METZLER
Capital Markets

company report

Noratis (NUVA GY) | Real Estate

April 04, 2022

Combining attractive portfolio sales with stable rents

Noratis is as a portfolio developer acquiring and modernizing residential properties with development potential in secondary locations of Germany. The modernized properties are typically sold with a premium to other investors, however the company has also recently started to build up its own property portfolio. The key strength of the business model is in our view that it allows Noratis to catch the value appreciation potential of its properties while achieving stable rental cashflows. Noratis covers the whole value chain from acquisition to sale and has gained a strong track record in recent years with an average gross profit margin of 27% achieved on portfolio sales. Revenue growth in the coming years (M´e: 8.1% sales CAGR 21e-23e) should be supported by (1) a continuation of profitable portfolio sales and (2) growing rents due to portfolio expansion. We also believe that a lean corporate structure, scale effects, a rising share of rents in the revenue mix and revaluation gains should allow Noratis to improve its EBIT margin to a sustainable level of >30% by FY 23e.

- The current property portfolio held for sale has a reasonable quality in our view and consists of approx. 4,200 lettable units located throughout the whole country. The most attractive assets will be shifted by Noratis into its own property portfolio in the next years, which should result in noticeable revaluation gains (M´e: EUR 3m in FY 21e/EUR 6m in FY 22e/EUR 9m in FY 23e).
- Our PT of EUR 30.20 is derived from our DCF valuation. The NAV per share as of 31/12/21 amounted to EUR 30.00, hence the company currently trades at a P/NAV multiple of 0.66x, which appears attractive in our view.

Fundamentals (in EUR m)[1]	2018	2019	2020	2021e	2022e	2023e
Sales	56	76	29	74	81	87
EBITDA	16	16	9	19	24	29
EPS adj. (EUR)	2.57	2.30	0.58	1.88	2.21	2.42
Gross Profit	21.6	21.6	15.0	23.9	26.7	30.1
DPS (EUR)	1.30	0.80	0.50	0.70	0.85	1.00
Operating Cash Flow (EUR)	-86	-18	-94	-90	-45	-35
Dividend paid (EUR)	-4	-5	-3	-3	-4	-5
Capital expenditures (EUR)	-0	-0	-0	-0	-0	-0
Ratios[1]	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	14.2	15.7	39.8	23.5	20.8	18.3
PCFR	9.3	8.4	15.8	9.2	8.4	7.4
P/E adj.	8.5	9.4	31.1	10.4	9.1	8.3
Dividend yield (%)	5.9	3.7	2.8	3.6	4.2	5.0
EBIT margin (%)	27.7	20.9	28.6	24.7	28.7	32.7
Gearing (%)	305.3	335.8	345.3	393.4	332.2	284.8
PBV	1.6	1.5	1.2	1.1	0.9	0.8

[1]Sources: Bloomberg, Metzler Research

Buy initiation of coverage

Price* EUR 19.80

Price target EUR 30.20

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)[1]	106
Enterprise Value (EUR m)[1]	495
Free Float (%)[1]	45.0

Price (in EUR)[1]

Performance (in %)[1]	1m	3m	12m
Share	-1.0	2.3	-2.5
Rel. to SDAX	-10.0	17.6	6.6

Sponsored Research

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Key Data

Company profile
CEO: Igor Christian Bugarski CFO: Andre Speth Eschborn, Germany

Major shareholders
Merz Real Estate (49.1%), Igor Christian Bugarski (5.9%)

Key figures

P&L (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	56	-17.4	76	35.3	29	-62.2	74	159.2	81	8.8	87	7.5
Gross profit on sales	22	0.4	22	-0.2	15	-30.6	24	59.7	27	11.8	30	12.6
Gross margin (%)	38.5	21.6	28.4	-26.3	52.1	83.6	32.1	-38.4	33.0	2.8	34.6	4.7
EBITDA	16	5.4	16	0.7	9	-46.9	19	118.7	24	26.1	29	22.5
EBITDA margin (%)	28.8	27.7	21.4	-25.6	30.1	40.6	25.4	-15.6	29.4	15.9	33.5	14.0
EBIT	16	2.1	16	2.0	8	-48.2	18	123.9	23	26.3	28	22.6
EBIT margin (%)	27.7	23.7	20.9	-24.6	28.6	37.1	24.7	-13.6	28.7	16.0	32.7	14.1
Financial result	-3	7.0	-4	-54.0	-4	5.0	-5	-28.3	-6	-19.2	-8	-29.0
EBT	13	4.3	12	-9.3	4	-64.1	13	217.2	17	29.0	20	20.3
Taxes	4	-1.8	3	-6.9	1	-58.4	4	200.9	5	29.0	6	20.3
Tax rate (%)	27.4	n.a.	28.2	n.a.	32.7	n.a.	31.0	n.a.	31.0	n.a.	31.0	n.a.
Net income	9	6.8	8	-10.2	3	-66.4	9	225.1	12	29.0	14	20.3
Minority interests	0	178.1	0	-0.8	0	-38.1	0	53.8	0	50.0	0	33.3
Net Income after minorities	9	6.7	8	-10.2	3	-66.4	9	225.9	12	29.0	14	20.3
Number of shares outstanding (m)	4	23.4	4	0.0	5	33.8	5	0.0	5	10.0	6	10.0
EPS adj. (EUR)	2.57	-13.5	2.30	-10.2	0.58	-74.9	1.88	225.9	2.21	17.3	2.42	9.4
DPS (EUR)	1.30	-13.3	0.80	-38.5	0.50	-37.5	0.70	40.0	0.85	21.4	1.00	17.6
Dividend yield (%)	5.9	n.a.	3.7	n.a.	2.8	n.a.	3.6	n.a.	4.2	n.a.	5.0	n.a.

Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Operating Cash Flow	-86	-768.0	-18	78.6	-94	-412.2	-90	4.7	-45	49.5	-35	23.2
Increase in working capital	-103	-413.6	-30	71.3	-100	-238.9	-97	3.6	-46	53.0	-35	22.6
Capital expenditures	-0	37.9	-0	50.0	-0	40.2	-0	-42.9	-0	-100.0	-0	-50.0
Dividend paid	-4	-25.2	-5	-6.9	-3	38.3	-3	-16.2	-4	-21.4	-5	-17.6
Free cash flow (post dividend)	-99	-524.1	-25	74.7	-98	-289.4	-90	8.0	-37	58.7	-25	33.8

Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	216	68.9	261	20.7	368	41.0	452	23.0	551	22.0	647	17.4
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity	49	67.5	53	7.3	74	41.2	89	19.5	117	31.9	146	25.1
Net Debt incl. Provisions	150	119.1	177	18.0	256	45.2	349	36.1	389	11.4	417	7.3
Gearing (%)	305.3	n.a.	335.8	n.a.	345.3	n.a.	393.4	n.a.	332.2	n.a.	284.8	n.a.
Net debt/EBITDA	9.3	n.a.	10.9	n.a.	29.7	n.a.	18.5	n.a.	16.3	n.a.	14.3	n.a.

Structure

Revenue split 2020

Sources: Bloomberg, Metzler Research

Executive Summary

A growing niche player

A focus on residential properties with development potential in secondary locations

Noratis was able to establish a relevant market position in an attractive niche of the German residential real estate market in recent years. As a so-called portfolio developer, the company specializes in acquiring existing residential properties with development potential in secondary locations for their value-enhancing modernization. Typically, the company sells the modernized properties with a noticeable premium to investors, however it has also recently started to build up its own property portfolio.

We believe Noratis has several competitive advantages

The business model of Noratis offers the advantage of leveraging the value appreciation potential of properties without bearing the entire risk of a typical project developer. The focus on secondary locations allows Noratis to catch the potential of higher rental yields compared to primary locations where competition on the bidding side is high. In addition, the targeted transaction size by the company (20-300 lettable units) has a niche character as it is typically too large for private investors and too small for institutional investors. Noratis is able to cover the entire value chain of selection, acquisition, modernization and management or subsequent sale of the properties. It can draw on a large network of several thousand institutional market players and brokers for acquisitions and sales.

Revenue growth should predominantly coming from rising rents in the coming years

The company has two relevant revenue streams, namely its gross rental income and portfolio sales. In recent years, revenue development was particularly driven by portfolio sales, explaining the volatility of top and bottom-line figures. Although portfolio sales should continue to account for the bulk of revenues in the coming years (M´e: revenue share of >60%), we project that revenue growth in FY 22e and FY 23e should be mainly driven by an increase in rents due to a continuation of portfolio expansion. In contrast, revenues from portfolio sales are forecasted to remain almost flat in both years (M´e: EUR 53m in FY 22e/EUR 55m in FY 23e) compared to FY 21e, where Noratis is estimated to have achieved revenues of EUR 51m from portfolio sales. The projected flattish development of revenues from portfolio sales can be explained by a stronger m´ment focus on portfolio expansion and the generation of recurring rental cashflows. In total, the estimated revenue contribution from gross rental income growth along with stable revenues from portfolio sales should result in high single-digit revenue growth in the coming years and we anticipate an 8.1% sales CAGR 21e-23e.

The portfolio size is expected to increase further

Within only a few years, the company has built up a sizeable property portfolio held for sale with a reasonable quality. Noratis currently owns more than individual 35 residential portfolios with in total approx. 4,200 lettable units, which together generate an annualized gross rental income exceeding EUR 25m. With such a portfolio size, the company can be in our view considered as one the larger domestic residential property portfolio holders. The properties are located in 10 of the 16 German federal states, which makes Noratis a broad German play rather than being focused very much on a few regions. For the coming years, we estimate that Noratis could acquire 1,000 lettable units p.a. in FY 22e and FY 23e for an annual acquisition volume of EUR 120m-130m, which should result in a net increase of the portfolio size to almost 5,600 lettable units after portfolio sales at the end of FY 23e.

