig
Acquisition	October 2020
Number of units	8
Rental space	700 sqm
Sales channel	Privatisierung

12

Location	Celle
Acquisition	June 2018 - December 2020
Number of units	399
Rental space	28,300 sqm
Sales channel	Block Sale

13

Location	Cuxhaven
Acquisition	November 2020
Number of units	66
Rental space	3,400 sqm
Sales channel	Block Sale

14

Location	Königslutter
Acquisition	June 2018
Number of units	93
Rental space	5.500 sqm
Sales channel	Block Sale

15


Location	Emden
Acquisition	April 2020
Number of units	79
Rental space	3,800 sqm
Sales channel	Block Sale

16


Location	Wolfenbüttel
Acquisition	October 2020
Number of units	118
Rental space	8,900 sqm
Sales channel	Block Sale

17


Location	Aurich
Acquisition	November 2021
Number of units	95
Rental space	5,600 sqm
Sales channel	Block Sale

18


Location	Krefeld
Acquisition	December 2019
Number of units	48
Rental space	3,200 sqm
Sales channel	Block Sale

19


Location	Lügde
Acquisition	November 2020
Number of units	200
Rental space	14,600 sqm
Sales channel	Block Sale

20


Location	Gladbeck
Acquisition	May 2017
Number of units	32
Rental space	3,400 sqm
Sales channel	Block Sale

21


Location	Ratingen
Acquisition	December 2018
Number of units	156
Rental space	11,000 sqm
Sales channel	Block Sale

22

Location	Steinfurt
Acquisition	August 2019
Number of units	111
Rental space	6,200 sqm
Sales channel	Block Sale

23

Location	Gelsenkirchen
Acquisition	July 2021
Number of units	151
Rental space	8,700 sqm
Sales channel	Block Sale

24

Location	Bielefeld
Acquisition	December 2021
Number of units	147
Rental space	8,800 sqm
Sales channel	Block Sale

25

Location	Noratis West
Acquisition	May 2020 - December 2021
Number of units	170
Rental space	9,200 sqm
Sales channel	Block Sale

26

Location	Freital
Acquisition	February 2019
Number of units	93
Rental space	8,900 sqm
Sales channel	Block Sale

27

Location	Leipzig
Acquisition	December 2019 - June 2020
Number of units	92
Rental space	5,100 sqm
Sales channel	Block Sale

28

Location	Halle
Acquisition	June 2020
Number of units	19
Rental space	1,000 sqm
Sales channel	Block Sale

29

Location	Magdeburg
Acquisition	December 2019
Number of units	149
Rental space	8,900 sqm
Sales channel	Block Sale

30

Location	Ratzeburg
Acquisition	November 2017
Number of units	229
Rental space	13,700 sqm
Sales channel	Block Sale

31

Location	Rendsburg
Acquisition	December 2021
Number of units	40
Rental space	3,100 sqm
Sales channel	Block Sale

32

Location	Lägerdorf
Acquisition	December 2021
Number of units	48
Rental space	2,700 sqm
Sales channel	Block Sale

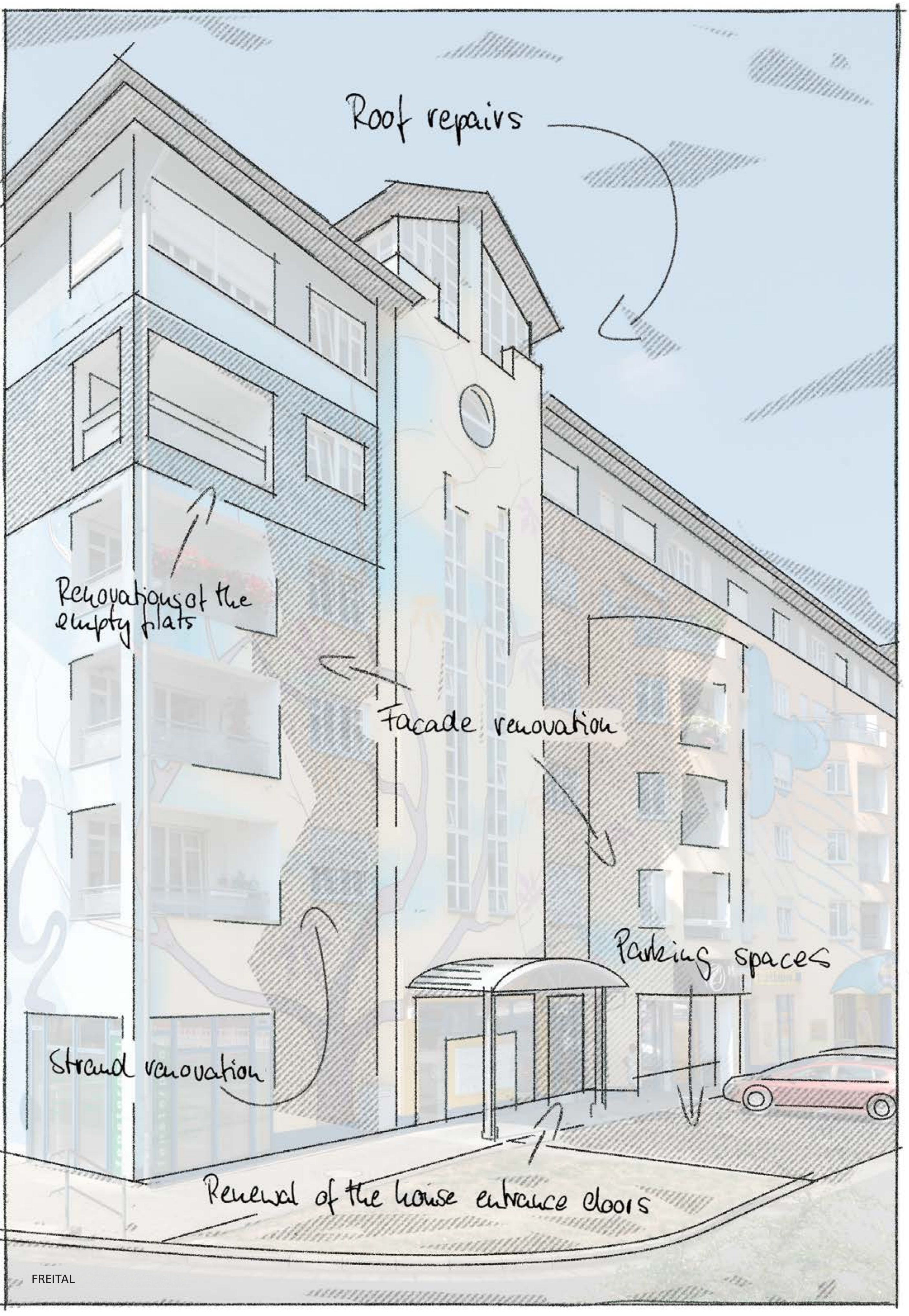
33

Location	Neumünster
Acquisition	December 2021
Number of units	60
Rental space	3,600 sqm
Sales channel	Block Sale

34

Location	Münster
Acquisition	March 2021
Number of units	242
Rental space	19,200 sqm
Sales channel	Block Sale

Total 4.212 units, thereof 56 commercial units

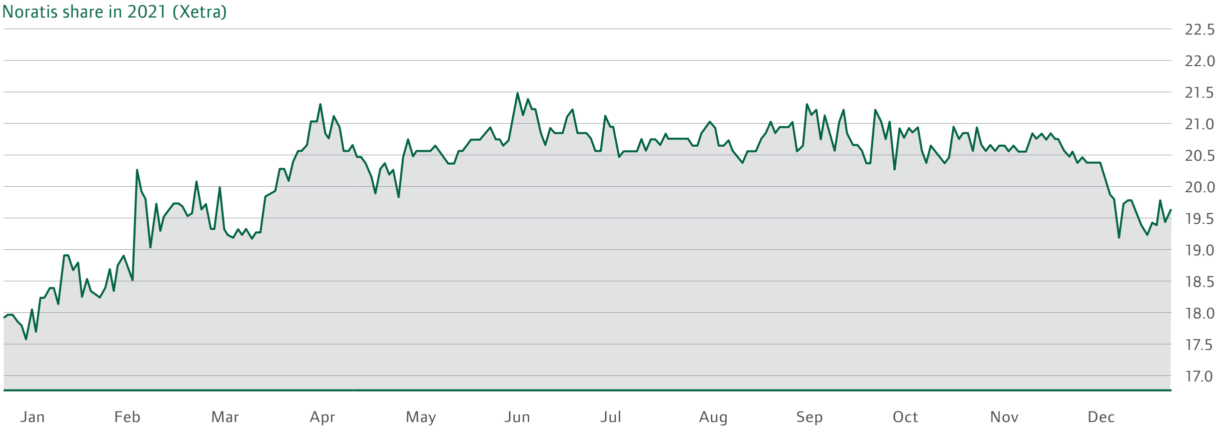

Roof repairs
Renovations of the empty flats
Facade renovation
Parking spaces
Strand renovation
Renewal of the house entrance doors
FREITAL

Noratis AG on the Capital Markets in 2021

Share Price

Noratis AG shares delivered a positive performance over the course of the year to rise by 8.6 percent. They performed particularly well in the first half of the year, climbing from their annual low of EUR 17.60 on 11 January to an annual high of EUR 22.10 on 15 June. This encouraging trend was driven by announcements about the Group's strong business performance in 2020 and the proposal to pay a dividend of EUR 0.50 per share as well as further expansion of the real estate portfolio in several regions across Germany. The shares ended the year with a Xetra closing price of EUR 19.55.

Noratis share in 2021 (Xetra)



Closing price on 30 December 2020 (last trading day of 2020)	EUR 18.00
Closing price on 30 December 2021 (last trading day of 2021)	EUR 19.55
Annual high on 15 June 2021	EUR 22.10
Annual low on 8 January 2021	EUR 17.35

Despite ongoing uncertainty surrounding issues such as global supply bottlenecks and a significant rise in inflation, international equity markets generally performed well. Germany's DAX share index climbed to new record highs during the year, reaching its annual peak of 16,251 points in mid-November. Overall, the DAX rose by around 15.8 percent in 2021. However, this positive trend did not extend to Germany's listed real estate companies, with the FTSE EPRA Nareit Germany index, which includes listed real estate companies in Germany, losing approximately 7.2 percent of its value in 2021.

