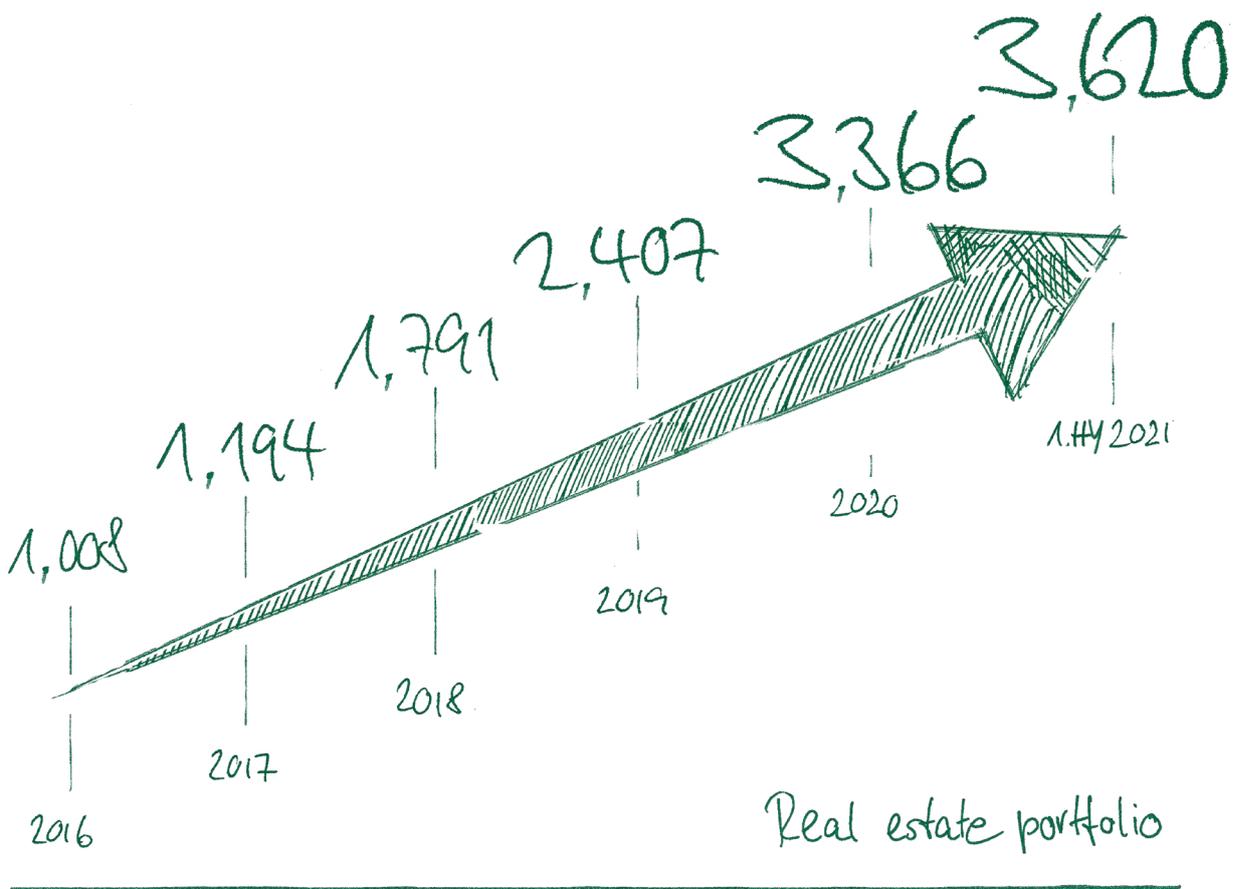




NORATIS



Financial Report
First Half-Year 2021

abridged version ¹

Group Key Figures (IFRS)

	2020	1st half-year 2020	1st half-year 2021
Revenue (EUR million)	28.7	14.0	59.8
EBIT (EUR million)	8.2	4.5	13.3
EBT (EUR million)	4.2	2.5	10.2
Consolidated net income (EUR million)	2.8	1.8	7.3
Earnings per share (basic, EUR) *	0.69	0.49	1.52
Total assets (EUR million)	367.6	269.8	376.2
Units sold	86	32	289
Units acquired	1,045	155	543
Units	3,366	2,530	3,620
Rental space of the property portfolio (rounded)	225,000	167,000	244,000

* based on IFRS (weighted number of shares)

¹ only the German version of the half year report is relevant concerning the reporting standards of Noratis AG

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Dear shareholders,

Noratis AG can look back on another highly successful performance in the first half of 2021. We continued to expand our property portfolio and returned to making our first portfolio sales in line with our strategy. As a result, Noratis is on track to achieve its planned growth for 2021 including significantly increasing EBIT and EBT year-on-year.

Our focus on developing residential property portfolios in Germany continued to serve us well in the first half of 2021. Noratis AG was once again able to announce several portfolio acquisitions thanks to our many years of experience and our exceptional network in the real estate sector. We increased our property portfolio to 3.732 units as of the end of June 2021, including properties that have already been contractually secured but not yet recognised in the financial statements.

We acquired 242 residential units in Münster, 150 in Gelsenkirchen and 82 in Celle. The transfer of benefits and associated risks for 112 units will only take place in the second half of 2021. As properties are only recognised in the financial statements after benefits and risks have been transferred, our total assets of EUR 376.2 million as of the end of June 2021 do not yet take these properties into account.