Noratis has started to allocate its most attractive assets into its own property portfolio

Until just recently, Noratis has acquired residential properties only with the intention to sell. However, the company has also recently started to build up its own property portfolio, where it intends to allocate certain of its most attractive assets acquired in recent years. This step would allow Noratis to realize some of the high hidden reserves within the property portfolio held for sale, which amount to almost EUR 92m (as of 31/12/2021), according to the company. We believe that a first shift of assets into the own property portfolio has been executed in FY 21e (M´e: 150 lettable units) and we project an acceleration of portfolio build-up during the remainder of our detailed forecast period (M´e: 300 lettable units in FY 22e/450 lettable units in FY 23e). The estimated portfolio build-up is expected to go along with noticeable revaluation gains for the company (M´e: EUR 3m in FY 21e/ EUR 6m in FY 22e/ EUR 9m in FY 23), which we incorporated in our estimates.

Profit margins should improve in the coming years

We not only expect dynamic revenue growth, but also an improvement of profit margins over the coming years. According to our estimates, the EBIT margin could expand noticeably by 800bps between FY 21e and FY 23e from 24.7% to 32.7%. The key drivers behind our forecast on profit margin improvement should be in particular (1) the expected realization of noticeable revaluation gains, (2) a rising share of the more profitable rents at the company's revenue mix and (3) economies of scale due to portfolio expansion.

Further capital increases are likely

The company has already carried out three capital increases to fund portfolio growth, leading to a high dilution of shareholders. The anchor shareholder of Noratis, the Merz family which founded and still owns the pharmaceutical company Merz Pharma, already committed to providing the company an equity funding of EUR 50m by FY 24e (of which EUR 14m were already invested in FY 20), which should be used for portfolio expansion. It is therefore likely that Noratis will continue to stick to this funding approach in the foreseeable future and we thus calculate with an annual 10% dilution of the existing share capital at our estimates for FY 22e and FY 23e.

Risks to our investment case

In our opinion, higher interest rates represent the most significant risk for the investment case, affecting cash flow generation and profitability margins negatively. Additionally, the company could always face cost overruns or delays at individual development projects. A potential stricter regulation of rents is representing since a longer time a headwind weighing on the whole sector, which investors should bear in mind. As Noratis primarily focuses on older buildings with development potential, we believe its housing stock could be more vulnerable compared to peers with regard to potential stricter energy efficiency regulations for buildings. A concern for risk-averse investors could also be the comparatively low equity ratio of ~20% (approx. 27% when considering the market values of properties, according to Noratis).

A PT of EUR 30.20

We derive a PT of EUR 30.20 from our DCF valuation. Noratis recently reported a NAV per share of EUR 30.00 (as of 31/12/21), implying that the company is currently valued at a P/NAV multiple of solely 0.66x. We believe this should support our positive stance that the share offers upside potential at the actual price level. As there are no suitable peers to Noratis, we haven't included our peer group analysis into our valuation approach for the company.

Noratis- SWOT Analysis

Strengths

- **Convincing track record** of profitable portfolio sales.
- **Extensive knowledge** in realizing value-enhancing modernization works.
- **Attractive rental yields in secondary locations** compared to primary locations.
- **CEO commitment** to the company (stake of 5.9%) and experienced management team.
- **Long-term oriented anchor shareholder** (Merz family) with minority stake (49.1%) and substantial financial capabilities.
- **Relevant market position** in a fragmented market.
- **Access to a large network** for property acquisitions and sales.
- **Large and liquid asset class** with high cashflow resilience.
- **Scalable business model** with rising economies of scale.
- Property portfolio held for sale with **reasonable quality** and **low portfolio concentration risks**.

Weaknesses

- **Low free float (45%) and low liquidity** in the stock.
- Comparatively **low equity ratio of ~20%** (approx. 27% when considering property market values) yet.
- Business model dependent on the **acquisition of attractive properties.**
- **Revenue and earnings volatility** due to dependency on portfolio sales.
- **Dilution** possible through further capital increases.
- Business model has **low market barriers to entry**.

Opportunities

- Higher share of **stable rental cashflows** estimated.
- Further **significant expansion of property portfolio** expectable in the coming years.
- **Geographical expansion** into new secondary locations of Germany.
- **Dividend payments** and **dividend increases** are planned.
- **Promising** and **large pipeline** of potential portfolio sales.
- **Price increases** of properties.
- **Increasing supply bottleneck** of cheap apartments and houses in Germany.
- The current property portfolio has **high hidden reserves**, which may increase further.
- **Rising tenant interest** for the market segment of Noratis in the future.

Threats

- Dependent on the **economic development** and the **price development of the German real estate market.**
- **Higher financing costs for property acquisitions** due to changing interest rate environment possible**.**
- High **market competition** in a fragmented market.
- **Cost overruns and delays** of development projects.
- **Clouding** of the market environment.
- Wrong **assessment of vacancy reduction potential and sales proceeds** of individual projects possible.
- **Stricter rent regulations** and **rising focus on energy efficiency measures**.

Source: Metzler Research

Investment Case

Investment case

Noratis follows a standardized four-staged investment cycle

The major challenge for Noratis as a portfolio developer is in our view to constantly find attractive properties while simultaneously executing on accretive property portfolio sales. Noratis therefore follows a standardized four-staged investment cycle. This investment cycle allows the company to take advantage of its multi-year expertise in residential real estate acquisitions and its know-how in realizing value-enhancing modernization works. A typical residential portfolio investment cycle at Noratis lasts two to three years from acquisition to property sale.

The four-staged investment cycle of Noratis in detail

Phase 1	Phase 2	Phase 3	Phase 4
Acquisition	Development	Sales / portfolio	Reinvestment
Criteria: • Preferred lot sizes from 20 to 300 lettable units • Existing technical and commercial development potential • Secondary locations in metropolitan areas or small and medium-sized cities • Affordable housing with rents of around EUR 6 per sqm and approx. 65sqm living space **Sources:** • Institutional sellers • Brokers • Off-market offers	**Advantages:** • Team with multi-year expertise in planning and managing development measures • Relationships with external partners • High specialization and process standardization including technical due diligence • Cost transparency and planning security	**Flexible sales approach:** • Either block sales or sales of individual apartments • Own sales employees on-site in case of sales of individual apartments • No dependency on external sales partners **or** **Portfolio build-up:** • Trophy assets are transferred to the existing portfolio • Capitalization of revaluation gains • Stable rental cashflows	**Defined exit strategy:** • Typical sales horizon of two to three years • Existing network to a large number of institutional acquirers • Reinvestment of disposal proceeds • Success participation of shareholders through attractive dividend payouts

Sources: Noratis, Metzler Research

Properties with development potential in secondary locations as acquisition focus

Market access through a large network

The first phase of the investment cycle covers the sourcing and acquisition of potential residential properties. For that purpose, Noratis draws on an access to a large network of several thousand institutional sellers and brokers as an established player. Unlike smaller competitors, the company also receives off-market offers, where competition in the bidding process is considerably lower. Noratis has developed in recent years a comprehensive IT tool for a detailed first due diligence of potential acquisition objects, where it allocated all its collected data on market information in secondary locations, market participants and conditions of past offers.

Impressions of a typical residential property acquired by Noratis, located in Neu-Isenburg near Frankfurt on the Main

Source: Noratis

Noratis has defined several criteria for potential property acquisitions

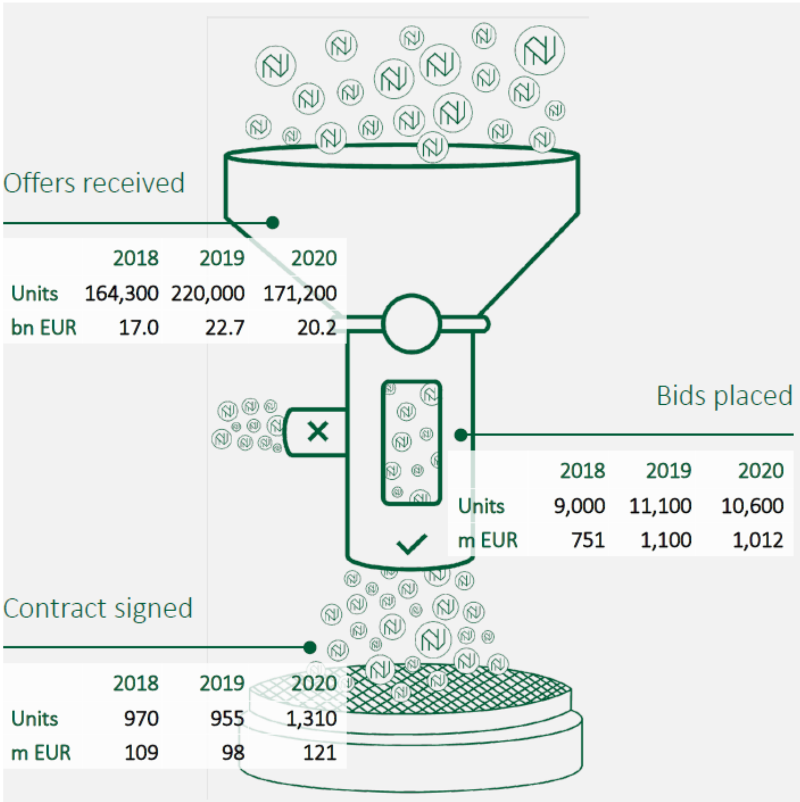
To fully exploit its competencies as a portfolio developer, the company focuses on the following acquisition criteria with regard to potential property acquisitions:

- Residential properties are preferably located in small and medium-sized cities with at least 10,000 inhabitants across Germany, so-called secondary locations. According to Noratis, competition on the buyer side is lower in these secondary locations compared to primary locations and higher rental yields are achievable.
- The lot size of an acquisition typically amounts to 20 up to 300 lettable units. Such lot sizes are often too small for institutional investors but also too large for most private buyers. This leads to lower competition on the buyer side and thus better purchasing conditions based on remarks of the company.
- Acquisition objects should have technical and/or commercial development potentials. Such older assets usually provide higher returns than new build properties. However, many investors hesitate to buy them as they lack the necessary expertise to leverage the existing technical and commercial development potentials.
- On average, the Noratis portfolio has a monthly net rent level of around EUR 6 per square meter with a lettable space of around 65 square meters per apartment. According to the company, this affordable rent level records high demand from potential tenants and thus apartments are usually easy to rent out. Also noteworthy is that the low rent level still leaves room for rent increases after the completion of modernization works.