Trading Volumes

In 2021, a daily average of 2,175 Noratis shares were traded on the Deutsche Börse's electronic trading system, Xetra. The average combined daily trading volume of Noratis shares on all stock exchanges was 4,190 shares, which meant that 52 percent of the total daily trading of Noratis shares was attributable to Xetra.

ODDO BHF succeeded ICF BANK AG as the designated sponsor and, as such, ensured the liquidity of the shares with binding bid and ask prices.

Annual General Meeting

The Annual General Meeting of Noratis AG was held as a purely virtual event on 16 June 2021 due to the Covid pandemic. All of the agenda items were adopted by a large majority. The shareholders approved of the Management Board's and Supervisory Board's proposal to distribute a dividend of EUR 0.50 per share.

Analyst Coverage

SMC and Warburg both analysed Noratis shares in 2021 and issued a buy recommendation. Both research firms published their most recent update of 2021 in October, with SMC setting a target price of EUR 30.80 and Warburg issuing a target of EUR 30.00. Edison also reported on Noratis.

Research firm	Most recent update in 2021	Recommendation	Target price
SMC	8 October 2021	Buy	EUR 30,80
Warburg	1 October 2021	Buy	EUR 30,00

Investor Relations Activities

Noratis AG has been listed in the Scale segment of the Frankfurt Stock Exchange since 2017, and must therefore meet specific transparency requirements. As part of its active Investor Relations activities, the Group maintains a regular and transparent dialogue with institutional and private investors. It keeps the financial community informed about its performance with half-yearly and annual reports as well as ad-hoc releases and press releases.

As 2021 was once again dominated by the coronavirus pandemic, the Company held most of its meetings with investors, analysts and journalists virtually. Noratis AG participated in several conferences such as the German Equity Forum.

Investors can find other relevant information about business development and the Company on the Investor Relations section of the Noratis website www.noratis.de.

Additional Information

ISIN/WKN/Ticker symbol	DE000A2E4MK4 / A2E4MK / NUVA
Type of shares	4,818,027 ordinary bearer shares without par value (no-par value shares)
Market capitalisation on 30 December 2021	approx. EUR 94 million
Share capital	EUR 4,818,027
Initial listing	25 June 2017
Trading segment	Scale
Designated sponsor	ODDO BHF

Bonds

Noratis AG harnessed strong demand for its 5.50% corporate bond 2020/25 issued in November 2020 (WKN: A3H2TV, ISIN: DE000A3H2TV6) by successfully placing its first tranche with a target volume of EUR 30 million with institutional investors. The proceeds from this bond will be used to further expand the Company's fast-growing portfolio of residential properties. The bond has traded at above 100 percent since listing, with a closing price at the end of the year on 31 December 2021 in Frankfurt of 103.60 percent.

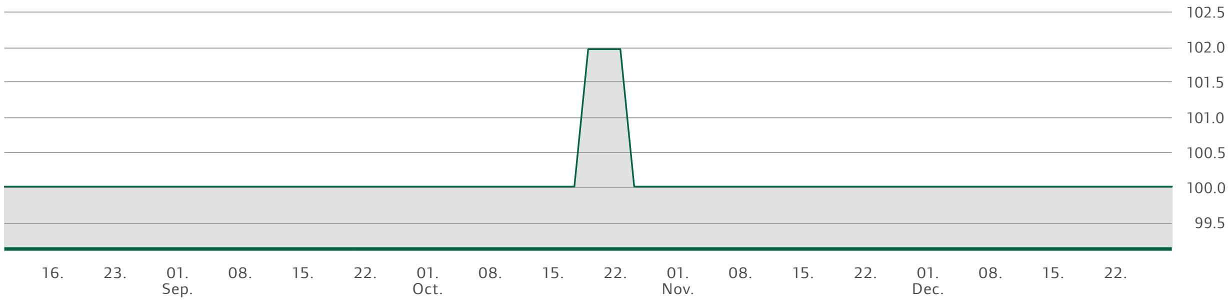
Noratis Bond 2020/2025 (Frankfurt)

Additional Information

WKN/ISIN	A3H2TV/ DE000A3H2TV6
Issue volume (EUR)	EUR 30 million, up to EUR 50 million overall
Denomination (EUR)	EUR 1,000
Term	5 years (until 16 November 2025)
Interest coupon	5.5 percent
Issue price	100.00% of the nominal amount per note
Repayment amount (%)	100.00
Interest payment	annually
First interest payment	11 November 2021
Maturity	11 November 2025
Listing	Quotation Board (Open Market) of the Frankfurt Stock Exchange
Paying agent	Quirin Privatbank
Intended use	Expansion of the real estate portfolio

In August 2021 Noratis successfully issued another corporate bond 2021/2027 (WKN: A3E5WP, ISIN: DE000A3E5WP8) with an initial volume of EUR 10 million. The issue took place in the form of a private placement. The unsecured Noratis bond with an interest coupon of 4.75% p.a., a term running until August 2027 and a volume of up to EUR 40 million was fully subscribed by a German insurance company. The bond began trading on the open market (Quotation Board) of the Frankfurt Stock Exchange on 13 August 2021. The proceeds from this bond are primarily expected to help drive further portfolio growth and refinance purchases that have already been made. The bond's closing price at the end of the year on 30 December 2021 in Frankfurt was 100.00 percent.

Noratis Bond 2021/2027 (Frankfurt)



Additional Information

WKN/ISIN	A3E5WP/ DE000A3E5WP8
Issue volume (EUR)	EUR 10 million, up to EUR 40 million overall
Denomination (EUR)	EUR 100,000
Term	6 years (until 16 August 2027)
Interest coupon	4.75 percent
Issue price	100.00% of the nominal amount per note
Repayment amount (%)	100.00
Interest payment	annually
First interest payment	13 August 2022
Maturity	13 August 2027
Listing	Quotation Board (Open Market) of the Frankfurt Stock Exchange
Paying agent	Quirin Privatbank
Intended use	Expansion of the real estate portfolio

Sustainability – an Obligation and an Opportunity

Our responsibility to society, towards the environment and towards our stakeholders is a matter of course for Noratis and an integral part of our corporate culture. As a portfolio developer of outdated residential properties, we already live the principle of sustainability, as we preserve and create affordable housing in a resource-friendly manner. In doing so, we act in an ecologically and socially conscious manner und thus create added value for society, the environment and all of our stakeholders. Nevertheless, assessing the sustainability performance of our portfolio is a strategically big step for us since the adoption of the Paris Climate Agreement. When developing our sustainability strategy, we examined the extent to which ESG (environmental, social, governance) criteria apply to our company and our portfolio and established responsibilities for this key topic at Executive Board level. We see ESG as an opportunity and integrate sustainable thinking and action into our business processes in order to position ourselves competitively for the future and ensure our company´s profitability in the long term.

For this we have defined five fields of action and set clear goals for ourselves:

Our strategy – sustainable corporate governance

Noratis anchors the principle of sustainability – ensuring corporate success in the long term while taking into account the most important social and environmental aspects – in its organisation, business processes and corporate governance.

As an agile, innovative company that is open to change and proactively uses the opportunities of digitalisation, we see transformation and structural change as an opportunity. Our goal is to further develop our company for the future by using new technologies, breaking down data silos and developing a digital mindset.

Society and customers – shouldering responsibility

As owner and lessor of affordable residential properties, we actively embrace our social responsibility and our responsibility to our customers. We are very aware of our responsibility as an operator and take the necessary and reasonable measures to prevent or reduce risks or disadvantages to the health and safety of our tenants, customers and third parties.

1 Tenants, employees, investors, buyers and sellers of real estate, banks and service providers

Environment protection and climate action – reducing our carbon footprint

We are conscious of our duty and, above all, our environmental responsibility as a portfolio developer and are committed to our properties. This is why we fulfill the current legal requirements with regard to environmental protection and climate action. We are working to develop our building stock in a climate-neutral manner up to 2045 in keeping with the requirement of preserving and improving the Company's economic viability.

We are reducing the carbon intensity of our portfolio by upgrading the energy systems installed in the properties and using a more efficient energy supply as well as renewable energy based on a cost-benefit analysis. For this we are enhancing our expertise in the field of refurbishment and factor the required expenditure into the acquisition process.

Properties that are held in the portfolio for the long term to generate rental income must conform to efficiency class E at the very least. A renovation road map and an investment programme focused on carbon reduction will be developed for each of the eligible buildings. The investment programme will take account of the funding programmes available and KfW standards through appropriate grants management.

Attractive employer – strengthening employer branding

Our goal is not only to attract highly qualified new employees, but also to retain and develop the skills of existing ones by strengthening the Noratis brand as an employer.

To ensure a safe and healthy work environment, occupational health and safety is firmly entrenched in our corporate culture and processes and we make the necessary resources available for this.

We take steps to ensure that there is no discrimination or unlawful unequal treatment of our employees, customers, service providers and tenants by us or any third parties we engage.

Supply chain – a responsible, reliable partner

Noratis is committed to responsible procurement of material and services. In this respect, when procuring our products and services our goal is to ensure that our requirements and expectations regarding the specified environmental and social standards are met.

Report of the Supervisory Board of Noratis AG, Eschborn

Dear shareholders,

Noratis AG continued to expand and develop its portfolio in line with its strategy in financial year 2021, strengthening its foundation for further successful activities in the future.

During the past financial year 2021, the Supervisory Board performed the duties assigned to it by law, the articles of association and the rules of procedure carefully and to the fullest extent. In doing so, it monitored and regularly advised the Management Board in accordance with the provisions of the German Stock Corporation Act (AktG).

Monitoring and advisory activities of the Supervisory Board

The Management Board promptly and directly included the Supervisory Board in all key decisions of fundamental importance for the Company, thus enabling the Supervisory Board to carry out its monitoring activities without restrictions.

The Management Board regularly and comprehensively informed the Supervisory Board, both verbally and in writing, focusing mainly on business performance, corporate planning – which in addition to net assets and results of operations also included financial, investment and staff planning – as well as the strategy of the Company and the Group.

During the year under review, members of the Supervisory Board had the opportunity at all times to review the reports and resolution proposals submitted by the Management Board, critically assess them and add their own suggestions. The Supervisory Board had sufficient opportunity to discuss all of the Company's significant business transactions in detail and review their plausibility based on reports from the Management Board. During the 2021 financial year, the Supervisory Board also monitored the accounting process, risk management measures, the internal control system and compliance.

In addition to its regular Supervisory Board meetings, the Chairman and other members of the Supervisory Board remained in regular contact with the Management Board outside of these meetings. In doing so, they discussed the current development of the business situation as well as all significant transactions. The Chairman of the Supervisory Board and the Management Board also held regular and ongoing bilateral discussions focusing on the strategic direction of the Company in particular.