Having deliberately refrained from larger portfolio sales during the 2020 financial year in order to grow our property portfolio faster, we resumed our sales activities during the first half of 2021. We sold 96 residential units in Mölln and Ratzeburg in

Schleswig-Holstein as well as 185 residential units in Neu-Isenburg near Frankfurt for which we were able to realise our developer margin. By completing these disposals, we were able to hit our portfolio sales target for the full year already in the first six months.

Our regional subsidiary Noratis West also made highly encouraging progress in the first six months of 2021. Overall, the subsidiary acquired 38 residential units and sold on six.

The resumption of portfolio sales had a distinctly positive impact on earnings as expected. Earnings before interest and tax (EBIT) rose to EUR 13.3 million, up from EUR 4.5 million in the first half of 2020. Earnings before tax (EBT) climbed from EUR 2.5 million a year earlier to EUR 10.2 million. Consolidated profit improved to EUR 7.3 million from EUR 1.8 million in the prior-year period. As a result, our earnings figures for the first half of 2021 have already significantly surpassed those of the full year 2020, when EBT amounted to EUR 4.2 million and consolidated profit reached EUR 2.8 million.



Igor Christian Bugarski
CEO

André Speth
CFO

Revenue rose to EUR 59.8 million, up from EUR 14.0 million in the first half of 2020. In addition to sales proceeds, the higher rental income generated by the enlarged property portfolio also had a positive impact, with rental income increasing to EUR 10.2 million in the first half of 2021 after EUR 8.0 million in the prior-year period. This rise also reflects our focus on generating sustainable positive results from portfolio management.

The figures for the first half of 2021 show that Noratis is very much on track to achieve its revenue and earnings growth targets for the full year. We plan to continue expanding our property portfolio through acquisitions in the second half of 2021. In doing so, our aim is to not only grow in existing locations – as we did in Celle in the first half of the year – but also to establish a presence in new locations, as we did in Münster and Gelsenkirchen during the first six months of 2021.

Noratis AG's positive performance would not be possible without the unwavering dedication of our employees. We would therefore like to take this opportunity to thank them very much for their commitment. Our thanks also go to our business partners for their loyal cooperation. Last but not least, we would like to thank you, our shareholders, for your commitment and loyalty to Noratis AG. We hope you will continue to give us your support.

Kind regards,

Igor Christian Bugarski

André Speth

Noratis on the Capital Markets – First half-year 2021

Share price

In the first half of 2021, German equity markets continued their positive performance from the previous year despite the continuing uncertainty caused by the coronavirus pandemic. Germany's leading DAX index reached the 15,000-point mark for the first time in March and ended the first half of the year up 13.2 percent. The MDAX mid-cap index recorded growth of around 10 percent during this period, while Germany's SDAX small-cap index rose by approximately 8 percent. The F.A.Z. Construction and Real Estate Index only made slight gains of 1.5 percent in the first half of the year, whereas the FTSE/EPRA NAREIT Germany index, which includes listed real estate companies, recorded a more dynamic increase of around 11.2 percent.

Noratis shares rose by approximately 20.7 percent in the first half of 2021 to significantly outperform the overall German market. After ending 2020 at EUR 17.57, the share price reached its low on Deutsche Börse's electronic trading platform, Xetra, on 11 January 2021 with a closing price of EUR 17.18. Noratis shares then climbed to an all-time high Xetra closing price of EUR 21.50 on 14 June. The share price reached this level several times by the end of the month, including the closing price for the first half of 2021.

The daily trading volume on Xetra averaged 2,506 shares in the first half of 2021. The average daily trading volume on other stock exchanges was 1,999 shares, resulting in a combined daily trading volume of 4,505 shares in the first six months of 2021.

Annual General Meeting

Among the resolutions approved by the Annual General Meeting held virtually on 16 June 2021 was a resolution to distribute a dividend of EUR 0.50 per share. All of the agenda items were

adopted with a majority of more than 96 percent of the votes represented at the Annual General Meeting.

Research

Several research firms covered Noratis AG in the first half of 2021. SMC Research set a target price of EUR 30.60 and issued a "buy" recommendation in a report published on 14 June,