Offers received in FY 20: EUR 20.2bn

Noratis screens incoming offers for potential assets based on these acquisition criteria with a double-digit billion euro volume yearly. The company follows a selective acquisition approach and only acquires properties with the highest identified value appreciation potential. In FY 20, for example, the acquisition volume amounted to EUR 121m for 1,310 apartments. This is equivalent to an acquisition quote of roughly 0.1% based on the initial amount of offers received. The company sees a fast closing process as a key competitive advantage in the bidding process. Noratis therefore is able to sign a purchase contract within eight weeks after receiving an offer.

A selective acquisition approach



Source: Noratis

Noratis can acquire properties at low market prices

The average purchase price per apartment and square meter both demonstrate in our view that the company can acquire residential properties at low market prices. Based on the figures provided by Noratis, we calculate the average purchase price per apartment amounted to approx. EUR 92,000 in FY 20. Considering an apartment size of 65 square meters (average apartment size of the portfolio in FY 20), Noratis thus paid a purchase price of only approx. EUR 1,400 per square meter in FY 20. This is significantly below price levels in primary locations such as Munich, Berlin or Hamburg.

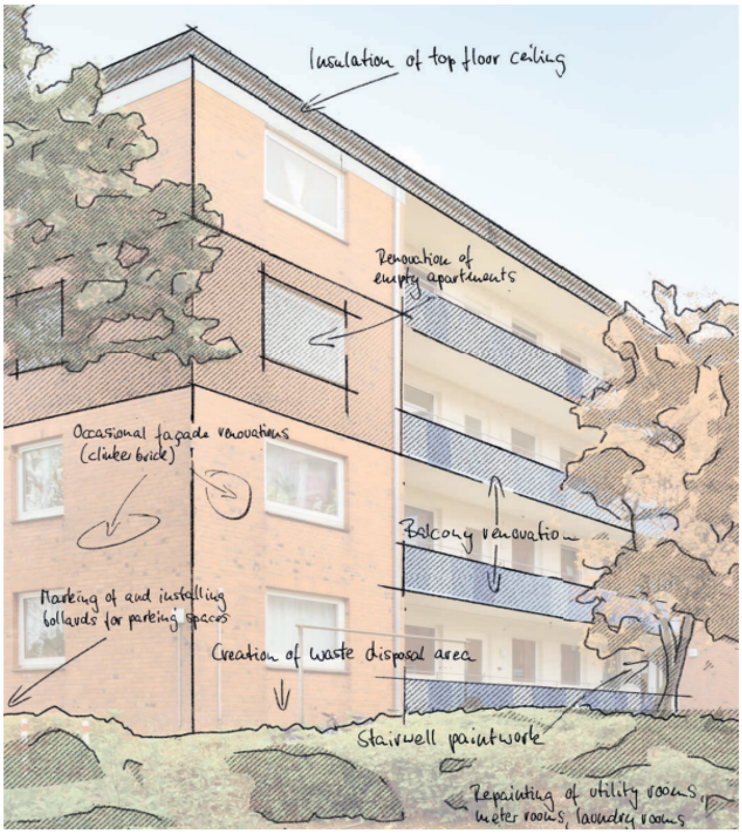
Internal development team with multi-year expertise

Focus on modernization works with high value appreciation potential

The development phase is the second important stage within the company's investment cycle. Here, Noratis aims to take advantage of the value appreciation of assets over time, notably through modernization works. The company engages an internal team with multi-year expertise in planning and executing value-enhancing modernization works. We estimate that approx. 50% of the total current headcount of ~65 employees are working for this development team. The specialization of the team and individual budgets for each development project both allow Noratis to have cost transparency and planning security. The company primarily targets modernization works with high value appreciation potential such as:

- Bathroom and kitchen renovations.
- Installation of new windows.
- Facades and roof improvements, including insulation.
- A redesign of the outside area and the creating or renovation of balconies.
- Staircase renovation.

Exemplary modernization works carried out by Noratis in a property located in Ratzeburg, Hesse



Source: Noratis

External local partners execute the modernization works

Noratis fully relies on external local partners for the execution of the modernization works. General modernization works such as staircase renovation or the outside area's redesign can be executed several months after acquisition. In contrast, modernization works within individual apartments are realized when they become empty after tenants move out. According to Noratis, the tenant fluctuation within the property portfolio amounts to approx. 5%-10% p.a., hence the company has in general the opportunity to modernize a sizeable number of apartments in its property portfolio each year. Important to consider is in our view that Noratis doesn't target to upgrade its properties, unlike other competitors, into assets of the primary segment with its modernization works. However, it uses the opportunity to raise rents after completing modernization works to get compensated for the associated costs.

Active asset management to identify and realize further rent potentials

With its asset management team, Noratis aims to identify and realize further rent potentials at the portfolio holdings such as vacancy reduction, increase of the rent level and improvement of tenant payment behavior. The company collaborates with regional external property managers to leverage the existing local know-how for the management of its properties.

A flexible sales approach

Block sales and privatizations as sales channels

Noratis focuses on the disposal of property portfolios and the reinvestment of their disposal proceeds in the last two phases of its investment cycle. Generally, it aims to hold the acquired assets for 24-36 months to execute extensive refurbishment works before realizing disposal proceeds. However, the company handles this timeline more or less flexibly as the main priority is to maximize the disposal proceeds and the collected rents allow to cover most properties' operating and capital costs. Noratis has two different sales channels. The majority of property portfolios are sold through block sales to other institutional investors. In certain cases, Noratis however also uses privatizations as sales channel where individual apartments are sold to private investors, existing tenants and homebuyers.

Impressions of a successful portfolio development of Noratis

Before

After development

Source: Noratis

A convincing track record of profitable portfolio sales

So far, every portfolio sale has been profitable

The company has built up in our view a convincing track record of profitable portfolio sales during the last couple of years: as of 30/09/21, it already successfully sold in total 27 property portfolios with 2,625 apartments. Until now, Noratis was able to achieve at each sold property portfolio a double-digit percentage gross profit margin ranging from 14% up to 46%. The average duration from acquisition to portfolio sale amounted to 27 months. Noratis uses the disposal proceeds for two key purposes: the reinvestment into new property portfolios and the payment of dividends to shareholders (targeted EPS payout ratio: 50%).

The track record of Noratis with regard to portfolio sales since FY 14 (as of 30/09/21)

	Project	Acquisition date	Sales completion	Duration (months)	Units	Rental Space (in sqm)	Gross Profit margin
Block sales	Friedberg	May 13	Dec 14	19	72	3,800	**20%**
	Koblenz	Sep 12	Dec 14	27	24	2,000	**26%**
	Ulm II	Jul 14	Mar 15	9	32	2,400	**19%**
	Steinau	Jan 13	Jun 15	29	128	8,800	**14%**
	Bad Hersfeld	Jan 13	Sep 15	32	55	3,700	**15%**
	Zweibrücken	Sep 13	Sep 15	24	32	1,900	**34%**
	Mayen	Mar 14	Mar 16	24	176	11,300	**17%**
	Bünde	Dec 14	Oct 16	22	240	11,800	**15%**
	Dormagen I/II/III	Oct 15	Oct 17/Jan 17/ Dec 17	12/15/26	137/309/221	45,000	**30%**
	Schwarzenbek	May 15	Jun 18	37	99	6,800	**34%**
	Frankfurt Niederrad	Nov 14	Dec 18	49	100	5,400	**15%**
	Trier I/II	May 17/Jul 18	Jan 19	20	80/20	8,500	**29%**
	Frankfurt Bornheim	Jun 17	May 19	23	60	4,900	**17%**
	Frankfurt Fechenhei	Dec 17	Dec 19	24	19	1,500	**31%**
	Erfurt region	Feb 17	Dec 19	34	121	7,300	**25%**
	Ratzeburg/Mölln	Nov 17	Dec 20	37	30	1,800	**32%**
	Neu-Isenburg I/II	May/Aug 19	Apr 21	23/20	35/150	11,600	**23%**
Privatization	Neu-Isenburg I/II	May 13	Jan 15	20	12	800	**16%**
	Bad Homburg	Jan 14	Jul 15	18	18	1,300	**19%**
	Heddesheim	Jan 12	Dec 15	47	16	1,600	**14%**
	Ulm I	Jul 14	Oct 16	27	72	5,300	**22%**
	Krefeld I/II	Jun 14/Jan 15	Jan 18/ Jun 17	49/29	30/6	3,500	**33%**
	Dormagen IV	Oct 15	Aug 18	34	88	5,900	**34%**
	Grokrotzenburg	Sep 16	Mar 19	30	52	4,000	**35%**
	Riedstadt	Oct 15	Jun 20	56	24	2,200	**45%**
	Zweibrücken	Sep 13	Sep 20	84	26	3,300	**35%**
	Erlensee	Oct 16	Feb 21	52	46	3,500	**46%**
	Total			**ø27 months**	**2,625**	**175,500**	**27%**