The Management Board presented all matters requiring Supervisory Board approval according to the rules of procedure to the Supervisory Board for a decision. The Supervisory Board thoroughly addressed and reviewed the transactions submitted to it for decision and discussed them in detail with the Management Board. These deliberations regularly focused on the benefits, risks and impact of the relevant transaction on the Company.

Supervisory Board meetings and focus of activities

The Supervisory Board held a total of six meetings during financial year 2021. Two of these six meetings were held virtually due to the COVID-19 pandemic. All members of the Supervisory Board were present at all of the meetings.

The Supervisory Board's deliberations in these meetings focused on upcoming real estate transactions, future portfolio development, the Group's net assets and results of operations, and its financial and liquidity position. Past and future business performance was regularly discussed by the Supervisory Board, as well as medium-term liquidity, financial, investment and staff planning. In its meetings and deliberations and discussions with the Management Board, the Supervisory Board supported the adjustment and ongoing development of the Company's corporate strategy as a leading portfolio developer and holder of real estate during the entire financial year, as clearly reflected in its continued growth trajectory and portfolio expansion. Particular attention was paid to the strategic enlargement of the business model and the development of a portfolio of property for long-term letting as well as associated accounting changes under IFRSs, i.e. showing properties in non-current assets as investment property.

As well as making decisions at its face-to-face and virtual meetings, the Supervisory Board also made 13 decisions by written circular. These decisions primarily related to the approval of real estate acquisitions and sales, and the issuance of bonds with a total nominal value of EUR 40 million.

Composition of the Management Board and Supervisory Board

The composition of the Management Board remained unchanged in financial year 2021. We are particularly pleased to report that, at its meeting on 30 November 2021, the Supervisory Board appointed Mr Igor Christian Bugarski for a further three years and three months and Mr André Speth for a further five years with effect from 1 January 2022. Mr Igor Christian Bugarski was also reappointed as Chief Executive Officer. Mr Bugarski and Mr Speth's continued presence on the Management Board will ensure the continuation and further development of the Company.

As announced in the previous Report of the Supervisory Board, Dr. Henning Schröer took over as Chairman and Dr. Florian Stetter as Deputy Chairman of the Supervisory Board with effect from 1 January 2021 and exercised these functions for the entire financial year.

Annual and consolidated financial statements, audit, dependent company report

RGT Treuhand Revisionsgesellschaft mbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the annual and consolidated financial statements as of 31 December 2021 prepared by the Management Board as well as the management report and Group management report for financial year 2021 and issued each of them with an unqualified audit opinion.

The financial statement documents (annual financial statements and management report of the Company as well as the consolidated financial statements, Group management report and dependent company report in accordance with Section 312 AktG) for financial year 2021, the Management Board's proposal for the appropriation of profit and the auditor's reports were distributed to the Supervisory Board for inspection in a timely manner. The Supervisory Board reviewed the documents submitted by the Management Board and the auditor's reports with a particular focus on legality, correctness and appropriateness.

At the accounts meeting on 27 April 2022, the auditor reported to the Supervisory Board on the major findings of the audit and was available to answer questions from Supervisory Board members. The Supervisory Board discussed the aforementioned documents and the auditor's findings at length with the auditor and Management Board. According to the final outcome of its own audit, the Supervisory Board raised no objections to the annual financial statements, management report, consolidated financial statements and Group management report for financial year 2021 and concurred with the findings of the audit. The Supervisory Board agreed with the auditor's assessment that there are no material weaknesses in the internal control and risk management system at Group level in relation to the accounting process. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board. The annual financial statements are therefore adopted.

Information on memberships in other control bodies

Dr. Henning Schröer	No memberships in other control bodies
Dr. Florian Stetter	
Memberships in statutory supervisory boards	• Deutsche Wohnen SE, Berlin (Vice-Chairman) • Historie & Wert Aktiengesellschaft, Wuppertal (Chairman of the Supervisory Board)
Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises	• C&P Immobilien AG, Graz, Austria (Member of the Supervisory Board) • Intelliway Services AD, Sofia, Bulgaria (Member of the Board of Directors)
Michael Nick	
Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises	• Merz Immobilien Management GmbH, Frankfurt am Main (Member of the Advisory Board) • carpe diem Gesellschaft für den Betrieb von Sozialeinrichtungen mbH, Wermelskirchen (Chairman of the Advisory Board) • Merz Pharma GmbH & Co KGaA, Frankfurt am Main (Member of the Shareholders Advisory Council)
Hendrik von Paepcke	No memberships in other control bodies
Christof Scholl	No memberships in other control bodies

The Management Board prepared a report on relations with affiliated companies (dependent company report) for financial year 2021 in accordance with Section 312 AktG. The auditor reviewed this report and issued the following audit opinion in accordance with Section 313 (3) AktG:

"Having completed our audit and assessment in accordance with our duties, we confirm that

1. the factual details are correct,
2. the Company's consideration for the legal transactions listed in the report was not unreasonably high and any disadvantages have been compensated for, and
3. there are no other circumstances relating to the measures disclosed in the report that would lead to a significantly different conclusion than that reached by the Management Board."

At its meeting on 27 April 2022, the Supervisory Board independently reviewed the dependent company report and the associated auditor's report and discussed them in detail. After completing this review, the Supervisory Board approved the findings of the audit of the dependent company report by the auditor and, according to the final outcome of its own audit, raised no objections to the dependent company report or the final declaration of the Management Board contained therein.

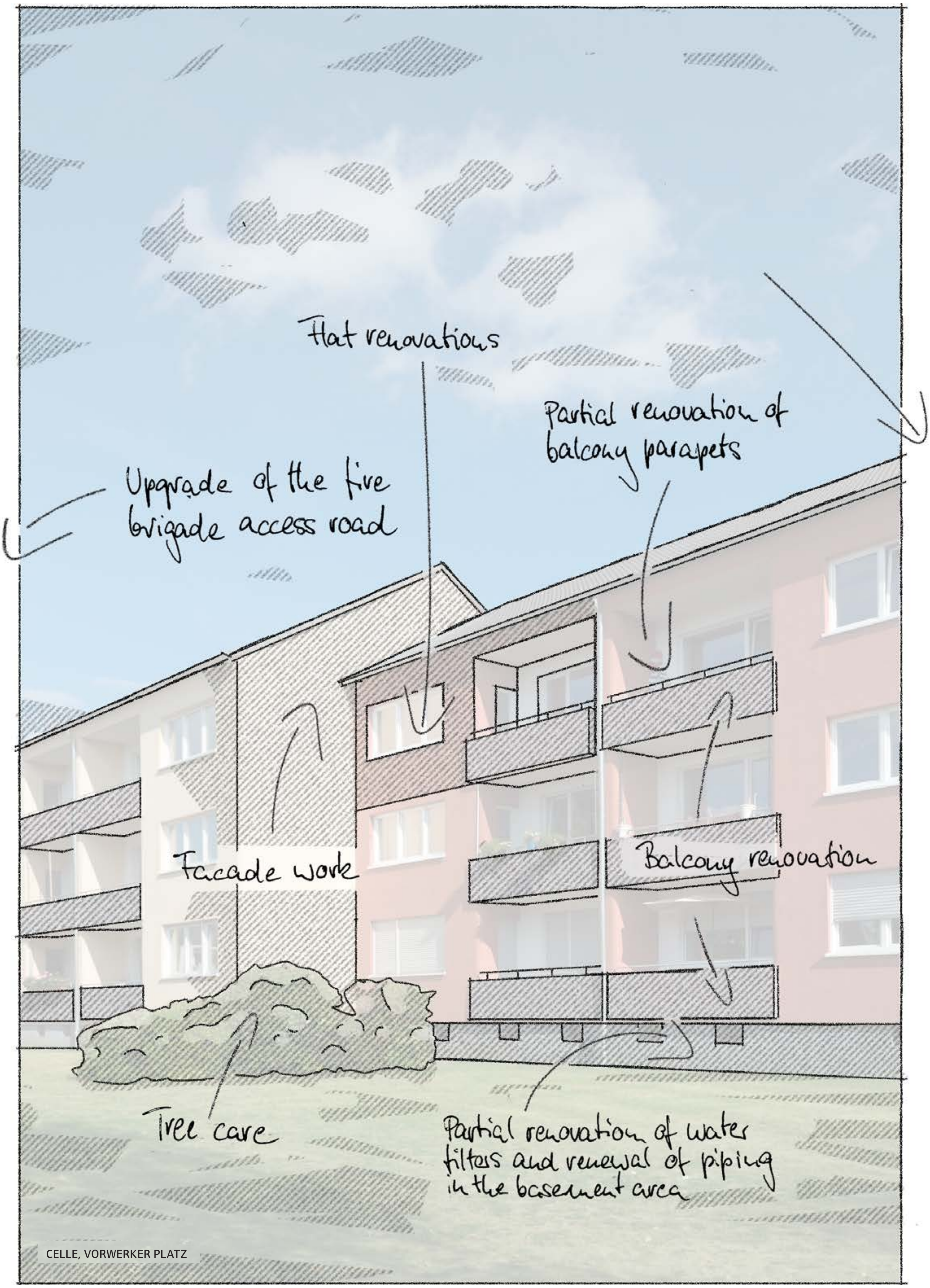
The Supervisory Board endorsed the Management Board's assessment of the business situation and outlook as set out in the management report as well as its proposal for the appropriation of profit, which provides for a dividend of EUR [+0.55+] per Noratis AG share.