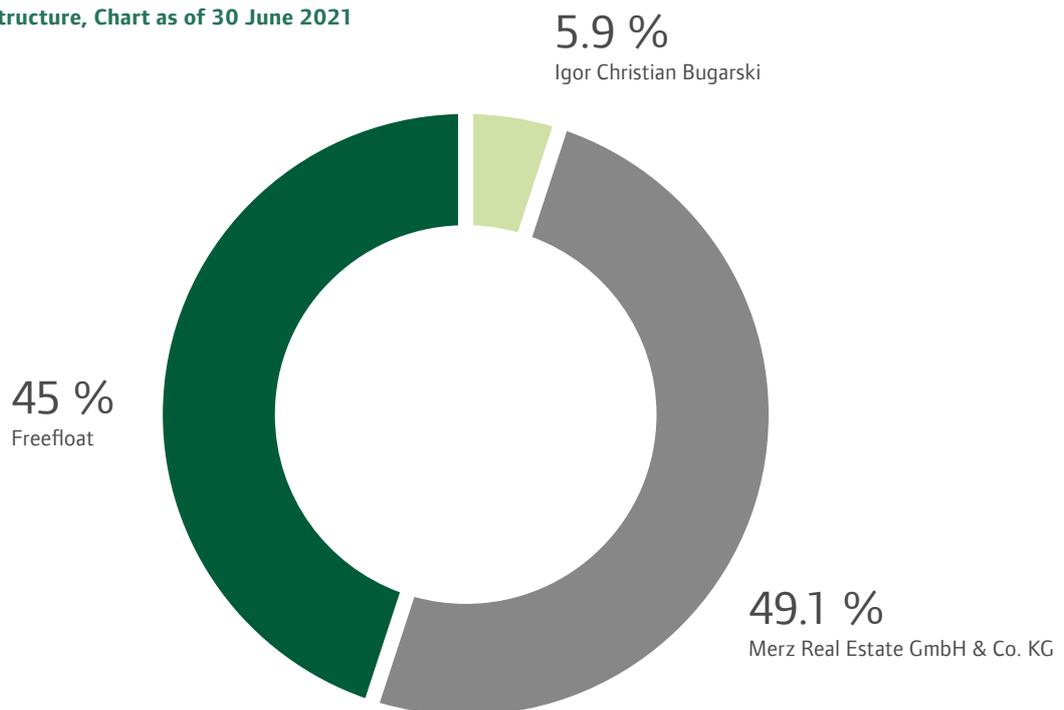
while Warburg also gave a "buy" recommendation on 17 May and set its price target for Noratis shares at EUR 30.00.

Investor Relations

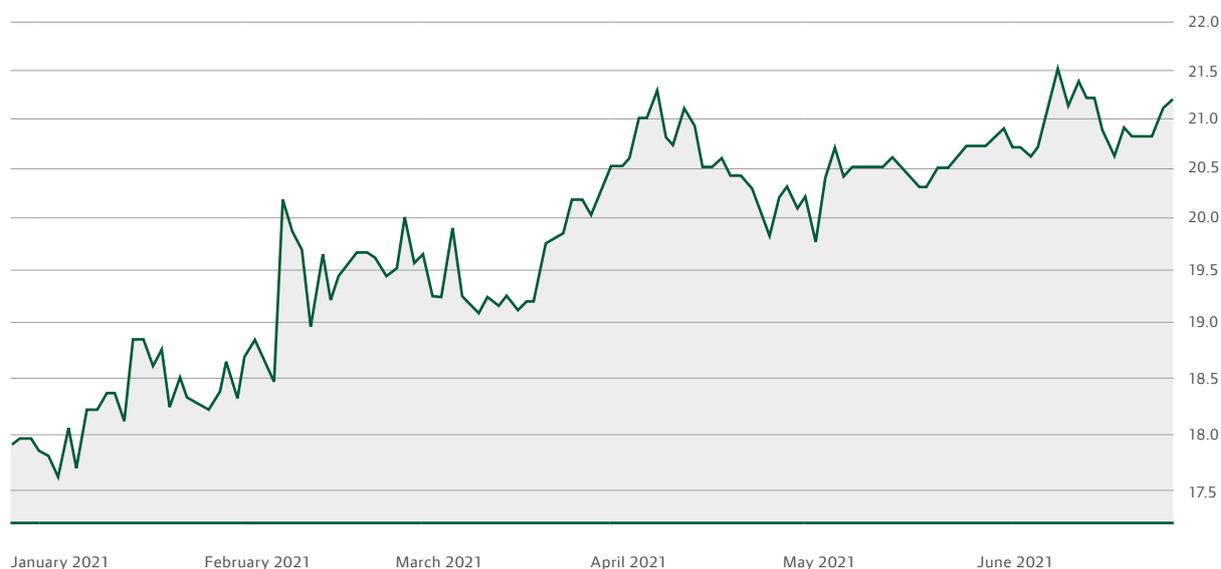
Noratis AG provides investors, analysts and journalists with comprehensive and transparent information about its business performance, publishing half-yearly and annual reports in addition to press releases and ad-hoc notifications. Noratis AG is also regularly represented at capital markets conferences. Our qualified Investor Relations colleagues are also available

to answer any questions in this area. Due to the coronavirus pandemic, Noratis AG largely continued to refrain from holding in-person meetings during the first half of 2021 and instead held virtual meetings with institutional investors and media representatives.

Shareholder structure, Chart as of 30 June 2021



Noratis share price performance from 1 January 2021 to 30 June 2021 (in EUR)



Key data

ISIN / WKN / Ticker symbol	DE000A2E4MK4 / A2E4MK / NUVA
Type of shares	4,818,027 ordinary bearer shares without par value (no-par value shares)
Share capital	EUR 4,818,027
Market capitalisation on 30 June 2021	EUR 102 million
Initial listing	30 June 2017
Initial issue price	EUR 18.75
Trading segment	Scale segment of Frankfurt Stock Exchange
Other exchanges	XETRA, Frankfurt, Berlin, Stuttgart, Munich, Hamburg, Düsseldorf, Tradegate, Quotrix, L&S RT
Designated sponsor	ODDO BHF

Bond

The 5.50% corporate bond 20/25 (WKN: A3H2TV, ISIN: DE000A3H2TV6) issued by Noratis AG in November 2020 with a volume of EUR 30 million has traded at above 100 percent

since listing. The bond's closing price at the end of the first half-year on 30 June 2021 in Frankfurt was 106.20 percent.