Sources: Noratis, Metzler Research

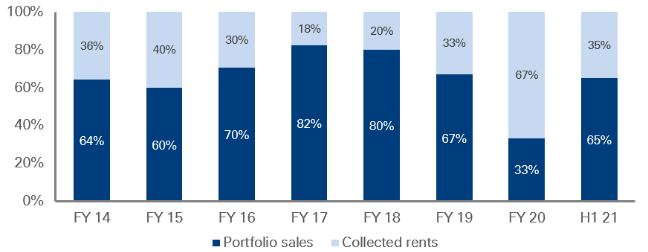
High dependence on portfolio sales

Operating performance largely influenced by disposals

From our standpoint, the successful closing of portfolio sales can be currently considered as the key value creation of the operating business for shareholders. This can be demonstrated by the revenue and gross profit split between portfolio sales and gross rental income at Noratis in recent years (see below). Except for FY 20, where Noratis focused on portfolio growth during the Covid-19 pandemic, portfolio sales accounted for most of each year's revenues and gross profit between FY 14 and H1 21. In this context, the most influential drivers affecting the achieved revenues and gross profit from portfolio sales are in our view:

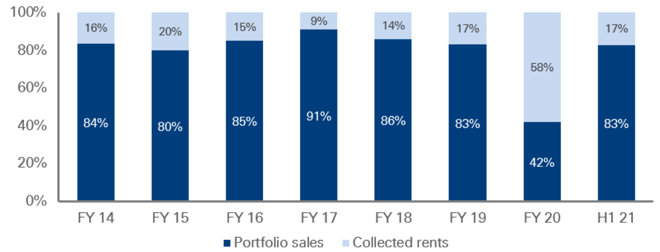
- The acquisition price of properties, which will impact the capital gain at the time of the disposal of the property.
- The location of the property, which will impact value appreciation over time.
- The low interest rate environment for the buyers of Noratis (generally partly financed by bank debt).
- A continuing high demand from tenants for affordable housing space.
- The value creation from development measures and active asset management.

Gross profit split between portfolio sales and collected rents
in % of Gross profit



Sources: Noratis, Metzler Research

Revenue split between portfolio sales and collected rents
in % of revenues



Sources: Noratis, Metzler Research

Relevant risks to consider

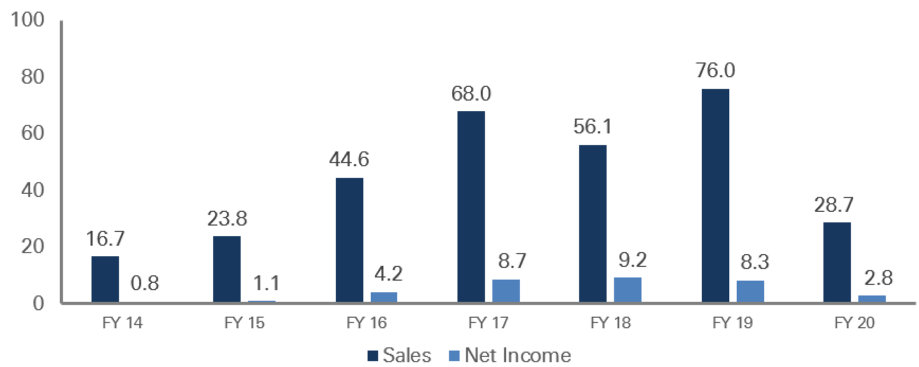
The portfolio sales approach doesn't come without risks in our view

Although Noratis was so far able to show a proof of concept for its portfolio sales approach, it is in our view important to point out that it also contains several risks. In our opinion, the key risks to consider are especially the following:

- The positive market environment for residential properties could deteriorate in the future, negatively impacting the demand for the portfolio assets and their value.
- The financing environment for Noratis could turn negative. So far, cheap liquidity has fueled interest from investors. A significant rebound in interest rates could put a strain on the strong demand for residential properties and lead to yield expansion, which would negatively impact asset valuations and financing costs.
- Noratis could face delays or cost increases at modernization works, which would impact the gross profit margin of individual portfolio sales.
- The sale of a property portfolio could prove to be difficult or could be delayed.
- The company could wrongly assess the value of an individual property portfolio, negatively affecting its resell potential.
- There are low barriers to entry from our standpoint. The German residential market is highly fragmented. Therefore, the current attractive market conditions in Germany (strong demand, still rising prices) may draw new players, which could contribute to inflating acquisition prices and construction costs.

Generally, we also think it is important to bear in mind that the business model of Noratis comes with a higher degree of sales and earnings volatility as the time and conditions of portfolio sales or new acquisitions are difficult to forecast.

A volatile sales and earnings development in recent years
in EUR m



Sources: Noratis, Metzler Research

The company has started to build up its own property portfolio

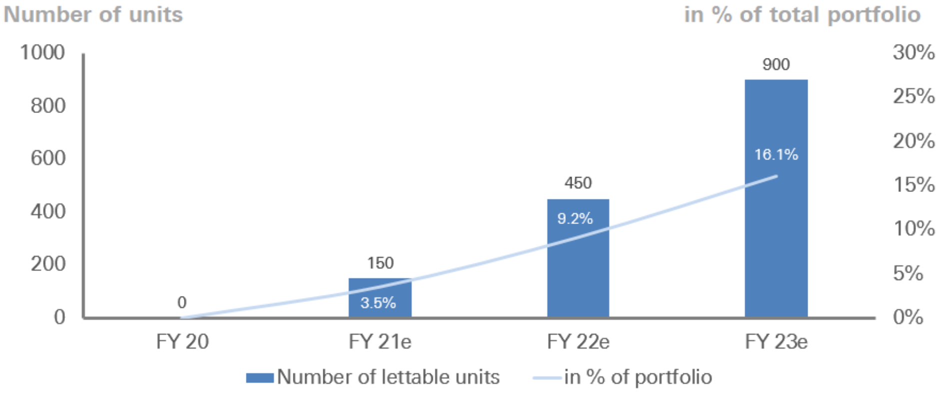
Noratis aims to lower the dependence on portfolio sales

To lower the high dependence on portfolio sales, the company has recently announced to build up its own property portfolio with long-term portfolio positions. We assess this as a positive step as it should allow to stabilize top-line and earnings development through a higher share of recurring rent cashflows. The business model would also gradually shift towards a residential holding company, which may be valued at higher multiples in the future. Additionally, in case of a reclassification of assets in the balance sheet (all properties are currently reported as current assets at acquisition costs), Noratis could realize some of the high hidden reserves within its property portfolio held for sale, which amounted to almost EUR 92m as of 31/12/21. In order to achieve revaluation gains, Noratis has therefore already changed in FY 20 its accounting standards from German GAAP to IFRS. According to the company, the key criteria for a potential reclassification of assets will be a high return on equity, low asset management intensity and valuation stability. Hence, we believe the company will especially allocate its most attractive assets acquired in recent years to its own property portfolio.

We estimate noticeable revaluation gains for the coming years

Noratis hasn't communicated yet any details on the size and timeline of its portfolio build-up, but the company stated that a first reclassification of assets is targeted for FY 21e. Therefore, we believe that Noratis has already started to shift some residential properties into its own property portfolio last year (M´e: 150 lettable units), which should have allowed it for the first time to realize revaluation gains of EUR 3m, according to our estimates. We also project that the portfolio build-up is expected to accelerate in the near future (M´e: 300 respectively 450 lettable units in FY 22e and FY 23e) as m´ment aims to increasingly realize revaluation gains to support earnings development in the coming years. Based on our calculations, this projected portfolio build-up should result in further revaluation gains of EUR 6m respectively EUR 9m in FY 22e and FY 23e for the company. In total, we project Noratis could already allocate in FY 23e approx. 16% of its asset base respectively 900 apartments within its own property portfolio.

Our estimates on the portfolio build-up by Noratis



Sources: Noratis, Metzler Research

The current property portfolio held for sale has a reasonable quality in our view

A vacancy rate of 10%

We now focus on the company's current residential property portfolio held for sale. Below, we outline the latest available detailed portfolio composition of the residential property portfolio as of 30/06/21:

- Number of lettable units: 3,620 (thereof 3,577 residential apartments and 43 commercial units).

- Rental space in sqm: 245,000sqm.
- Vacancy rate: 10%.
- Annualized net rent: EUR 16.3m.
- Average net rent per square meter: EUR 5.54.
- Book value of the property portfolio: EUR 363.3m.
- Correspondent to a valuation per square meter of EUR 1483.