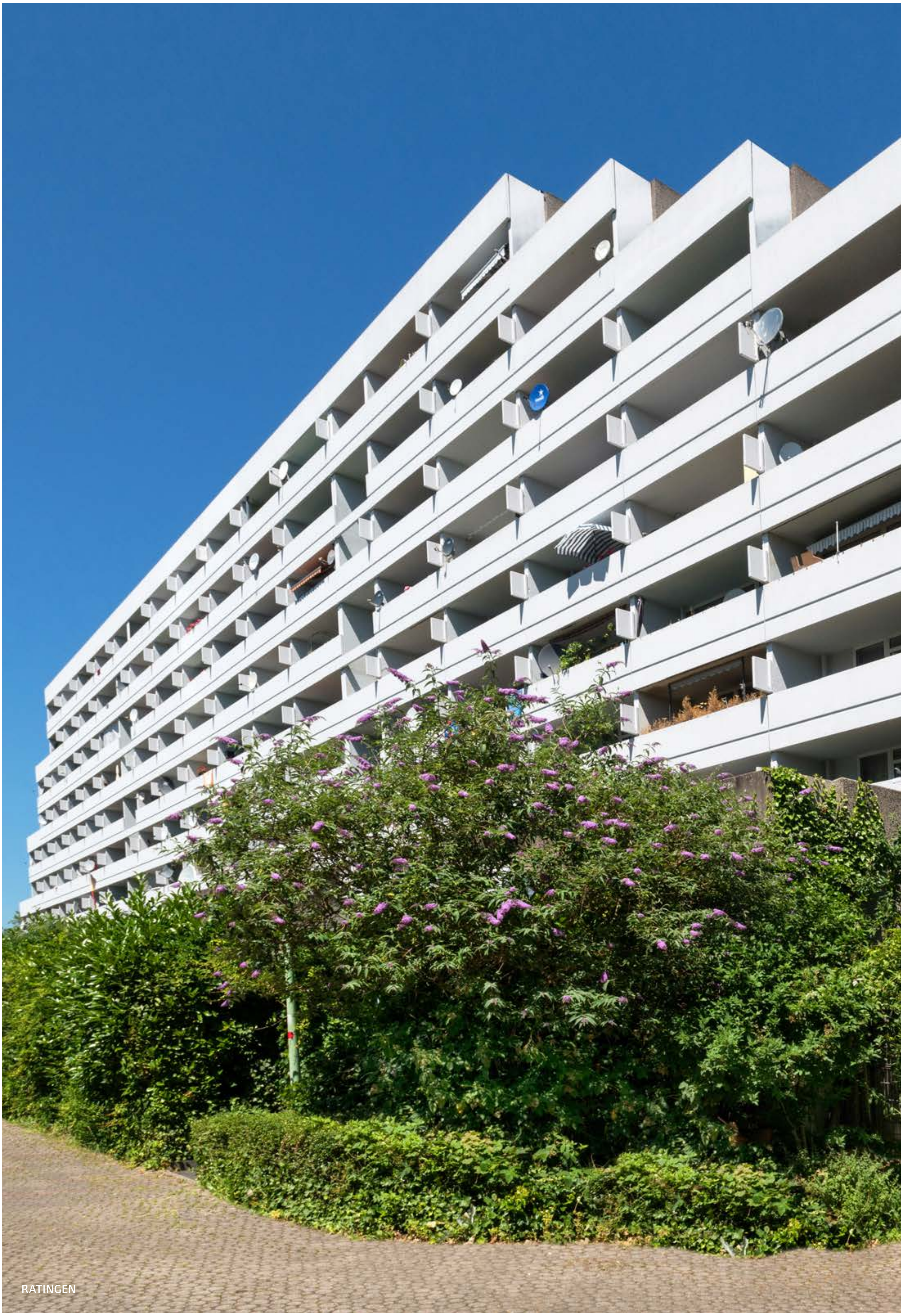
The Supervisory Board would like to thank all employees of Noratis AG and members of the Management Board for their efforts, commitment and loyalty in financial year 2021. Their commitment has made a key contribution to the success and positive performance of our business.

Eschborn, 27 April 2022

For the Supervisory Board of Noratis AG

Dr. Henning Schröer
Chairman


Flat renovations
Partial renovation of balcony parapets
Upgrade of the fire brigade access road
Facade work
Balcony renovation
Tree care
Partial renovation of water filters and renewal of piping in the basement area
CELLE, VORWERKER PLATZ



RATINGEN

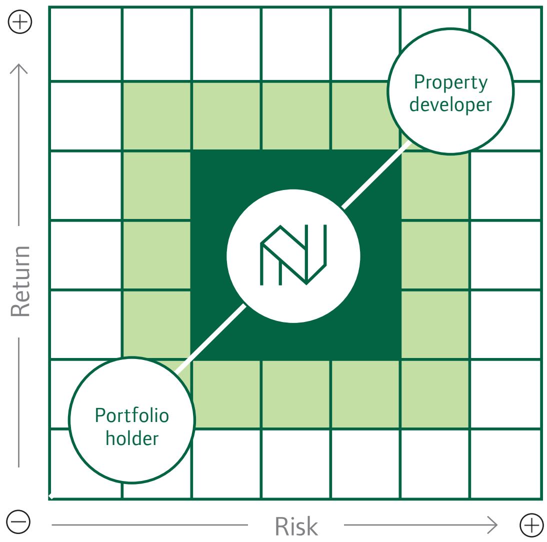
Group Management Report

as at 31 December 2021

1 Fundamental Information about the Group

1.1. Overview

The Noratis Group specialises in the development and management of residential property portfolios. This focus allows the Group to combine the security and predictability of having its own property portfolio with the attractive returns generated by property development. Recurring rental income generated from development properties and the portfolio under management ensures recurring monthly cash flows and stable contributions to earnings. The returns from developer activity generate additional earnings potential that is realised by active sales. In addition, changes in the fair value of investment properties are recognized annually in the income statement.



The Noratis Group operates throughout Germany, focusing on residential properties with potential for development. These are mostly company-owned apartments, residential areas and housing estates from the 1950s to 1970s. Here, the Group prefers to invest in secondary locations, i.e. cities with a population of more than 10,000 or on the outskirts of large urban areas.

The properties purchased are upgraded so that they deliver value for money for low- or middle-income tenants. In doing so, the Noratis Group creates and maintains attractive, affordable living space. The properties in the portfolio are held in inventory and developed until they are sold individually or in blocks. Proceeds from the sales are mainly reinvested in property purchases. In case of a long-term rental intention after completion of the development and being in line with defined, objective criteria, the respective property will be reclassified into investment property.

The Noratis Group's team of 63 employees on average during the 2021 financial year performs the core tasks throughout the entire value chain, from purchasing to commercial and technical development to sales. Thanks to this internal expertise, the existing network in the industry and the experience gained from successfully completed projects, the Group has the flexibility to react quickly whenever opportunities arise in the market. The current property portfolio as at 31 December 2021 comprises 4,212 units with an area of around 279,000 sqm.

1.2. Strategy

The Noratis Group pursues a strategy of achieving sustainable growth in its residential property portfolio. Its two main sources of income are the stable cash flows generated from rental income and the continuous sale of developed properties. Real estate assets and the share of revenue attributable to rental income are expected to rise steadily based on a proportionally higher number of units acquired compared to units sold and the establishment of an investment property portfolio earmarked for long-term rentals.

1.3. Group Structure

All of the Group companies pursue the same corporate strategy and operate in the same business segment. The parent company Noratis AG, which is listed in Deutsche Börse's Scale segment, acts as the management holding company, in which capacity it performs tasks for the entire Group on a Group-wide basis.

Noratis AG holds 100 percent of the shares in Noratis Wohnen GmbH, which was established in financial year 2015, and Noratis Habitat GmbH, which was established in July 2018.

Noratis holds 94 percent of the shares in Noratis Living GmbH, which it acquired in June 2017, and 65 percent of the shares in Noratis West GmbH, which was established in January 2020.

The share in Noratis Nordost GmbH, which was established in October 2020, was increased from 75 percent to 94.9 percent in June 2021.

Noratis Domus GmbH and Noratis Wohnwert GmbH were established in July 2021 and December 2021, respectively, each with a share capital of EUR 25 thousand. Noratis AG holds 100 percent of the shares in both entities.

Noratis AG acquired a 49 percent equity interest in G+N Energieeffizienz GmbH, which was established in February 2020. This company is not controlled by Noratis AG and is therefore not included in its consolidated financial statements.

1.4. Corporate Management

The Group-wide planning and management system is aligned with the Group's strategy and structured accordingly. The key operating indicators used by the Management Board mainly include the volume of purchases and sales realised, the scheduled implementation of refurbishments within budget and profits from the management of the individual portfolios. Key performance indicators in this context are the proceeds of sales realised, earnings before interest and taxes (EBIT) and earnings before taxes (EBT). The Group's loan to value (LTV) and net loan to value (Net LTV) ratios and its equity ratio are also monitored, as is net asset value (NAV) based on the properties' market values. Regular reporting of these key indicators enables the Management Board to assess the Group's economic performance on an ongoing basis and develop appropriate countermeasures whenever negative trends arise.

2 Economic Position

2.1. Macroeconomic Situation

According to calculations by the Federal Statistical Office, Germany's inflation-adjusted gross domestic product (GDP) rose by 2.8 percent in 2021. This means that the German economy recovered from the 4.9 percent slump in inflation-adjusted GDP in 2020. However, economic growth was still restrained due to the continuation of the coronavirus pandemic and the subsequent restrictions as well as global supply bottlenecks. Inflation-adjusted gross value added in the industrial sector grew by 4.4 percent year-on-year, while economic output in the construction industry fell by 0.4 percent compared to 2020. The mood among German businesses deteriorated slightly in December based on the ifo Business Climate Index, falling from 96.6 points in November 2021 to 94.7 points.

The German labour market did not yet show any signs of recovery in 2021. According to preliminary calculations by the Federal Statistical Office, the average number of people in gainful employment remained unchanged at 44.9 million in 2021 after declining by 0.8 percent in 2020, while the number of employees subject to social security contributions rose slightly by 0.3 percent. This was offset by declines in marginal employment and among the self-employed. The Federal Employment Agency reported an overall fall in unemployment of 0.2 percentage points to 5.7 percent. The average number of registered vacancies increased markedly again in 2021, rising by 92,000 to 706,000.

2.2. Situation in the German Property and Residential Property Market

Residential property prices in Germany recorded a 12.2 percent year-on-year increase in the fourth quarter of 2021, signalling a further acceleration in price rises after an increase of 8.1 percent in the fourth quarter of 2020.

Inflation in Germany rose significantly by 3.1 percent in 2021 due to base effects arising from lower prices in 2020 as well as supply bottlenecks and significant price increases in upstream economic stages. The increase in net rent exclusive of heating, lighting and other service costs was less pronounced, rising by an average of 1.3 percent year-on-year. According to the consumer price index published by the Federal Statistical Office, net rent exclusive of heating, lighting and other service costs in Germany was between 4.4 percent higher in Saxony and 12.1 percent higher in Bremen in 2021 compared to the baseline value of 100 percent in 2015.