Noratis AG 20/25 (Frankfurt)



Key data

ISIN / WKN	DE000A3H2TV6 / A3H2TV
Issue volume (EUR)	EUR 30 million, up to EUR 50 million overall
Denomination (EUR)	1,000
Term	5 years (until 11 November 2025)
Interest coupon	5.50%
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	ICF BANK AG
Intended use	Expansion of the real estate portfolio



KREFELD, HINTER SCHÖNHAUSEN

Interim Consolidated Financial Statements

as at 30 June 2021

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Consolidated Balance Sheet

ASSETS

EUR thousand	Note No.	30.06.2021	31.12.2020
Property, plant and equipment	4.1.	884	1,039
Other intangible assets		14	28
Investment in associates		15	11
Financial assets	4.2.	309	88
Deferred tax assets	4.8.	455	398
Non-current assets		1,677	1,564
Inventory properties	4.3.	364,997	333,508
Trade receivables	4.4.	780	1,294
Financial assets		23	71
Other assets	4.4.	724	92
Cash	4.5.	7,985	31,032
Current assets		374,509	365,997
Total assets		376,186	367,561

EQUITY AND LIABILITIES

EUR thousand	Note No.	30.06.2021	31.12.2020
Share capital		4,818	4,818
Capital reserves		51,732	51,777
Retained earnings		22,066	17,189
Equity attributable to owners of Noratis AG		78,616	73,784
Non-controlling interests		404	476
Equity	4.6.	79,020	74,260
Other provisions		58	55
Bond	4.7.	29,553	29,376
Financial liabilities	4.7.	247,478	254,516
Non-current liabilities		277,089	283,947
Other provisions		120	130
Bond	4.7.	920	226
Financial liabilities	4.7.	11,379	3,370
Trade payables		1,957	1,424
Tax liabilities	4.8.	3,023	1,592
Contract liabilities		959	701
Other liabilities		1,719	1,911
Current liabilities		20,077	9,354
Total equity and liabilities		376,186	367,561

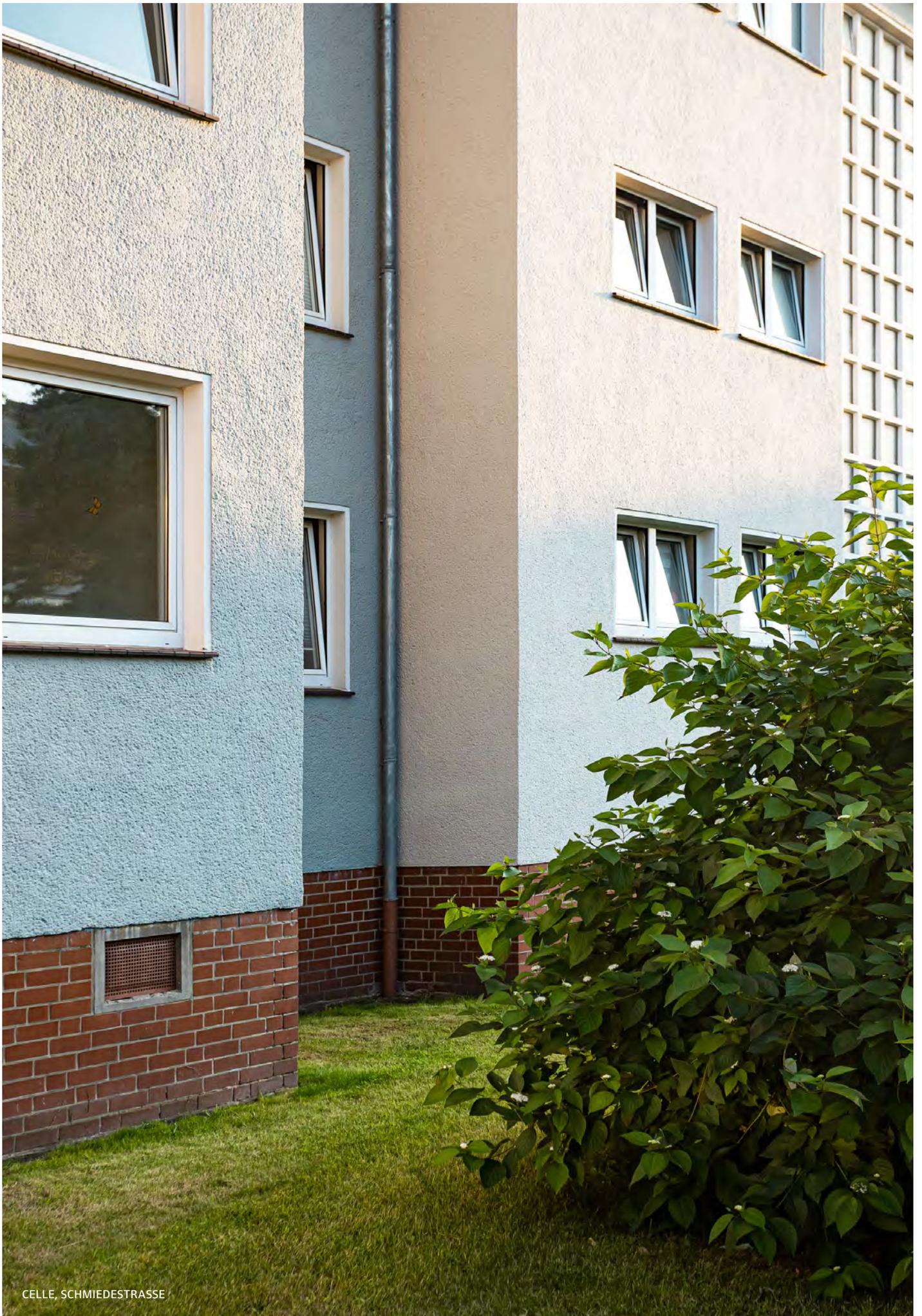
Consolidated statement of profit or loss and comprehensive income