Latest available property portfolio overview

Project	Sales Channel	Acquisition date	Units	Rental Space (in sqm)
Dranske (Ruegen)	Block	Apr 17	67	4,600
Sagard (Ruegen)	Block	Apr 17	75	4,300
Gladbeck	Block	May 17	32	3,400
Ratzeburg/Mölln	Block	Dec 17	229	13,200
Celle/Koenigslutter	Block	Jun 18	345	24,700
Frankfurt Roedelheim	Block	Aug 18	9	500
Frankfurt Ginnheim	Priv.	Sep 18	363	24,200
Ratingen	Block	Dec 18	156	11,000
Freital	Block	Jan 19	93	8,900
Kassel	Block	Feb 19	36	2,400
Frankfurt City center	Block	Jul 19	25	2,100
Steinfurt	Block	Aug 19	111	6,200
Celle II	Priv.	Okt 19	65	3,700
Krefeld III	Priv.	Dec 19	48	3,100
Frankfurt Hoechst	Block	Dec 19	18	800
Leipzig I	Block	Dec 19	60	3,100
Magdeburg	Block	Dec 19	149	8,900
Neuruppin	Block	Dec 19	165	13,200
Emden	Block	May 20	79	3,800

Project	Sales channel	Acquisition date	Units	Rental Space (in sqm)
Noratis West	Block	Apr 20	112	6,200
Halle	Block	Jun 20	19	1,000
Leipzig II	Block	Jun 20	32	2,000
Bensheim I/II	Block	Jul 20	36	1,800
Ruesselheim	Block	Jul 20	83	8,300
Braunschweig	Priv.	Aug 20	8	700
Wolfenbuettel	Block	Sep 20	118	8,900
Luegde	Block	Okt 20	200	14,600
Cuxhaven	Block	Okt 20	66	3,400
Erlenbach	Block	Nov 20	197	11,200
Oberpfalz	Block	Nov 20	161	11,000
Muenster I	Block	March 21	110	9,200
Muenster II	Priv.	March 21	132	9,900
Noratis Nordost	Block	March 21	30	2,000
Celle III	Block	May 21	82	5,300
Gelsenkirchen	Block	Jun 21	151	8,700
Bremen	Block	Jul 21	60	3,600
Niederrodenbach	Block	Aug 21	10	700
Total			**3,732**	**250,600**

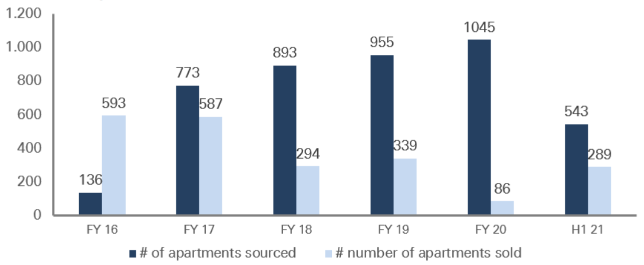
Sources: Noratis, Metzler Research

Low portfolio concentration risk due to more than 35 portfolio positions

With such a portfolio size, which should have even grown to approx. more than 4,200 lettable units in the meantime, the company can be considered as one of the larger domestic residential property portfolio holders. Approx. 99% of the lettable units are contributable to the residential housing segment, which records the most sustained demand from tenants and investors, providing Noratis a reasonable degree of rent safety. Although the vacancy rate isn´t low with 10%, it matches with the acquisition approach of Noratis as it still leaves room for further improvements by the asset management team. In total, the company currently owns more than 35 individual residential portfolios with no portfolio position accounting for more than 10% of the lettable space. We therefore assess the portfolio concentration risk at Noratis as low.

Noratis focused on property acquisitions in recent years...

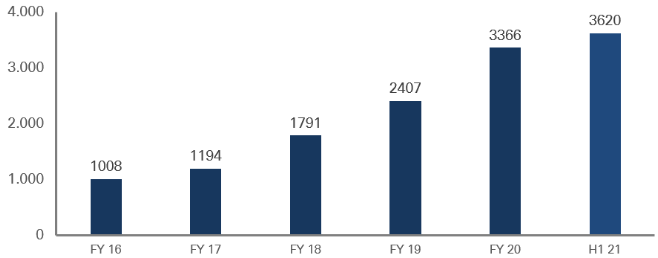
Number of apartments



Sources: Noratis, Metzler Research

...which resulted in dynamic portfolio growth despite portfolio sales

Number of apartments

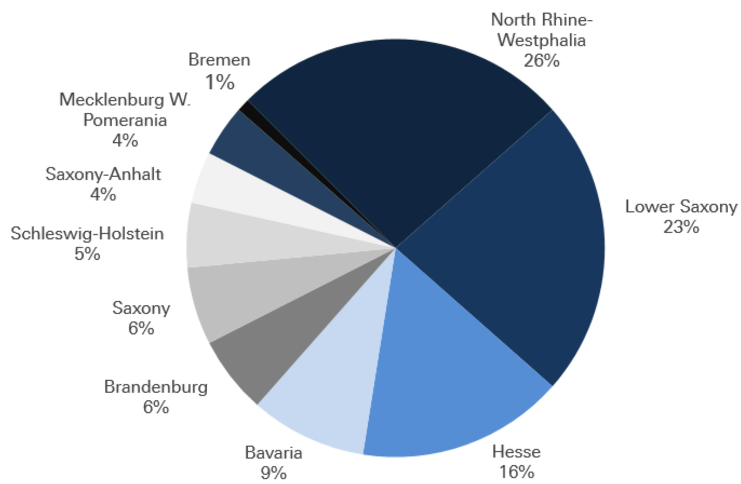


Sources: Noratis, Metzler Research

The portfolio properties are located in 10 German federal states

Noratis currently owns properties in 10 of the 16 federal German states. We therefore regard the company as a broad German play rather than being focused very much on a few regions. 80% of the rental income is generated with properties located in the economically and demographically stronger western part of Germany. In North Rhine-Westphalia, the German federal state with the highest population numbers, Noratis generates 26% of its rental income, followed by Lower Saxony with 23%.

Geographical split of rental revenues
in % of total rental space



Sources: Noratis, Metzler Research

Portfolio expansion should drive sales and profit growth

We expect no change of the key revenue streams in the future

Revenue and profitability development at Noratis was driven in recent years by growing gross rental income due to portfolio expansion and the constant execution of profitable portfolio sales. Generally, we believe this should continue to be the case in the coming years. However, we also deem Noratis could tend to focus more strongly on increasing its gross rental income through portfolio expansion in the near future in order to lower the dependence on portfolio sales for its top and bottom-line development. Therefore, we estimate that portfolio expansion and the associated increase in rents could represent the company's main revenue and profit drivers in the next years.

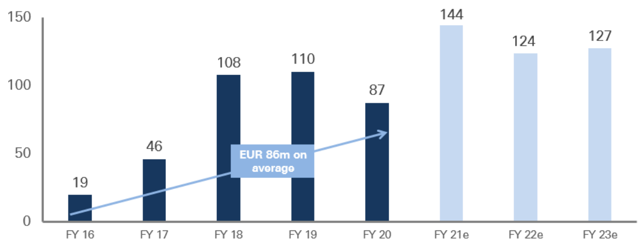
Dynamic property portfolio growth in recent years

Property portfolio growth at Noratis has already been dynamic in the recent past: between FY 16 to FY 21e, Noratis managed to raise the number of lettable units in its property portfolio through a constant execution of acquisitions from 1,008 to more than 4,200. Accordingly, the gross rental income is expected to increase from EUR 6.7m to EUR 23.4m during the same time frame, corresponding to a 28.3% gross rental income CAGR 2016-2021e.

A continuation of portfolio expansion is expectable

For the coming years, we expect a continuation of dynamic portfolio expansion. Following a record acquisition volume of EUR 144m estimated for FY 21e, we target an acquisition volume of EUR 124m for FY 22e and EUR 127m for FY 23e. A funding of our acquisition volume assumptions would be backed by the anchor shareholder of Noratis, the Merz family, which has committed itself to provide equity of EUR 50m by FY 24e (of which EUR 14m were already invested in FY 20). Under the purchase price assumption (incl. ancillary and Capex costs) of EUR 123,000 in FY 22e and EUR 127,000 in FY 23e for one lettable unit (book value per lettable unit as of 30/06/21: EUR 100,000), we estimate that the company could add 1000 lettable unit each year to its property portfolio. This goes along with a net increase of the portfolio size and value although we have taken a continuation of portfolio sales into account. In total, we project that the number of lettable units in the property portfolio of Noratis could increase from 3,366 in FY 20 to 5,586 in FY 23e.