According to Savills Research (German Residential Investment Market 2021), transaction volumes reached an all-time high of EUR 51.8 billion during the year under review, more than double the previous record of EUR 23.3 billion set in 2015. Residential emerged as the top-selling real estate asset class ahead of offices for the first time, with around 284,000 apartments changing hands, the second-highest figure since 2015. Portfolio transactions made up around 86 percent of all apartments that changed hands, or approximately 83 percent of the total transaction volume. More than half of all apartments that changed hands were located in Berlin, primarily as a result of Vonovia's takeover of Deutsche Wohnen. There was demand for both existing properties and new builds. At 89 percent, the majority of investments were made in existing properties, the highest proportion since 2015. The capital invested in project developments reached a new record high with an investment volume of EUR 5.6 billion.

According to BNP Paribas Real Estate, there was pronounced demand across all size classes in the residential property market, with investments of more than EUR 100 million making up the majority of transactions at more than 80 percent. Real estate corporations were the dominant buyer group due to large completions, with a share of almost 51 percent. However, investment and asset managers, special funds, and the public sector were also very active in the market.

The number of building permits increased by 3.3 percent year-on-year in 2021. This figure was up on the 2.2 percent rise recorded in 2020.

A number of legislative changes were introduced in 2021, some of which affected the residential property market. For example, the carbon tax came into force on 1 January 2021. This tax will gradually increase and will have an impact on housing costs. Various programmes encouraging energy efficiency and the use of renewable energy in buildings were combined to form the Federal Funding for Efficient Buildings (BEG) scheme in 2021, simplifying funding for energy efficiency initiatives.

Due to high demand, Savills expects transaction activity in the German residential property market to remain brisk in 2022. ESG (Environmental, Social & Governance) considerations are also likely to drive transactions. Older existing properties will face mounting pressure to renovate, prompting many such properties to be sold to companies with a focus on portfolio development.

2.3. Course of Business

The Noratis Group's operations were stable despite the still-noticeable turbulence caused by the coronavirus crisis. Residential properties remained largely unaffected by the crisis, while the reluctance to enter into transactions observed at the start of the coronavirus pandemic has long since been overcome. Demand for residential properties as an asset class remains very strong. This became apparent both from the increase in transaction volumes in 2021 and from the continued rise in prices. Pandemic-related rent losses or risks from rent receivables were low and of minor importance for the course of business.

The number of employees was increased due to the expansion of real estate assets, particularly in the asset management business.

As in the previous years, the Group significantly expanded its property portfolio in line with its strategy during the year under review to drive the sustainable growth of rental income. Despite higher sales than in the previous year, the portfolio grew from 3,366 to 4,212 units. The net increase in the value of the property portfolio in the financial year (investment and inventory properties) amounted to EUR 100.9 million. In the financial year under review, investment property was reported under non-current assets for long-term letting for the first time. Similarly, a separate asset management department is being set up to manage the properties held on a long-term basis.

This enlarged property portfolio caused gross rental income to rise by 38.0 percent to EUR 23.0 million. Sales proceeds surged by EUR 38.6 million to EUR 50.6 million as a result of lower sales figures in the previous year. As a result, EBIT increased from EUR 8.2 million to EUR 19.4 million during the year under review, while EBT rose from EUR 4.1 million to EUR 13.4 million.

The 21.5 percent rise in total assets to EUR 446.6 million caused the equity ratio to fall by 2.0 percent year-on-year to 18.2 percent.

The successful placement of a EUR 10 million unsubordinated and unsecured corporate bond with a term of 6 years and an interest rate of 4.75 percent in August 2021 generated net inflows of EUR 9.6 million. These funds were used for further expanding the property portfolio.

Due to the Noratis business model, most of the property portfolio is reported in inventories under IFRS accounting as well. Since these properties are generally intended for sale, they are recognised at amortised cost under inventories and not at market value, which results in significant hidden reserves.

As of 31 December 2021, the market value of the properties held in inventory as calculated by an independent external expert is approximately EUR 506 million, EUR 88 million higher than the current carrying amount of EUR 418 million. The difference between this and the reported current assets figure of EUR 424 million is due to the deduction of prepayments and capitalised leasehold contracts. When taking these hidden reserves into account, less the current income tax of 27.4 percent, the Company's equity amounts to around EUR 145 million, which corresponds to an NAV of EUR 30.16 per share and an equity ratio of approximately 27 percent.

In the course of the financial year, properties were acquired or sold at the following locations:

Acquisitions

State	Location	Number of Units	Sales Channel
Brandenburg	Neuruppin	30	Block sale
Bremen	Bremen	60	Block sale
Hesse	Bensheim	32	Block sale
Hesse	Niederrodenbach	10	Block sale
Lower Saxony	Aurich	95	Block sale
Lower Saxony	Celle	82	Block sale
North Rhine-Westphalia	Bielefeld	147	Block sale
North Rhine-Westphalia	Bottrop	22	Block sale
North Rhine-Westphalia	Duisburg	61	Block sale
North Rhine-Westphalia	Gelsenkirchen	151	Block sale
North Rhine-Westphalia	Hagen	30	Block sale
North Rhine-Westphalia	Mühlheim	10	Block sale
North Rhine-Westphalia	Münster	242	Block sale
North Rhine-Westphalia	Oberhausen	15	Block sale
North Rhine-Westphalia	Tönisvorst	10	Block sale
Schleswig-Holstein	Lägerdorf	48	Block sale
Schleswig-Holstein	Neumünster	60	Block sale
Schleswig-Holstein	Rendsburg	40	Block sale
Total		**1,145**	

Sales

State	Location	Number of Units	Sales Channel
Hesse	Erlensee	2	Privatisation
Hesse	Neu-Isenburg	185	Block sale
North Rhine-Westphalia	Mönchengladbach	6	Block sale
North Rhine-Westphalia	Mühlheim	10	Block sale
Schleswig-Holstein	Ratzeburg	96	Block sale
Total		**299**	

The Group's residential real estate portfolio amounted to 4,212 units at the end of the financial year, spread across the following locations:

State	Location	Number of Units	Sales Channel
Bavaria	Erlenbach am Main	197	Block sale
Bavaria	Cham/Upper Palatinate area	161	Block sale
Brandenburg	Neuruppin	195	Block sale
Bremen	Bremen	60	Block sale
Hesse	Bensheim	68	Block sale
Hesse	Frankfurt am Main	415	Block sale/ Privat-isation
Hesse	Kassel	36	Block sale
Hesse	Niederrodenbach	10	Block sale
Hesse	Rüsselsheim	83	Block sale
Mecklenburg-Western Pomerania	Rügen	142	------
Lower Saxony	Aurich	95	Block sale
Lower Saxony	Braunschweig	8	Privatisation
Lower Saxony	Celle	399	Block sale
Lower Saxony	Cuxhaven	66	Block sale
Lower Saxony	Emden	79	Block sale
Lower Saxony	Königslutter	93	Block sale
Lower Saxony	Wolfenbüttel	118	Block sale
North Rhine-Westphalia	Bielefeld	147	Block sale
North Rhine-Westphalia	Bottrop	22	Block sale
North Rhine-Westphalia	Castrop	8	Block sale
North Rhine-Westphalia	Duisburg	61	Block sale
North Rhine-Westphalia	Gelsenkirchen	151	Block sale
North Rhine-Westphalia	Gladbeck	32	Block sale
North Rhine-Westphalia	Hagen	30	Block sale
North Rhine-Westphalia	Krefeld	48	Privatisation
North Rhine-Westphalia	Lügde	200	Block sale
North Rhine-Westphalia	Münster	242	Block sale/ Privat-isation
North Rhine-Westphalia	Mönchengladbach	10	Block sale
North Rhine-Westphalia	Oberhausen	15	Block sale
North Rhine-Westphalia	Ratingen	156	Block sale
North Rhine-Westphalia	Solingen	14	Block sale
North Rhine-Westphalia	Steinfurt	111	Block sale
North Rhine-Westphalia	Tönisvorst	10	Block sale
Saxony	Freital	93	Block sale
Saxony	Leipzig	92	Block sale
Saxony	Halle	19	Block sale
Saxony	Magdeburg	149	Block sale
Schleswig-Holstein	Lägerdorf	48	Block sale
Schleswig-Holstein	Neumünster	60	Block sale
Schleswig-Holstein	Ratzeburg	229	Block sale
Schleswig-Holstein	Rendsburg	40	Block sale
Total		**4,212**	

including 56 commercial units

With 4,212 units (previous year: 3,366) and a carrying amount of EUR 434.4 million (previous year: EUR 333.5 million), the aggregate property portfolio at the end of 2021 increased year-on-year for both key figures in line with planning. Portfolios accounted for as investment properties are included in that amount.

The positive performance of the Noratis Group is reflected in the net assets, financial position and results of operations as described below.

2.4. Results of Operations

The consolidated statement of profit or loss and comprehensive income of the Noratis Group changed as follows in the 2021 financial year compared with 2020:

EUR million	Financial Year 2021	Financial Year 2020
Units sold	299	86
Total revenue	**73.6**	**28.7**
Revenue from sales of inventory properties	50.6	12.0
Cost of sales of inventory properties	-39.2	-7.0
Gross profit from sales of inventory properties	**11.4**	**5.0**
Letting revenue	23.0	16.7
Letting costs	-10.4	-6.7
Gross profit from letting	**12.6**	**10.0**
Other operating income	0.4	0.8
Gross profit	**24.4**	**15.8**
Personnel costs	-5.3	-5.0
Income from fair value adjustments of investment property	3.5	0.0
Other operating expenses and depreciation/ amortisation	-3.3	-2.6
EBIT	**19.3**	**8.2**
Net finance cost	-5.9	-4.1
EBT	**13.4**	**4.1**
Income tax	-3.9	-1.3
Profit for the period	**9.5**	**2.8**

Rounding differences may occur for mathematical reasons.

The Group generated consolidated revenue of EUR 73.6 million in financial year 2021. Proceeds from the sale of inventory properties surged by EUR 38.6 million to EUR 50.6 million due to the reluctance to enter into sales during the previous year.

Substantial growth in the net property portfolio also caused letting proceeds to climb sharply by EUR 6.3 million or 38.0 percent to EUR 23.0 million.

Net income from the sale of inventory properties relative to sales proceeds decreased from 41.5 percent to 22.5 percent and is primarily attributable to the year-on-year decrease in high-margin privatisations. During the financial year, only 0.7 percent of the total number of 299 residential units were sold to individual purchasers; this figure was 55.8 percent in the previous year.

Net income from letting relative to rental income saw its margin decline from 59.8 percent in the previous year to 54.8 percent. In contrast to the margin from sales proceeds, this margin is generally subject to lower fluctuations and primarily depends on rent levels, the condition of properties and vacancy rates.