EUR thousand	Note No.	1st half-year 2021	1st half-year 2020
Total revenue		59,769	14,026
Revenue from sales of inventory properties	5.1.	49,550	6,022
Cost of sales of inventory properties		-38,245	-3,300
Gross profit from sales of inventory properties	5.2.	11,305	2,722
Letting revenue	5.1.	10,219	8,004
Letting costs		-4,157	-3,033
Gross profit from letting	5.3.	6,062	4,971
Other income		239	533
Gross profit		17,606	8,226
Personnel costs		-2,744	-2,540
Depreciation and amortisation		-230	-198
Other operating expenses		-1,329	-1,018
Earnings before interest and taxes (EBIT)		13,303	4,470
Profit/loss of equity-accounted entities		4	0
Finance income		1	76
Finance costs	5.4.	-3,091	-2,011
Earnings before taxes (EBT)		10,217	2,535
Income tax		-2,892	-733
Profit for the period		7,325	1,802
Of which attributable to:			
- Attributable to owners of the parent		7,301	1,799
- Attributable to non-controlling interests		24	3

There is no reconciliation from profit for the period to comprehensive income according to IAS 1.81 ff because consolidated profit and comprehensive income are identical.

Consolidated statement of cash flows

EUR thousand	1st half-year 2021	1st half-year 2020
Profit for the period	7,325	1,802
Depreciation and amortisation	230	199
Changes in inventory properties	-30,639	-17,255
Increase / decrease in trade receivables and other assets not attributable to investing or financing activities	-269	7,334
Increase / decrease in liabilities (excluding borrowings) and provisions	571	-19,027
Finance income / finance costs	3,090	1,934
Income tax expense / income	2,892	733
Income taxes paid	-1,518	-705
Equity-settled share-based payments	0	77
Other non-cash expenses / income	169	135
Cash flows from operating activities	-18,149	-24,773
Payments to acquire fixed assets and intangible assets	-49	-29
Payments to acquire financial assets	0	-12
Interest received	1	76
Cash flows from investing activities	-48	35
Proceeds from capital contributions by shareholders of the parent entity	0	5,000
Proceeds from capital contributions by minority shareholders	0	140
Transaction costs related to the issuance of shares	0	-141
Proceeds from borrowings	26,668	33,825
Cash repayments of borrowings	-26,504	-8,533
Cash repayments of bonds	0	-4,111
Cash repayments of lease liabilities	-109	-99
Repurchase of own shares	-91	-150
Proceeds from sale of own shares	45	73
Payments for purchase of derivative financial instruments	-275	-178
Interest paid	-2,175	-1,749
Dividends paid to shareholders of the parent entity	-2,409	0
Cash flows from financing activities	-4,850	24,077
Net change in cash funds	-23,047	-661
Cash funds at beginning of period	31,032	6,967
Cash funds at end of period	7,985	6,306



CELLE, SCHMIEDESTRASSE

Group Management Report

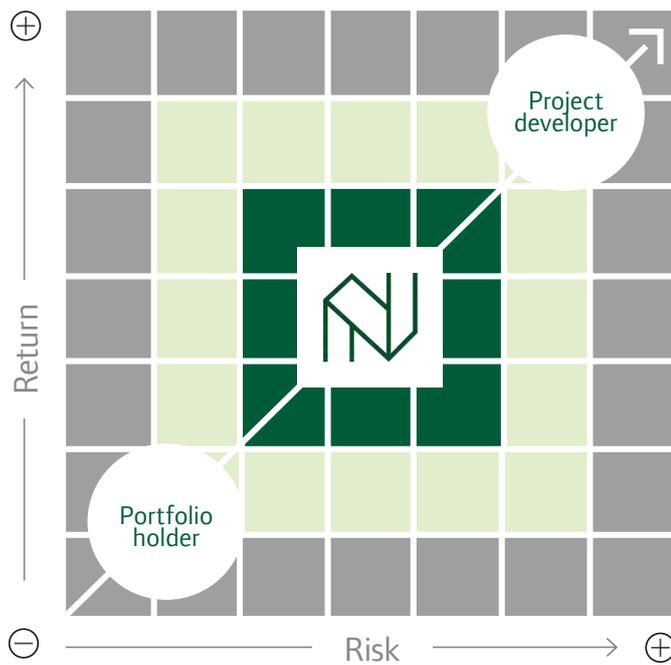
as at 30 June 2021

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27	Report on Expected Developments
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1. Fundamental Information about the Group

1.1. Overview

The Noratis Group specialises in the development of residential property portfolios. This focus allows the Group to combine the security of a property portfolio with the attractive returns generated by property development. Regular rental income from the portfolio ensures continuous monthly cash flows and stable contributions to earnings. The returns from developer activities generate additional earnings potential in the portfolio that is currently realised by active sales of properties. Going forward, the Group also plans to build a long-term real estate portfolio in addition to actively selling properties.



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 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 also deliver value for money for low- or middle-income tenants. In doing so, the Noratis Group creates and maintains attractive, affordable living space. Following successful development, the properties are sold either individually or by way of block sales, or held in the portfolio for the long term. Proceeds from sales are mainly reinvested in property purchases.