Our estimates for the annual property acquisition volume
in EUR m



Sources: Noratis, Metzler Research

Estimated portfolio developments at Noratis

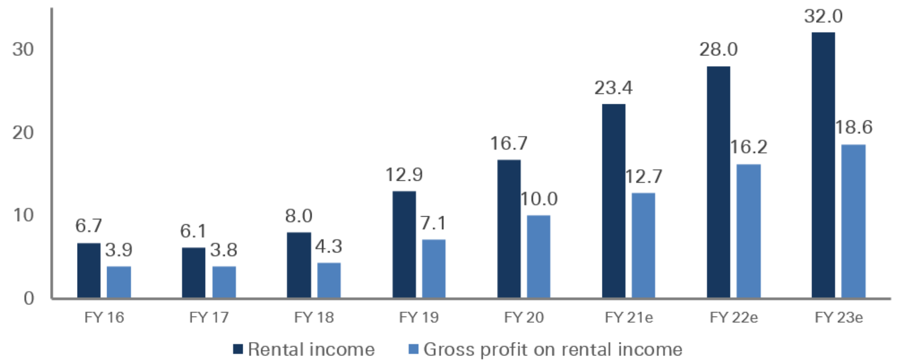
	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21e	FY 22e	FY 23e
Lettable units	**1008**	**1194**	**1791**	**2407**	**3366**	**4226**	**4906**	**5586**
yoy %		18.5%	50.0%	34.4%	39.8%	25.5%	16.1%	13.9%
Acquired units	136	773	893	955	1045	1180	1000	1000
Sold units	593	587	294	339	86	320	320	320
Δ	**-457**	**186**	**599**	**616**	**959**	**860**	**680**	**680**
Book value (in EUR m)	80.2	99.2	181.0	243.2	333.5	443.7	539.7	642.4
Book value per unit (in EUR m)	0.080	0.083	0.101	0.101	0.099	0.105	0.110	0.115

Sources: Noratis, Metzler Research

We target a 17.0% gross rental income CAGR 21e-23e

The forecasted increase in portfolio size should also result in noticeable growth of the company's gross rental income and gross profit on rental income in the coming years. Based on a gross rental yield of 5% at acquisitions, a stable vacancy rate of 10% at the property portfolio and an increase in average portfolio rent by 2% each year, we derive a 17.0% gross rental income CAGR for FY 21e to FY 23e. According to our estimates, this is correspondent to an increase in rental income from EUR 23.4m in FY 21e to EUR 32.0m in FY 23e. Simultaneously, we project the gross profit on rental income should grow from EUR 12.7m to EUR 18.6m during the same time frame.

Gross rental income and gross profit on rental income development at Noratis
in EUR m

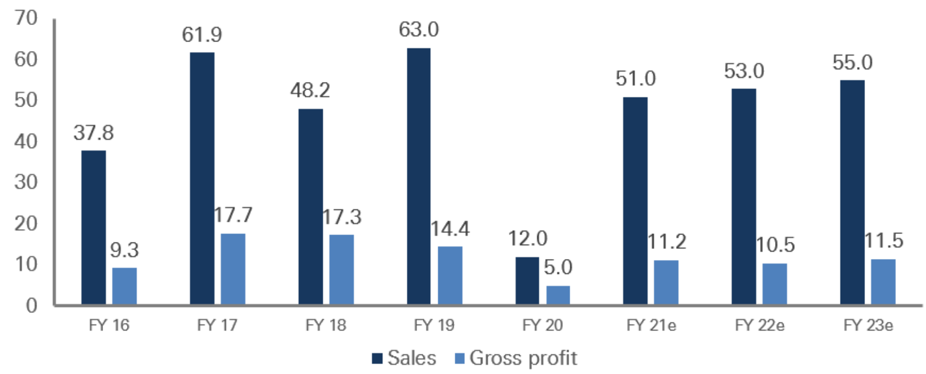


Sources: Noratis, Metzler Research

The annual revenues from portfolio sales could be rather flattish in the coming years, according to our estimates

Despite the positive forecast on gross rental income growth, we deem that portfolio sales should continue to account for the bulk of revenues in the next years (M´e: revenue share of >60%). As m´ment however is expected to focus more strongly on portfolio expansion in the coming time and Noratis doesn't necessarily rely anymore on the execution of portfolio sales to fund growth, we forecast a flattish development of annual revenues generated from portfolio sales for FY 21e to FY 23e. This would nevertheless still allow Noratis to keep in total dynamic top and bottom-line growth. After estimated revenues from portfolio sales of EUR 51m for FY 21e, we therefore incorporate revenues from portfolio sales volume of only EUR 53m for FY 22e and EUR 55m for FY 23e into our estimates. Further relevant assumptions on future portfolio sales taken into account by us are: an average rent multiple of 25x, an estimated gross profit margin of 20%-22% at portfolio sales and the sale of 320 lettable units each year.

Development of sales and gross profits generated from property portfolio disposals
in EUR m



Sources: Noratis, Metzler Research

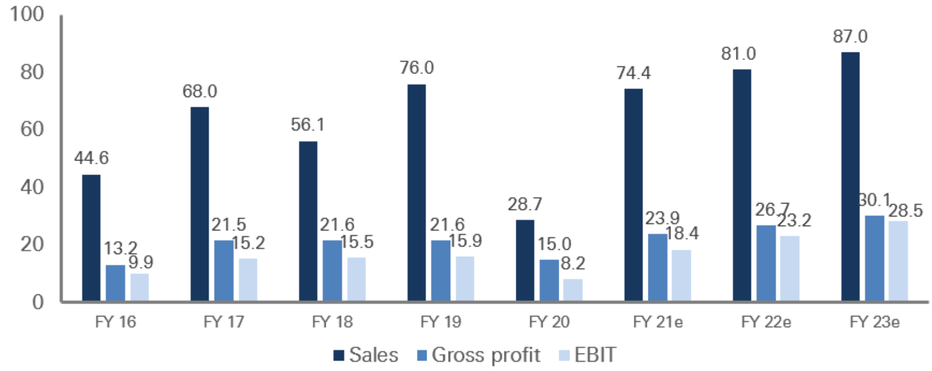
In total, we anticipate Noratis should be on a growth path in the coming years

In total, we anticipate that the growth in gross rental income and the continued execution of portfolio sales should both allow Noratis to be on a growth path in the coming years. According to our estimates, the company's revenues should rise between FY 21e to FY 23e from EUR 74.4m to EUR 87.0m, implying a sales CAGR of

8.1%. Our revenue projections should also affect gross profit and EBIT growth. We calculate that the gross profit of Noratis could increase between FY 21e to FY 23e by approx. 26% from EUR 23.9m to EUR 30.1m (12.2% gross profit CAGR 21e-23e). Accordingly, the EBIT is expected to even increase by 55% during the same time frame from EUR 18.4m to EUR 28.5m, particularly driven by the consideration of revaluation gains at our EBIT projections.

Sales, Gross profit and EBIT development at Noratis

in EUR m



Sources: Noratis, Metzler Research

Several favourable trends should support the growth trajectory of Noratis

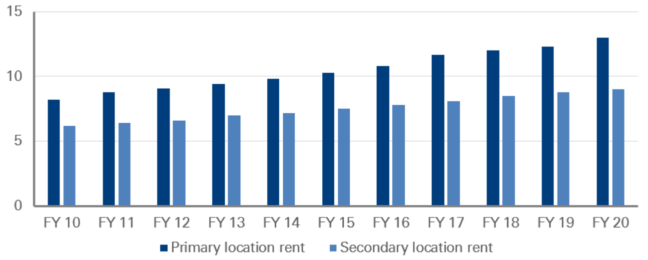
Secondary locations are expected to continue to gain in attractiveness

Noratis should benefit from specific market segment trends

Unlike most of its competitors with a focus on primary sites, we think Noratis can benefit with its focus on secondary locations from numerous favourable trends of this market segment, supporting portfolio expansion and the execution of profitable portfolio sales:

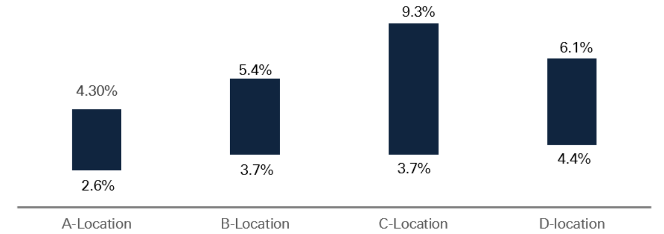
- As the company solely focuses on secondary locations with a steady supply of portfolios coming to the market, Noratis doesn´t have to deal with a supply bottleneck due to a lack of new construction projects, as it is the case in primary locations. This supply bottleneck in primary locations would offer the company low chances of acquiring new portfolios or making acquisitions too expensive.
- Rents and asset prices increased in recent years due to the supply bottleneck. Hence, investors but also tenants are increasingly switching from primary to secondary locations. This could result in rising rents and prices in secondary locations, which could put Noratis into the position to achieve higher rents and higher prices when selling properties.
- The German residential real estate market has a decentralized character and includes a large number of mid-sized cities in economically robust regions apart from the metropolitan areas. This special geographical circumstance also makes the acquisition of residential properties in many secondary locations attractive.

Development of rents for existing apartments in primary and secondary locations of Germany
in EUR per sqm



Sources: Bulwiengesa, Metzler Research

Achievable rental yields in different residential property market segments in FY 20
in %



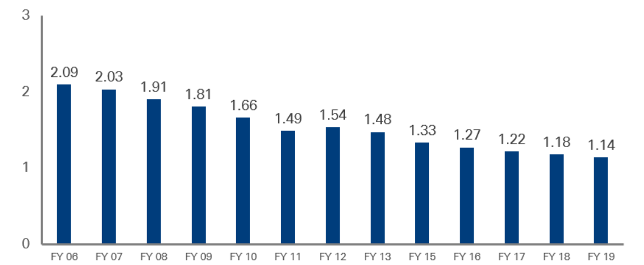
Sources: Bulwiengesa, Metzler Research

The number of domestic social housing apartments is projected to decline further

We expect a rising demand for the company´s market segment due to the decreasing availability of social housing apartments

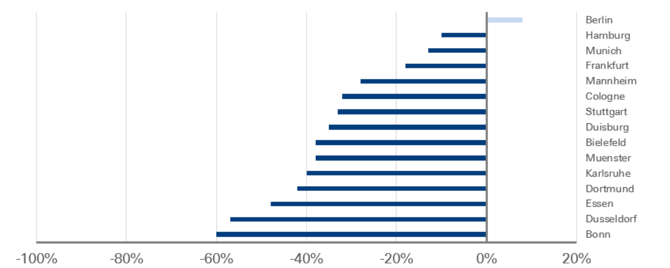
We also deem that the constant declining availability of domestic social housing apartments should represent a tailwind for Noratis. Eligible low-income households in Germany benefit as tenants of social housing apartments from low and fixed rents. However, the social commitment of these apartments is limited in time (up to 20 years) and they can then be re-rented by landlords at regular market rents. According to data of Statista, the number of social housing apartments with favourable rent conditions already declined by 45% between FY 06 to FY 19 from 2.1m to 1.1m. The declining trend is expected to even accelerate in the coming years (see below) based on projections of the market experts from Bulwiengesa. This development can be explained by a supply shortage of new social housing apartments and the continued expiration of timely limited social commitments. The decreasing number of social housing apartments in the coming years will make it for many low-income households even more challenging to find affordable housing space in a tense residential property market. Therefore, the demand for the limited number of regular apartments in the affordable housing segment such as Noratis is providing could increase further.