Other operating income primarily includes unused provisions for modernisation expenses from block sales already completed and income from the settlement of benefits in kind.

The EUR 0.3 million increase in staff costs to EUR 5.3 million is largely attributable to the expansion of the workforce in tboth the commercial and technical asset management teams as a result of the expanded property portfolio.

The income from the fair value adjustment results from adjusting investment property to its fair value. In 2021, these properties were reclassified from inventories to investment property due to a change in their intended use.

This reclassification was based on the following objective criteria, all of which had to be met:

- A sustainable minimum return on equity.
- Planned development activities have largely been completed.
- A low asset management intensity.
- Long-term stability of the property’s value.
- A positive assessment of ESG compliance or fulfilment of minimum ESG requirements.
- Long-term financing with matching maturities has been concluded or will be implemented shortly (start of contractual negotiations to switch from project financing to long-term financing).

Earnings before interest and taxes (EBIT) rose by EUR 11.1 million to EUR 19.3 million due to increased property sales, higher rental income and income from the fair value adjustment.

Likewise, the financial liabilities used to finance properties rose year-on-year due to the expansion of the property portfolio in 2021. This also explains the EUR 1.8 million increase in net financial expenses (interest expenses less interest income) to EUR 5.9 million.

The Noratis Group generated earnings before tax of EUR 13.4 million. This represents an increase of EUR 9.3 million compared to the previous year and is primarily due to higher proceeds from the sale of inventory properties, higher rental income and income from the fair value adjustment.

2.5. Financial Position

The consolidated statement of cash flows changed as follows:

EUR million	Financial year 2021	Financial year 2020
Cash flows from operating activities	-70.1	-94.0
Cash flows from investing activities	-0.1	0.1
Cash flows from financing activities	47.9	118.0
Net change in cash funds	-22.3	24.1
Cash funds at beginning of period	31.0	7.0
Cash funds at end of period	8.7	31.0

Rounding differences may occur for mathematical reasons.

As in the previous year, negative cash flows from operating activities were primarily due to net purchases of inventory properties, with the purchase price for one property portfolio acquired during the year under review only due for payment in 2022.

Cash flows from investing activities mainly include payments for newly-acquired property, plant and equipment of EUR 0.1 million.

The significant decline in cash flows from financing activities resulted from net inflows of EUR 21.3 million generated by the two capital increases in the previous year. A EUR 30.0 million bond was also issued in the previous year, compared to a bond of only EUR 10.0 million in the year under review. The reduction in cash funds during the year under review meant that fewer additional loans were required for expanding the property portfolio.

The cash funds of EUR 8.7 million as of 31 December 2021 (previous year: EUR 31.0 million) will primarily be used to purchase additional property portfolios.

As of 31 December 2021, the Group had unused credit facilities of EUR 2.1 million (previous year: EUR 15.6 million). During the past financial year, the Noratis Group met all of its financial obligations on schedule, and the Management Board also expects all payments to be made in accordance with agreements in 2022.

2.6. Net Assets

Balance sheet summary:

	Financial year 2021		Previous year	
	EUR million	%	EUR million	%
Assets	**446.6**	**100.0**	**367.6**	**100.0**
Investment property	10.2	2.3	0.0	0.0
Fixed assets and financial assets	1.8	0.4	1.2	0.3
Deferred tax assets	0.0	0.0	0.4	0.1
Non-current assets	**12.0**	**2.7**	**1.6**	**0.4**
Inventory properties	424.2	95.0	333.5	90.7
Trade receivables	1.1	0.2	1.3	0.4
Financial and other assets	0.6	0.1	0.2	0.1
Cash	8.7	1.9	31.0	8.4
Current assets	**434.6**	**97.3**	**366.0**	**99.6**
Equity and liabilities	**446.6**	**100.0**	**367.6**	**100.0**
Equity	**81.3**	**18.2**	**74.3**	**20.2**
Bond	39.1	8.8	29.4	8.0
Financial liabilities and provisions	218.8	49.0	254.6	69.3
Deferred tax liabilities	0.6	0.1	0.0	0.0
Non-current liabilities	**258.5**	**57.9**	**284.0**	**77.3**
Bond and financial liabilities	87.9	19.7	3.6	1.0
Trade payables	15.5	3.5	1.4	0.4
Contract liabilities, tax liabilities, provisions and other liabilities	3.4	0.8	4.3	1.2
Current liabilities	**106.8**	**23.9**	**9.3**	**2.5**

Rounding differences may occur for mathematical reasons.

Total assets grew by 21.5 percent to EUR 446.6 million compared to the previous year. The increase in assets is primarily attributable to purchases of and investments in inventory properties, while the decline in cash had an offsetting effect. On the liabilities side, the increase in equity, the issue of the new bond, higher financial liabilities and the increase in trade payables were the main drivers.

In 2021, properties intended to remain in the portfolio for long-term rental were reclassified from inventories to non-current assets. This reclassification was based on objective criteria, all of which have to be met. See also the notes to the item "Result from fair value adjustments of investment property". These properties were measured at market values.

Right of-use assets for leased office space and the vehicle fleet were capitalised in accordance with the IFRS leases standard. In return, a lease liability for the same amount was recognised in financial liabilities. The right-of-use assets are depreciated over the entire term of the contract. As of 31 December 2021, right-of-use assets for office space amounting to EUR 0.5 million (previous year: EUR 0.6 million) and for the vehicle fleet totalling EUR 0.1 million (previous year: EUR 0.1 million) were capitalised.

As a result of the net purchases during the year under review, land and buildings held for sale increased by EUR 90.7 million to EUR 424.2 million as at 31 December 2021. This includes right-of-use assets of EUR 5.3 million (previous year: EUR 4.3 million) from leasehold land that should be reported in the same way as non-current assets in accordance with the IFRS leases standard. Most of the properties held by the Noratis Group are reported in inventories.

Despite the issuance of a EUR 10 million bond in August 2021, cash declined due in particular to the financing of newly acquired properties.

Net income for the financial year and the offsetting effect of the dividend payment totalling EUR 2.4 million resulted in an increase in equity by EUR 7.0 million or 9.5 percent to EUR 81.3 million.

The successful placement of a EUR 10 million bond with a term of 6 years and an interest rate of 4.75 percent in August 2021 generated net inflows of EUR 9.6 million. These funds were used as equity substitution for further expanding the property portfolio.

The significant increase in financial liabilities primarily resulted from the financing of newly acquired properties, particularly those in Münster, Celle, Gelsenkirchen, Bremen, Aurich and a portfolio in Schleswig-Holstein. The change in current and non-current financial liabilities is primarily due to the financing of two real estate portfolios. The loan for one portfolio is being repaid in full by its sale in 2022, which has already been notarised. The funding for another property is being extended until the following year.

The deferred tax liabilities of EUR 0.6 million (previous year: EUR 0.4 million in deferred tax assets) result from the differing measurement of investment property (EUR 1.0 million) and interest rate hedges, financial liabilities and the lease measurement (EUR 0.2 million). The deferred tax assets of EUR 0.6 million (previous year: EUR 0.3 million) resulting from tax loss carryforwards, which can be netted against tax liabilities arising from future profits, were netted against deferred tax liabilities.

Trade payables include a figure of EUR 14.2 million for the purchase price of inventory properties that only become due in 2022.

In contract liabilities, obligations arising from prepayments of operating costs and acquirer invoicing fell by EUR 0.5 million. Tax liabilities were reduced by a total of EUR 1.0 million due to the payment of EUR 3.9 million in income taxes for the previous year. The rise in other liabilities primarily results from the increase in tenant balances.

3 Report on Opportunities and Risks

a.) Risk Report

Risk Management

Management is responsible for appropriately realising and implementing the risk management process. To identify potential risks, management monitors the macroeconomic situation as well as financial developments and those in the real estate sector.

As risks are an unavoidable part of any corporate activity, the Noratis Group is governed by the principle that the opportunities and risks of all business transactions must be presented in a transparent manner. All managers are aware of the potential risks and work continuously with management to identify potential risks as early as possible and avoid or minimise known risks, ideally in advance. The option to take countermeasures, some of which have already been discussed, should always be preserved in order to prevent or at least minimise potential economic damage. To that end, the Group has created a risk matrix that describes and evaluates risks and defines measures based on cause and effect. This risk matrix is discussed with managers and updated at regular intervals.

At operating level, risk awareness among our employees and sufficient consideration of risks within our processes are firmly embedded and part of our day-to-day business along the entire value chain, from purchasing and asset management, including technical development, all the way to sales. All larger purchasing decisions are made unanimously by the Management Board and in consultation with the Supervisory Board after conducting detailed due diligence, including an analysis of locations and market conditions.

Regular meetings chaired by the Management Board and involving the asset management team, the technical department and sales ensure effective monitoring of all activities relating to the property portfolio (primarily property strategy, letting, defects, investment, budgets) as well as planned sales of properties and portfolios. The extent to which targets are met, both financially and in scheduling terms, is also reviewed and monitored. This enables management to identify potential deviations that could adversely impact the business at an early stage.

Working processes within the Group are regulated in detail by organisation agreements. The organisation handbook is constantly being expanded and optimised. Each organisation agreement is reviewed by the relevant parties within the Company and approved by the Management Board. Responsibilities along the value chain are precisely defined to ensure smooth working processes within the Group. This ensures that there is a clear description of responsibilities and competencies.

The Company has binding standards for all significant agreements and documents to avoid legal risks. All purchase and sale agreements as well as declarations of division are reviewed for conformity with the standards on a case-by-case basis, and all special features are coordinated with management.

Impact of the Coronavirus Pandemic on the Group

While the impact of the coronavirus pandemic is still being felt everywhere, it so far had only a minimal effect on the Noratis Group. Demand for residential property as an asset class continued to rise, as reflected by the high transaction volumes and price increases in the German residential property market, which smashed the previous 2015 record in 2021. The Management Board still does not expect any significant risks to the Group as a result of the coronavirus pandemic.

Regulatory and Political Risks

Like all companies in the real estate sector, the Noratis Group is exposed to general risks arising from legislative changes to the wider environment or from other regulations. These regulations may relate to tenancy law (e.g. rent control, restrictions due to redevelopment areas or public funding, etc.), building law, labour law, environmental law or tax law.