The Noratis Group's team of 63 employees on average during the first half of 2021 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. Since 2014 alone, the Group has sold around 2,600 apartments at a total disposal price of approx. EUR 300 million. The current project development portfolio as at 30 June 2021 comprises 3,620 units with an area of around 244,000 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, which generally account for the majority of sales revenues. Going forward, the Group also plans to build a long-term real estate portfolio. Real estate assets and the share of revenue attributable to rental income are expected to rise steadily due to a proportionally higher number of units acquired compared to units sold.

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, and 94 percent of the shares in Noratis Living GmbH, which was acquired in June 2017.

Noratis AG holds 65 percent of the shares in Noratis West GmbH, which was established in January 2020, and 95 percent of the shares in Noratis Nordost GmbH, which was established in October 2020. The share in Noratis Nordost GmbH was increased from 75 percent to 95 percent in June 2021.

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

The effects of the coronavirus pandemic continued to dominate in the first half of 2021. In the second quarter of 2021, Germany's gross domestic product rose by 1.5 percent compared to the previous quarter after adjustments for price, seasonal and calendar effects. However, it declined by 3.4 percent overall compared to the fourth quarter of 2019 – that is, before the coronavirus pandemic. In its Summer 2021 Economic Forecast, the ifo Institute expects economic output to recover during the remainder of the year due to the progress made with COVID-19 vaccinations. It anticipates economic growth of 3.3 percent for the full year 2021 and a return to pre-crisis levels of economic output from the third quarter of the current year onwards. The risk factors cited by the ifo Institute include the course of the pandemic and inflation trends. The German Institute for Economic Research (DIW) has similar expectations and is anticipating economic growth of 3.2 percent for 2021. The Deutsche Bundesbank also painted a positive picture in its monthly report for June 2021, stating that the German economy is at the start of a strong upturn being driven primarily by private consumption. It therefore expects gross domestic product to increase by around 4 percent this year.

2.2. Situation in the German property and residential property market

According to figures released by the Federal Statistical Office (Destatis), residential property prices rose by 9.4 percent year-on-year in the first quarter of 2021, thus demonstrating that price trends were completely disconnected from the overall economic trend. There was a particularly strong increase in prices for residential property in cities with more than 100,000 inhabitants and for single-family and two-family homes in sparsely populated rural areas, both of which rose by 11.3 percent, as well as in Germany's seven largest cities, where prices increased by 11.1 percent. The German Economic Institute (IW) observes that the price of home ownership rose much more sharply than rents.

According to Savills Research, the commercial and residential property market generated a transaction volume of around EUR 32.8 billion overall in the first half of 2021, approximately 21.3 percent lower than the previous year's figure. Of this total, around EUR 10 billion was attributable to residential properties (H1 2020: EUR 12 billion). However, figures from Savills also suggest that the number of transactions involving residential property recently began rising again.

BNP Paribas Real Estate attributes the reduction in transaction volumes on the residential property market to the absence of megadeals. The transaction volume for the first half of 2021 was actually 14 percent higher than the ten-year average. Investor demand is predicted to remain robust in the second half of 2021. New record sales are expected for the full year 2021 if Vonovia completes its acquisition of Deutsche Wohnen.

2.3. Course of business

The Noratis Group's operations remained relatively stable despite the continuing Covid pandemic. Residential properties were hardly affected by the pandemic. Demand for residential properties as an asset class remains very strong, which is also reflected in the sharp increase in prices.

Noratis significantly increased its revenue year-on-year in the first half of 2021, with revenue from the sale of properties showing particularly strong growth by EUR 43.6 million to EUR 49.6 million. To accelerate portfolio growth, the Group's sales programme was significantly reduced in 2020 in the wake of Merz Real Estate GmbH & Co. KG's (Merz) arrival as an anchor shareholder. This explains the sharp increase in the sale of real estate.

Despite the sales, the real estate portfolio was expanded as a result of more acquisitions. Overall, inventory properties rose by EUR 31.5 million to EUR 365.0 million in the first half of 2021.

Due to the Noratis business model, the property portfolio is also reported in inventories under IFRS accounting. As these properties are generally intended for sale after their successful development, they are reported at amortised cost and not at market value, which results in significant hidden reserves. In contrast, the properties to be held for the long term going forward will be accounted for as investment property at market value.

As of 30 June 2021, the market value of the properties as calculated by the Company itself is approximately EUR 401 million, EUR 42 million higher than the current carrying amount of EUR 359 million. The difference between this and the reported current assets figure of EUR 365 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 109 million, which corresponds to an NAV of EUR 22.70 per share and an equity ratio of approximately 26 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
Lower Saxony	Celle	82	Block sale
North Rhine-Westphalia	Duisburg	13	Block sale
North Rhine-Westphalia	Gelsenkirchen	151	Block sale
North Rhine-Westphalia	Mülheim	10	Block sale
North Rhine-Westphalia	Münster	242	Block sale / privatisation
North Rhine-Westphalia	Oberhausen	15	Block sale
Total		543	

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
Schleswig-Holstein	Ratzeburg/Mölln	96	Block sale
Total		289	