The occurrence of such risks usually means that additional costs might be incurred or rents cannot be developed as planned. This has an adverse effect on a project's potential rental yield and, in turn, negatively impacts the calculated selling price. It may not be possible to carry out planned modernisation measures at all or to the desired extent or schedule, which also has a negative impact on the expected return. Regulatory changes can also partially or completely limit the opportunity to sell apartments at particular locations individually.

As the Group's business activity is limited to Germany only and changes to laws and regulations in particular are announced by means of publication in a timely manner, the Group can usually adjust to such changes in good time.

"ESG" (Environmental, Social & Governance) has become established as the standard for sustainable investments. These three letters describe three sustainability-related areas of corporate responsibility with regard to the environment, social issues and corporate governance. These will have an increasing impact on the property sector. However, there is still plenty of uncertainty in this respect. With this in mind, the real estate industry is developing a common standard. Companies' ESG compliance is an issue that will only become increasingly important over the coming years.

Performance-related Risks

(i) Risks Associated with the Purchase of Properties

The success of the Noratis Group's business model is largely based on the purchase of suitable residential properties with development potential and the aim of selling them again after their successful development. In this context, there are construction, legal and economic risks if the assessments made as part of the purchase prove to be incorrect. In particular, incorrect assessments regarding property and location appeal, rent development potential, development costs, structure, contaminated sites, other encumbrances, saleability, and the time required to carry out modernisation and renovation work, as well as the employee capacity required, may have a negative impact on the Group's financial position and results of operations.

These risks are addressed in comprehensive due diligence conducted as part of the purchase process. In addition, financing is generally designed to ensure that properties can also be held in the portfolio in the medium term and still generate surpluses.

(ii) Risks Associated with the Development of Properties

There are development risks for the Group if the actual costs of renovation and modernisation measures exceed those calculated in advance for the measures in question. When carrying out its work, the Group also partially relies on the cooperation and approval of authorities, tenants and local residents. This may result in delays or additional costs or may even mean that the measures cannot be carried out at all or to the desired extent.

Due to the strong focus of our business model on residential properties of a simple or moderate standard, modernisation measures are largely standardised, which provides us with a relatively high degree of cost and planning certainty. Furthermore, the work required is less complex and risky compared to new builds, for example, and does not typically lead to a reduction in rents.

The technical department has a detailed calculation and controlling tool that compares budgeted figures with commissioned and already billed items broken down by trade. This enables any deviations from the overall project to be identified at an early stage and offset as effectively as possible as required.

(iii) Risks Associated with the Sale of Properties

The Group uses two distribution channels to sell its developed properties: individual privatisations and block/portfolio sales. Both distribution channels generally involve sales risks if the willingness of buyers to acquire property changes and the properties cannot be sold at all or to the envisaged extent, at the estimated terms or within the intended timeframe. These risks may arise directly in connection with a specific property or location (such as incorrect assessment of location, deterioration of location, decline in rent, vacancies, structural problems) or as a result of wider commercial and economic changes.

One important factor is financing capabilities within the market and the overall interest rate environment.

The Company addresses these risks and seeks to minimise them. It does this by constantly monitoring the market, maintaining contacts and having the option to generate a lower yet positive return from portfolio management if a property is not successfully marketed.

Letting Risks

Rent losses due to higher vacancy rates or credit risks among tenants have a negative impact on the Group's results of operations. This means that monitoring the letting situation is very important.

Occupancy rates are monitored regularly and closely by the asset management team based on standardised monthly rent reports.

Reports on vacancy rates, terminations, net lettings and measures required to establish the lettability of empty apartments are constantly among the topics discussed in the aforementioned regular meetings. The asset management team also monitors and follows the clearance of claims for rent arrears on a monthly basis.

New lettings generally require property management to review the creditworthiness of the prospective tenant.

Financial Risks

(i) Liquidity Risks

Liquidity is a particular focus area of Group management, partly to ensure that daily payment obligations can be met in a timely manner. Generally speaking, there are substantial fluctuations in liquidity over the course of the year due in particular to the block sales and purchases carried out by the Group.

The Group also requires a significant amount of equity or equity-equivalent funds for the mortgage-backed loans required to finance property purchases. These funds are typically provided by taking on new unsecured liabilities or by free liquidity from sales, as selling prices are usually higher than the repayment obligations associated with the loan. These unsecured liabilities are not project-specific and must be extended or refinanced as required.

The terms of the mortgage-backed loans are based on the planned project terms, with the majority of the loan repaid by the sale of the properties. If the planned project term is exceeded, the Group must rely on follow-up financing from either the bank already providing financing or a new bank.

The Group addresses these financing risks with sufficient liquidity planning instruments and by maintaining a continuous dialogue with relevant financing partners. Ongoing business transactions are planned and monitored based on the due dates of incoming and outgoing payments as part of liquidity planning. The Management Board is kept regularly informed about the current liquidity situation. The Noratis Group also has overdraft facilities and undrawn credit facilities totalling EUR 15.6 million to bridge short-term liquidity shortfalls, of which EUR 2.1 million was still available as of 31 December 2021.

(ii) Interest Rate Change Risks

The majority of property financing agreements are concluded based on the three-month Euribor rate. To hedge the variable-rate financing within the Group against interest rate risks, separate cap agreements were reached with banks for the majority of this variable-rate financing. The Group is exposed to interest rate risks despite these interest rate hedges, as the hedges do not cover the entire volume of variable-rate financing, and any interest rate hedges will be borne by the Noratis Group until the respective agreed cap has been reached.

Group management continually monitors the development of short and long-term interest rates and remains in close contact with the banks providing financing.

(iii) Financing Risks

The Group relies on external funds on reasonable terms to finance purchases and refinance acquired properties as well as its operating activities. There are financing risks for the Noratis Group if the willingness to provide external funds changes or is hampered based on Company-related or external factors. The conditions under which the Group takes on external funds may also deteriorate and have a negative impact on the Group's financial position. If this results in problems servicing ongoing loans, the Group may be forced to realise real estate collateral. Such distress sales would result in significant financial disadvantages for the Noratis Group.

The Group is party to credit agreements with a total volume of EUR 29 million in which the bank has credit requirements regarding the debt servicing capability that must be maintained, equity ratios, a net LTV covenant and the interest coverage ratio that must be maintained. Breaching these credit requirements may result in early repayment obligations. As of the 31 December 2021 reporting date, all requirements arising from credit agreements within the Group were met, which meant there were no early repayment obligations.

(iv) Default Risks

Generally speaking, there are no additional risks from bad debts other than risks relating to rent losses. Property sales are completed exclusively via notarised purchase agreements that require the buyer to pay the purchase price in full and without reservation before the transfer of ownership can take place or be recorded in the land register. This is only initiated once receipt of payment has been confirmed in the accounts by the asset management team or the legal department for the acting notary.

If the buyer does not satisfy the purchase agreement, the agreement must be rescinded in accordance with standard purchase agreement provisions.

Market-related Risks

The Group acquires residential properties across Germany with the aim of selling them again after their successful development. In this respect, the Group is highly dependent on market and macroeconomic developments over which it has no influence. These include the relationship of supply and demand for properties in particular locations and price brackets, tax conditions, developments in the local labour market, overall economic developments and resulting cyclical fluctuations in the residential property market.

As a result, it cannot be ruled out that the residential property market relevant to the Company could be impacted by a deterioration in the macroeconomic situation in Germany, Europe or worldwide and that this would have a negative impact on the Group's performance. This applies in particular to the further course of the coronavirus pandemic, which has caused significant revenue and earnings declines in many areas of the economy. The housing sector was one of the few exceptions in this regard, with prices and rents for residential property continuing to perform well despite the recession. At present, no pandemic-related risks have been identified that might pose a threat to the Noratis Group.

Legal Risks

There are isolated legal disputes, the outcomes of which cannot be predicted. These primarily relate to rent disputes. The Noratis Group has recognised appropriate provisions for risks arising from legal disputes.

Risk Concentration

As the Group aims to complete not only smaller transactions but also larger ones compared to the existing portfolio, this may lead to a concentration of risk in one portfolio or location. In particular, if the aforementioned performance-related risks come into effect and expectations are not met, this may have a negative impact on the Group’s net assets, financial position and results of operations.

b.) Opportunities for Future Development

The real estate market in Germany – and the residential property sector in particular – remains a highly attractive market that has proven very stable in times of crisis.

On the sales side, the Group continues to benefit from the current low interest rate environment, strong investor interest in real estate as tangible assets, and the fact that Germany remains attractive to both domestic investors and, in particular, international investors as a relatively secure investment location due to the overall economic situation.

When it comes to property investments, residential property is among the most conservative and lowest-risk asset classes, as default risks are divided among many individual tenants. The historically low interest rates often make it cheaper for tenants to buy property than rent it, while investors can often purchase properties on terms that enable the rent to finance both the interest and part of the repayments.

On the purchasing side are the Group's competitive advantages combined with its preferred lot sizes, locations and property condition. The Company is flexible with regard to the number of units to be purchased. While the size of target properties is often below the minimum purchasing volume of larger competitors, this volume is often too large for prospective private investors.

When it comes to location and property condition, the Noratis Group prefers locations on the outskirts of metropolitan areas ("secondary locations") and in cities with basically stable demographic trends, as well as properties with technical and commercial development potential that are exposed to less competition than prime locations. In addition, prices in peripheral locations are less volatile and many buyers shy away from the modernisation measures required. By contrast, Noratis specialises in developing these properties with its in-house technical team and can look back on a variety of successfully completed project developments.

Another advantage of focusing on housing estates, company-owned apartments and residential areas is that relatively low costs and standardised measures enable development to be carried out efficiently, economically and with a high degree of cost certainty due to the high level of homogeneity among these properties (e.g. standardised floorplans).

The Group's business model enables it to occupy an attractive niche between portfolio holders and project developers. Ongoing rent provides the Company with the kind of stable rental income from which portfolio holders also benefit. Development measures and well-timed sales, on the other hand, have a positive effect on returns without exposure to the development risks of a new build.

The niche occupied by the Noratis Group is also attractive when it comes to analysing supply and demand. The properties typically found in the portfolio are of a simple to moderate standard with monthly rent that is generally well below EUR 10.00 per square metre of living space.

Demand in this segment is less volatile than for properties in the higher price segment due to the breadth of the population. Supply, on the other hand, is limited by price increases but in particular by new energy regulations, which means that hardly any new properties are being built with monthly rent significantly below EUR 10.00 per square metre of living space.