The Group's residential real estate portfolio at the end of the first half of 2021 amounted to 3,620 units (including 43 commercial units), 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
Hesse	Bensheim	36	Block sale
Hesse	Frankfurt am Main	415	Block sale / privatisation
Hesse	Kassel	36	Block sale
Hesse	Rüsselsheim	83	Block sale
Mecklenburg-Western Pomerania	Rügen	142	Block sale
Lower Saxony	Braunschweig	8	Privatisation
Lower Saxony	Celle	399	Block sale / privatisation
Lower Saxony	Königsutter	93	Block sale
Lower Saxony	Cuxhaven	66	Block sale
Lower Saxony	Emden	79	Block sale
Lower Saxony	Wolfenbüttel	118	Block sale
North Rhine-Westphalia	Castrop	8	Block sale
North Rhine-Westphalia	Duisburg	13	Block sale
North Rhine-Westphalia	Gelsenkirchen	151	Block sale
North Rhine-Westphalia	Gladbeck	32	Block sale
North Rhine-Westphalia	Krefeld	48	Privatisation
North Rhine-Westphalia	Lügde	200	Block sale
North Rhine-Westphalia	Mönchengladbach	10	Block sale
North Rhine-Westphalia	Mülheim	10	Block sale
North Rhine-Westphalia	Münster	242	Block sale / privatisation
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
Saxony	Freital	93	Block sale
Saxony	Leipzig	92	Block sale
Saxony-Anhalt	Halle	19	Block sale
Saxony-Anhalt	Magdeburg	149	Block sale
Schleswig-Holstein	Ratzeburg	229	Block sale
Total		3.620	

With 3,620 units (31 December 2020: 3,366 units) and a carrying amount of EUR 365.0 million (31 December 2020: EUR 333.5 million), the aggregate property portfolio at the end of the first six months of 2021 increased for both key figures in line with planning.

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 of the Noratis Group changed as follows in the first half of 2021 compared with the prior-year period:

EUR million	1st half-year 2021	1st half-year 2020
Units sold	289	32
Total revenue	59.8	14.0
Revenue from sales of inventory properties	49.6	6.0
Cost of sales of inventory properties	-38.3	-3.3
Gross profit from sales of inventory properties	11.3	2.7
Letting revenue	10.2	8.0
Letting costs	-4.1	-3.0
Gross profit from letting	6.1	5.0
Other income	0.2	0.5
Gross profit	17.6	8.2
Personnel costs	-2.7	-2.5
Other operating expenses and depreciation/amortisation	-1.6	-1.2
EBIT	13.3	4.5
Net finance cost	-3.1	-2.0
EBT	10.2	2.5
Income tax	-2.9	-0.7
Profit for the period	7.3	1.8

Consolidated revenue increased considerably year-on-year in the first half of 2021. Revenue from sales rose by EUR 43.6 million to EUR 49.6 million. This significant increase can be explained by the strategic decision made in 2020 to significantly reduce sales volumes in favour of portfolio expansion. The arrival of Merz as an anchor shareholder meant that the Company was largely able to secure financing for new properties in the previous year without the inflow of funds from the sale of inventory properties.

Rental income also increased by 27.7 percent to EUR 10.2 million due to lower sales volumes in 2020 and further expansion of the property portfolio in the first half of 2021.

Net income from the sale of inventory properties relative to sales proceeds decreased from 45.2 percent to 22.8 percent and is primarily attributable to the large proportion of high-margin privatisations completed during the prior-year period. During the first half of 2021, only 0.7 percent of a total of 289 residential units was sold to individual purchasers; this figure was 100 percent in the previous year.

In terms of net income from letting relative to rental income, the margin contracted by 2.8 percent to 59.3 percent. This margin is generally subject to lower fluctuations and primarily depends on rent levels, the condition of properties and vacancy rates.

The EUR 0.3 million decline in other operating income was due to unused provisions for modernisation expenses from block sales already completed that were included in the prior-year period.

The EUR 0.2 million increase in staff costs to EUR 2.7 million is largely attributable to the expansion of the workforce as a result of the expanded property portfolio.

Earnings before interest and taxes (EBIT) improved from EUR 8.8 million to EUR 13.3 million as a result of the sharp increase in inventory property sales.

The rise in net financial expenses was due to the enlarged property portfolio and the related increase in financial liabilities to banks. This figure also includes expenses for interest rate hedges totalling EUR 0.2 million. These consist exclusively of interest rate caps that are recognised at fair value as of the balance sheet date.

The Noratis Group generated earnings before tax of EUR 10.2 million. This represents an increase of EUR 7.7 million compared to the previous year and is primarily due to higher proceeds from the sale of inventory properties.

2.5. Financial position

The consolidated statement of cash flows changed as follows:

EUR million	1st half-year 2021	1st half-year 2020
Cash flows from operating activities	-18.2	-24.8
Cash flows from investing activities	0.0	0.0
Cash flows from financing activities	-4.8	24.1
Change in cash and cash equivalents	-23.0	-0.7
Cash and cash equivalents at beginning of year	31.0	7.0
Cash and cash equivalents at end of year	8.0	6.3

Net purchases of inventory properties were the main driver of negative cash flows from operating activities in the first six months of the financial year and the prior-year period.

Cash flows from investing activities include payments for newly-acquired property and investments, although these amount to less than EUR 0.1 million in total.

The significant decline in cash flows from financing activities is attributable to the reduction in existing financing due to sales in the first half of 2021. In addition, only a portion of the loans available for newly acquired inventory properties was utilised by 30 June 2021. The cash inflows from the financing of inventory properties totalled EUR 26.7 million, compared to payment outflows from repayments of EUR 26.5 million.

Cash funds decreased by EUR 23.0 million as of 30 June 2021, primarily due to the significant use of the Company's own resources when financing new inventory properties.

As at 30 June 2021, the Group had unused credit facilities of EUR 8.2 million (31 December 2020: EUR 15.6 million). In the first six months of the 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 the second half of 2021.

2.6. Net assets

Summary of the consolidated statement of financial position:

	1st half-year 2021		Financial year 2020	
	EUR million	%	EUR million	%
Assets	376.2	100.0	367.6	100.0
Fixed and financial assets	1.2	0.3	1.2	0.3
Deferred tax assets	0.5	0.1	0.4	0.1
Non-current assets	1.7	0.5	1.6	0.4
Inventory properties	365.0	97.0	333.5	90.7
Trade receivables	0.8	0.2	1.3	0.4
Financial and other assets	0.7	0.2	0.2	0.1
Cash	8.0	2.1	31.0	8.4
Current assets	374.5	99.5	366.0	99.6
Equity and liabilities	376.2	100.0	367.6	100.0
Equity	79.0	21.0	74.3	20.2
Bond	29.6	7.9	29.4	8.0
Financial liabilities and provisions	247.5	65.8	254.6	69.3
Non-current liabilities	277.1	73.7	284.0	77.3
Bond and financial liabilities	12.3	3.3	3.6	1.0
Trade payables	2.0	0.5	1.4	0.4
Contract liabilities, tax liabilities, provisions and other liabilities	5.8	1.5	4.3	1.2
Current liabilities	20.1	5.3	9.3	2.5

Total assets remained largely unchanged compared to the previous year, rising by 2.3 percent to EUR 376.2 million. The increase in assets is primarily attributable to purchases of and investments in inventory properties, offset by a decline in cash and cash equivalents.

On the liabilities side, the increase in equity and higher current financial liabilities were the main drivers, while the decline in non-current financial liabilities had an offsetting effect.

Fixed assets includes right-of-use assets for leased office space and the vehicle fleet totalling EUR 0.6 million (31 December 2020: EUR 0.7 million).

Financial assets primarily consist of interest rate hedges recognised at fair value.

Deferred tax assets include tax loss carryforwards of EUR 0.4 million (31 December 2020: EUR 0.3 million), which can be netted against future tax liabilities. In addition, EUR 0.1 million (31 December 2020: EUR 0.1 million) from the differing measurement of interest rate hedges, financial liabilities and the lease measurement are included in IFRS with respect to tax legislation. These differences will resolve themselves over time and will result in corresponding tax adjustments.

As a result of the net purchases during the first half of the year, land and buildings held for sale increased by EUR 31.5 million to EUR 365.0 million as at 30 June 2021. This includes right-of-use assets of EUR 5.1 million (31 December 2020: EUR 4.3 million) from leasehold land that are to be reported in the same way as fixed assets in accordance with the IFRS leases standard. All of the properties held by the Noratis Group as of the end of the first half of 2021 are reported in inventory properties because the properties are usually acquired with the intention of being resold after their successful development.

Trade receivables are largely comprised of rent receivables only.

The decline in cash and cash equivalents is primarily attributable to the significant use of the Company's own resources when financing new property. Only a portion of the loans available for financing was utilised by 30 June 2021, which also explains the small increase in financial liabilities compared to inventory properties.

On the liabilities side, equity grew as a result of the earnings generated in the first half of 2021. The dividend payment of EUR 2.4 million had an offsetting effect. Overall, equity improved by EUR 4.7 million or 6.4 percent to EUR 79.0 million.

The slight increase in financial liabilities is also attributable to the significant use of the Company's own resources when financing new property. Only a portion of the loans available was utilised by 30 June 2021. The change in current financial liabilities is primarily due to the use of an overdraft facility.

The change in contract liabilities, tax liabilities, provisions and other liabilities was mainly attributable to the EUR 1.4 million increase in tax liabilities to EUR 3.0 million due to the improvement in earnings in the first half of 2021.

3. Report on Opportunities and Risks

For information on the risks of future business development, please refer to the statements made in the risk report in the consolidated financial statements as of 31 December 2020. The assessment of opportunities and risks is largely unchanged compared to the previous year. There are no significant risks threatening the continued existence of the Company.

According to figures from the Federal Statistical Office (Destatis), residential property prices again rose by a further 9.4% year-on-year in the first quarter of 2021. Although there was a year-on-year decline in transaction volume of around 21 percent in the first half of 2021 according to Savills, the number of transactions recently increased again. BNP Paribas Real Estate also expects investor demand to remain high in the second half of the year.

4. Report on Expected Developments

As the first six months of the 2021 financial year went according to plan for the Noratis Group, we are confirming the forecast communicated with our figures for the 2020 financial year. Almost all of the increase in sales proceeds and associated rise in EBIT and EBT included in this forecast has already been achieved in the first half of 2021. The Company is focusing on further expanding its portfolio of inventory properties in the second half of 2021.

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 first half of 2021.

Noratis AG

Eschborn, 27 September 2021



Igor Christian Bugarski
Chief Executive Officer



André Speth
Chief Financial Officer

Financial Calendar

11-13 October	EXPO REAL in Munich
11 November	Annual interest payment for 5.5 % Bond 2020/2025
22-24 November	Eigenkapitalforum (virtual)
31 December	End of the financial year 2021

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Disclaimer

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