In this respect the Noratis Group, with its business model as a property portfolio developer, is in an excellent position to actively exploit opportunities for further growth in the German real estate market and minimise potential risks. It is highly likely that stable to rising rents, property prices and demand for residential property, plus low vacancy rates combined with low financing interest, will also enable the Group to generate stable income and achieve further organic growth in the near future.

There are also plans to acquire new portfolios in 2022 and thus further expand the Group's portfolio of inventory properties compared to the portfolio at the end of 2021 despite sales. The Group typically aims to purchase between 20 and 500 units, although it also evaluates portfolios of up to 2,000 residential units.

c.) Overall Assessment of the Report on Opportunities and Risks

Based on current assessments, the Noratis Group's Management Board is not aware of any going-concern risks that could threaten the existence of the Group. Management is confident of being able to convert the opportunities available in the German real estate market into additional growth in future without taking unjustifiable risks.

It is not yet possible to assess the impact of the Ukraine crisis on the real estate market. Generally speaking, the acceptance of civilian refugees will result in higher demand for affordable residential properties in particular. However, the conflict is also exacerbating inflationary trends that have already increased significantly in recent months as a result of the coronavirus pandemic and the resulting disruption to global supply chains. This has increased the risk that the European Central Bank will raise interest rates rapidly. For example, the five-year swap rate has already climbed by more than 100 basis points in recent months. A sharp rise in interest rates could have an adverse effect on property prices and thus the transaction market.

In the context of ESG (Environmental, Social & Governance), the first regulatory measures have already been announced. From 2023 onwards, landlords will be able to charge on to residential tenants only a portion of the carbon tax introduced as part of climate. A phased model is planned in which landlords will bear up to 90 percent of the costs, depending on the energy performance of the buildings. A similar model is to be introduced later for commercial buildings.

4 Report on Expected Developments

According to the Federal Statistical Office, the German economy managed to recover from the coronavirus crisis, with gross domestic product rising by 2.8 percent. However, the economy is still nowhere near pre-crisis levels. Global supply bottlenecks and the rapid increase in inflation in particular are preventing any further recovery.

However, so far this has had little effect on the real estate sector and the housing market in particular, which even recorded a record transaction volume in 2021. High transaction volumes are again expected in the German residential property market in 2022.

Metropolitan areas in particular are still experiencing high demand that is hardly being reduced by new-build apartments. There are still good opportunities to sell upgraded properties that also deliver value for money for low or middle-income tenants.

The war in Ukraine and the latest increase in prices have laid bare Germany and Europe’s dependency on Russian energy sources. As a result, upgrading the energy efficiency of existing apartments will become increasingly important for the real estate sector. The Management Board of the Noratis Group wants to use this development as an opportunity to further enhance its expertise in this area, enabling it to improve its competitive positioning when it comes to portfolio acquisitions in particular.

Provided that the war in Ukraine does not spill over into other countries, the shortage of energy sources and the associated price increases can be largely absorbed, and any interest rate hikes turn out to be moderate, the Noratis Group Management Board expects the Group to continue performing well in 2022.

As in previous years, the Company plans to continue increasing the volume of properties in 2022. If the Group is successful in generating net purchases, this will result in further strong growth in rental income combined with a moderate rise in sales proceeds. Overall, the Management Board anticipates significant growth in both EBIT and EBT in 2022 compared to 2021.

With regard to its non-financial performance indicators, the Group plans to continue its strategy from the previous year of further enhancing its visibility in the market in order to improve access to potential sellers of portfolios beyond what has already been achieved. The Group also wants to position itself in terms of ESG issues and develop a sustainable strategy.

As planned, the number of employees was significantly increased in the financial year ended, reflecting the Company's growth to date. The plan for 2022 is to increase the headcount further depending in particular on the acquisition success achieved and the resulting net increase in inventories of real estate portfolios. Going forward, the focus here will remain on the long-term retention and development of employees, as the commitment and specialist knowledge of employees as well as their collaboration are essential prerequisites for the successful achievement of the Company’s objectives. In line with this focus, in 2022 the Noratis Group will again use a stock option plan and the employee share programme that has already been launched to retain its employees for the long term.

5 Internal Control and Risk Management System Relevant for the Consolidated Financial Reporting Process

The control system relevant for the consolidated financial reporting process is derived from the central accounting organisation at parent company Noratis AG. The Group's financial statements are prepared by its own employees who are supported by external service providers, particularly with regard to tax issues and payroll accounting. Rental accounting is also carried out by the Group's own employees in order to manage external property management firms.

Extensive management reports are prepared at both Group and property level on a monthly basis.

6 Closing Statement by the Management Board on the Dependent Company Report

There were no reportable measures in the 2021 financial year.

Eschborn, 27 April 2022

Noratis AG

Igor Christian Bugarski
Chief Executive Officer

André Speth
Chief Financial Officer


RATZEBURG

Consolidated Financial Statements

as at 31 December 2021

Consolidated Balance Sheet as at 31 December 2021

AKTIVA

EUR thousand	Notes	31.12.2021	31.12.2020
Investment property	5.1	10,200	0
Property, plant and equipment	5.2	842	1,039
Intangible assets	5.2	29	28
Investments accounted for using the equity method	2.3 / 5.3	29	11
Other financial assets	5.4	862	88
Deferred tax assets	5.12	1	398
Non-current assets		**11,963**	**1,564**
Inventory properties	5.5	424,180	333,508
Trade receivables	5.6	1,086	1,294
Financial assets	5.4	49	71
Other assets	5.7	553	92
Cash	5.8	8,724	31,032
Current assets		**434,592**	**365,997**
Total assets		**446,555**	**367,561**

EQUITY AND LIABILITIES

EUR thousand	Notes	31.12.2021	31.12.2020
Share capital	5.9	4,818	4,818
Capital reserves	5.9	51,817	51,777
Retained earnings	5.9	24,238	17,189
Equity attributable to owners of Noratis AG		**80,873**	**73,784**
Non-controlling interests		423	476
Equity	2.4	**81,296**	**74,260**
Other provisions	5.10	61	55
Bond	5.11	39,135	29,376
Financial liabilities	5.11	218,722	254,516
Deferred tax liabilities	5.12	563	0
Non-current liabilities		**258,481**	**283,947**
Other provisions	5.10	149	130
Bond	5.11	413	226
Financial liabilities	5.11	87,456	3,370
Trade payables		15,519	1,424
Tax liabilities	5.13	603	1,592
Contract liabilities	5.14	231	701
Other liabilities	5.15	2,407	1,911
Current liabilities		**106,778**	**9,354**
Total equity and liabilities		**446,555**	**367,561**

Consolidated Statement of Profit or Loss and Comprehensive Income

EUR thousand	Notes	2021	2020
Total revenue		**73,598**	**28,700**
Revenue from sales of inventory properties		50,590	12,032
Cost of sales of inventory properties		-39,193	-7,039
Gross profit from sales of inventory properties		11,397	4,993
Letting revenue		23,008	16,668
Letting costs		-10,391	-6,706
Gross profit from letting		12,617	9,962
Other operating income	6.4	436	847
Gross profit		**24,450**	**15,802**
Personnel costs			-4,986
Depreciation and amortisation			-423
Result from fair value adjustments of investment property			0
Other operating expenses			-2,183
Earnings before interest and taxes (EBIT)		**19,364**	**8,210**
Profit/loss of equity-accounted entities		17	-1
Finance income		505	205
Finance costs		-6,458	-4,259
Earnings before taxes (EBT)		**13,428**	**4,155**
Income tax		-3,892	-1,358
Profit for the period	6.9	**9,536**	**2,797**
thereof attributable to			
- Attributable to owners of the parent		9,471	2,784
- Attributabel to non-controlling interests		64	13

There is no reconciliation from profit for the period to comprehensive income according to IAS 1.81 ff

Consolidated Statement of Cash Flows

EUR thousand	Notes	2021	2020
Profit for the period		9,536	2,797
Fair value adjustments of investment property	5.1	-3,532	0
Depreciation and amortisation	6.6 / 7.3	460	423
Gain / loss on disposal of fixed assets		4	0
Changes in inventory properties	5.5	-96,316	-90,375
Increase / decrease in trade receivables and other assets not attributable to investing or financing activities		-531	7,041
Increase / decrease in liabilities (excluding borrowings) and provisions		14,123	-17,424
Result from investments accouted for using the equity method	2.3 / 5.3	-17	1
Finance income / finance costs	6.8 / 7.3	5,953	4,054
Income tax expense / income	6.9	3,892	1,358
Income taxes paid		-3,953	-2,157
Equity-settled share-based payments	6.5	86	122
Other non-cash expenses / income		191	116
Cash flows from operating activities		**-70,104**	**-94,044**
Proceeds from disposal of non-current assets		0	1
Payments to acquire property, plant and equipment and intangible assets	5.2	-110	-70
Payments made for investments		0	-12
Interest received		6	205
Cash flows from investing activities		**-104**	**124**
Proceeds from capital contributions by shareholders of the parent entity		0	21,911
Proceeds from capital contributions by minority shareholders		0	265
Transaction costs related to the issuance of shares		0	-629
Proceeds from borrowings	5.11	83,629	92,712
Cash repayments of borrowings	5.11	-36,126	-14,008
Proceeds from the issuance of bonds	5.11	10,000	30,000
Cash repayments of bonds		0	-4,111
Transaction costs related to the issuance of bonds	5.11	-918	-1,162
Cash repayments of lease liabilities	7.3	-230	-205
Repurchase of own shares	5.9	-91	-150
Proceeds from sale of own shares	5.9	45	73
Payments for purchase of derivative financial instruments		-275	-178
Interest paid		-5,704	-3,630
Dividends paid to shareholders of the parent entity	5.9	-2,409	-2,882
Dividends paid to other shareholders		-21	-21
Cash flows from financing activities		**47,900**	**117,985**
Net change in cash funds		**-22,308**	**24,065**
Cash funds at beginning of period		31,032	6,967
Cash funds at end of period		**8,724**	**31,032**


AURICH

Financial Calendar

10 May 2022	**Annual report 2021**
01–02 June 2022	**Quirin Champions Conference in Frankfurt/Main**
23 June 2022	**Annual General Meeting**
13 August 2022	**Annual interest payment for 4.75 % Bond 2021/2026**
30 September 2022	**Financial report first half-year 2022**
04–06 October 2022	**EXPO REAL in Munich**
11 November 2022	**Annual interest payment for 5.5 % Bond 2020/2025**
28–30 November 2022	**Eigenkapitalforum in Frankfurt/Main**
31 December 2022	**End of financial year 2022**

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