The number of social housing apartments in Germany declined in recent years
in m apartments



Sources: Statista, Metzler Research

Forecasted decline in social housing apartments for selected German cities from FY 19 to FY 30
in %



Sources: Bulwiengesa, Metzler Research

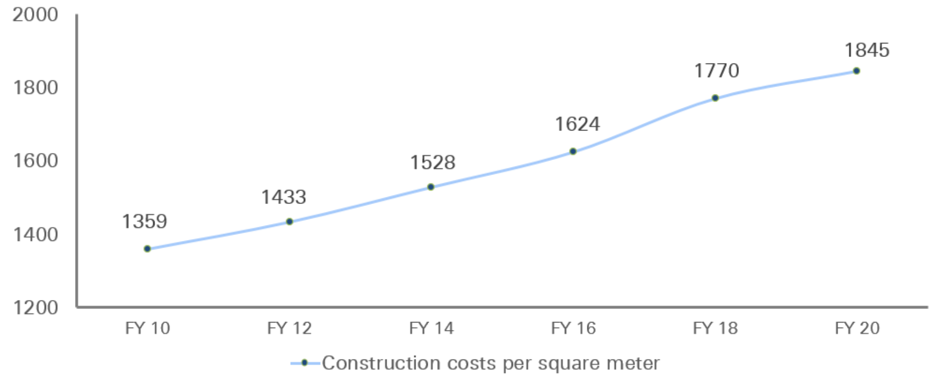
New build residential properties have high construction costs

Construction costs for residential properties have risen constantly in recent years

Noratis, with its focus on properties with affordable rents, can also be seen in our view as a beneficiary of the steady rise in construction costs for new build residential properties in Germany. In recent years, construction costs per square meter for residential properties climbed significantly from EUR 1,359 in FY 10 to EUR 1,845 in FY 20 (adj. for VAT reduction), according to the company. This amount even doesn't include land acquisition, development and financing costs. Considering the dynamic price development related to building materials (e.g. wood or steel) since the outbreak of the Covid-19 pandemic, we deem construction costs for residential properties are now even noticeably higher.

A profitable leasing of new build apartments at the current construction cost levels isn´t possible anymore below EUR 10 per square meter. However, this necessary rent level is significantly above the average rent level at Noratis and also not affordable for many potential tenants from a financial standpoint. Therefore, we believe that new build residential properties don´t represent a relevant threat for the market segment of Noratis, nor can they solve the problem of rising rent levels.

Construction costs for residential properties at the time of permission
in EUR per square meter

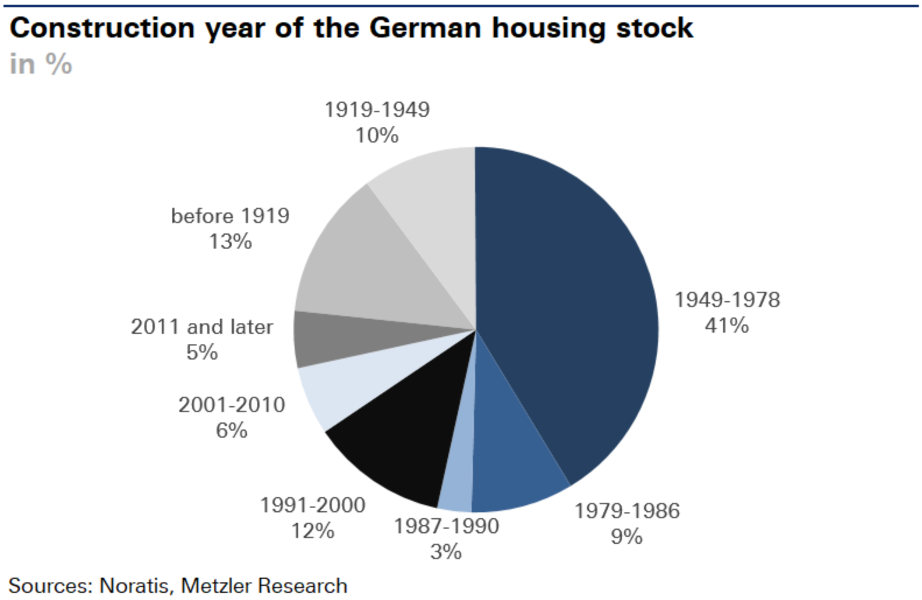


Sources: Noratis, Metzler Research

An aging German housing stock

Noratis comes as an acquirer at older properties into play

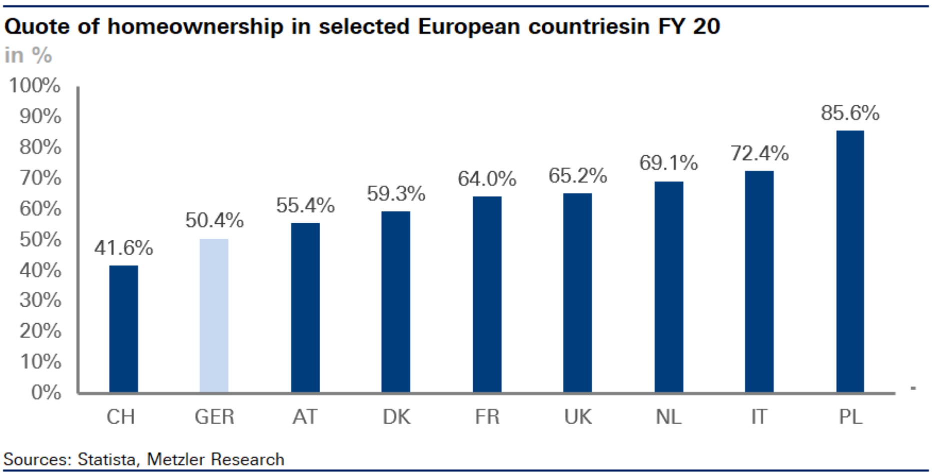
From an acquisition standpoint, we see a sustainable market potential for Noratis due to the aging of the large national housing stock, which amounts to in total approx. 42m units. With rising age of a property, the need for modernization and renovation works is growing, where Noratis as an acquirer comes into play. In addition, many portfolio holders lack the technical and financial capabilities to leverage the technical and commercial development potential. With its focus on residential buildings built between 1919 and 1986, the targeted market segment of Noratis already comprises ~60% of the existing housing stock.



Germany has a low quote of homeownership

The domestic quote of homeownership amounted to 50.4% in FY 20

The German residential property market can be seen as a tenant market in comparison to other European countries as it has the second-lowest homeownership quote across Europe with 50.4%, according to data of Statista. This also explains in our view why the German residential property market is seen as an attractive asset class for institutional investors. As rising property prices and construction costs have both made it even more unaffordable for the vast majority of the population to buy a residential property, we project no meaningful trend reversal towards higher homeownership in the future. This development should play into the hands of Noratis, securing a high demand for its affordable apartments from tenants and potential property buyers.



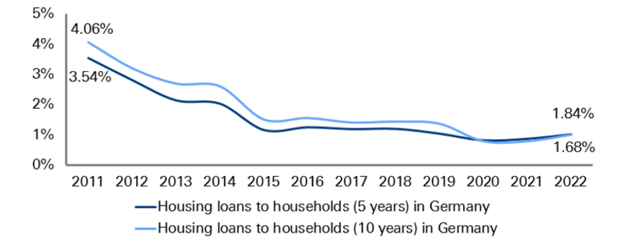
A supportive German housing market

The average asking prices per square meter for residential apartments in Germany increased with a CAGR of 8.8% from FY 10 to FY 21

Since the end of the financial crisis, the German housing market has been in a dynamic phase in a context of robust housing demand and insufficient and relatively inelastic supply, resulting in a steady increase of residential property prices. For example, the average asking prices per square meter for residential apartments in Germany increased with a CAGR of 8.8% from EUR 1,323 in FY 10 to EUR 3,353 in FY 21, according to market data of Statista. This positive price development has been a key tailwind for the company´s business model in the last couple of years, driving the value appreciation of portfolio assets and the execution of profitable portfolio sales. Although we don´t expect property prices to rise as strongly in the foreseeable future as they did in the past, we believe that the main drivers for a continuation of the positive market development remain intact, supporting the investment case of Noratis:

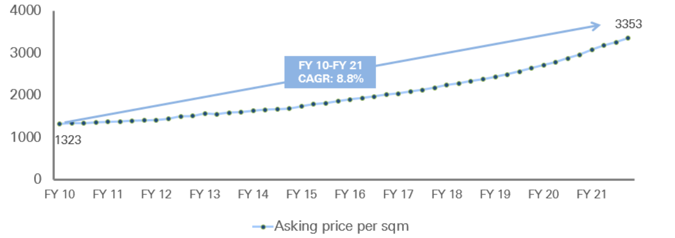
- We deem that the low interest rate environment, in our view the key driver behind value appreciation of residential properties in the last couple of years, should persist at least in the foreseeable future as a noticeable change in European monetary policy will take certain time. This continues to provide property buyers low funding costs and protects the attractiveness of residential properties as an asset class for investors.
- The current inflationary environment could increase the pressure on investors to invest available liquidity into the limited number of inflation-protective assets such as residential properties. This could further drive the price development of residential properties. The current inflation rate in Germany amounts to more than 5% and against the background of rising energy and food prices, we expect inflation to remain at above-average levels in the coming months.
- From a macroeconomic standpoint, we assess the general economic conditions in Germany as still solid, an important factor for stable residential property markets. The German GDP has recovered from its lows during the pandemic and remains on a recovery path. Moreover, the unemployment rate currently stands at a low level of slightly above 5%.
- We think investors could continue to turn their focus away from certain property asset classes such as cyclical retail properties, hotels and commercial real estate in the post-pandemic phase. In our view, the market and price development of these asset classes is associated with a certain degree of uncertainty, which could enforce further liquidity inflows into defensive residential properties.
- In recent years, dwelling permits have exceeded completions, indicating that completions lag behind demand. Considering the limited construction capacity in Germany, the existing skilled labour shortage, rising population numbers and long approval processes for new dwellings, we expect that the gap should constantly widen. In our view, this sluggish new construction activity should further exacerbate the tight residential property market situation, which could be positive for the price development prospects.

German mortgage rates for residential properties are still low in a multi-year comparison
in %



Sources: Interhyp, Metzler Research

Development of avg. asking prices for residential apartments in Germany from FY 10 to FY 21
in EUR per square meter



Sources: Statista, Metzler Research

A stricter rent regulation and a rising focus on energy efficiency measures as concerns

German lawmakers have already increased their efforts to regulate rents in the recent past

A potential stricter rent regulation in the future poses in our view a constant risk for Noratis, which needs to be monitored, especially as our outlined market drivers should likely lead to a further increase in rents. Although we currently aren´t aware of any relevant legislative proposals on this subject, investors should bear in mind that the German lawmakers have already increased their efforts in recent years to regulate rent development more strictly. For example, they implemented a rent brake for regions with a tense supply of rental properties, of which also Noratis is partially affected in a small number of portfolio locations (e.g. Frankfurt on the Main). This rent brake however only applies to existing buildings. It prevents owners from increasing rents by more than 10% above the fair "Mietspiegel" (rent index) level when taking on new tenants. New build apartments and refurbished units (Capex of at least one-third of replacement cost) aren´t affected by this law.

We think the new German government can be considered as more tenant-friendly than the previous one

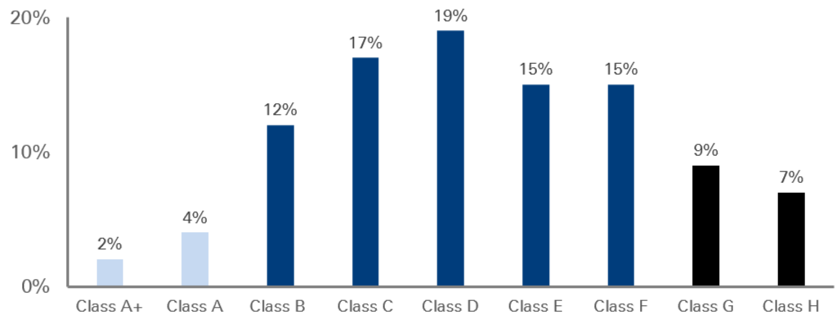
In this context, it is also concerning that the dissatisfaction with rising rents is also growing among the German population. Just recently, citizens in Berlin voted in a referendum for the state expropriation of large housing stockholders. Generally, we have the stance that the new German traffic light coalition can be considered as more tenant-friendly than the previous one, especially the coalition partners SPD and the Greens have a focus on affordable rents in their political agenda. The political headwind that Noratis and its sector peers could face on the issue of affordable rents is therefore in our view unlikely to diminish in any case in the near future.

Rising pressure on building owners to invest into energy efficiency measures

We also deem that potential stricter energy efficiency rules for residential buildings are a growing potential threat for landlords such as Noratis. As the building stock in Europe accounts for approx. 36% of the European carbon emissions, German but also European lawmakers intend to increasingly raise the pressure on building owners to invest into energy efficiency measures as these recent examples illustrate:

- The German government plans to participate landlords in the CO^2 costs of heating in a graduated model. The lower the energy efficiency of a building, the higher the landlord's contribution will be (up to 100%).
- The EU Commission has recently proposed a revised version of the binding and important Energy Performance of Buildings directive. According to this revised version, all residential properties within the European Union must reach the energy class F until FY 30e and the energy class E until FY 33e.

Energy class distribution of the German multi-family housing stock in FY 19
in %



Sources: German government, Metzler Research

Noratis should be more vulnerable than peers concerning future cost burdens from energy efficiency measures

We believe especially an implementation of the revised version of the EU directive could cause noticeable costs for owners of buildings with the lowest energy efficiency classes G and H as they would be forced to invest into energy efficiency measures. Based on data of the German government from FY 19, approx. 16% of the German multi-family housing stock can be contributed to the lowest energy classes G and H and would therefore need to be modernized within the current decade. Until now, Noratis hasn´t disclosed the energy class distribution of its housing stock. However, we wouldn't exclude that a relevant share of its property portfolio may be affected by a binding revision of the EU directive as the company particularly focuses on older buildings with refurbishment potential. Consequently, this is making Noratis and its housing stock in our view more vulnerable than peers concerning potential future costs burdens from energy efficiency measures.

However, we believe it is currently too early to reliably estimate potential negative financial impacts

Although it is in our view currently too early to reliably estimate potential long-term financial impacts on Noratis as future legislation and their implementation both remain uncertain, we are confident that they should be manageable for the company. Investors should bear in mind that the German government and the EU Commission have already confirmed that they intend to support building owners executing energy efficiency measures with attractive subsidies. In addition, the necessary modernization costs can be already partially passed on to tenants (the annual rent can be currently increased by 8% of the cost incurred). Also important to consider is in our view that energy efficiency measures typically have sustainable value appreciation effects on properties.

Noratis has already taken first steps to improve the energy efficiency of its property portfolio. For example, it founded in FY 20 together with Getec, a leading energy service provider, a joint energy efficiency company called G+N Energieeffizienz GmbH. This new company should become responsible for the systematic energy efficiency improvement of heating systems in the property portfolio, according to Noratis. We therefore see it as likely that Noratis could raise its efforts on this topic in the foreseeable future as it also becomes increasingly important for the investment case from an ESG standpoint.

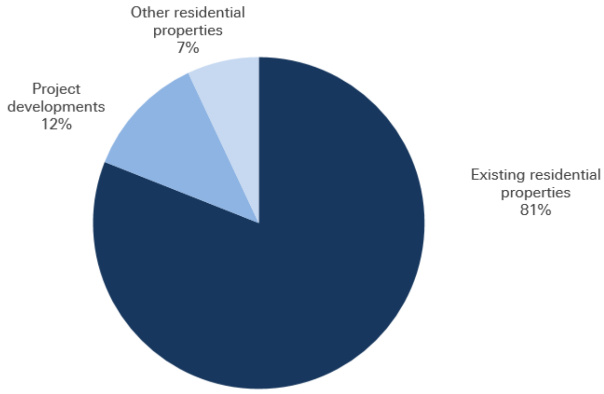
Market development

The German residential property market – A brief overview

Existing residential properties account for 81% of last year´s transaction volume

Residential properties represented the largest institutional asset class (def.: sale of more than 30 units) on the German real estate market in terms of the annual transaction volume last year (FY 21: EUR 51.0bn), according to BNP Paribas. The residential property market can be divided into different subsegments: besides existing residential properties, which accounted for the largest share of last year´s transaction volume (81%), it also includes project developments (12%) and all other residential properties (7%).

FY 21 Residential Property transaction volume in Germany - Split by subsegments



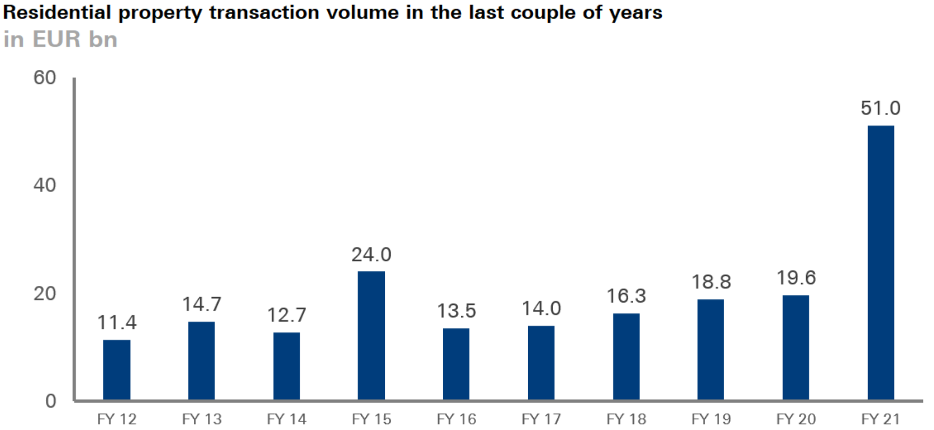
Sources: BNP Paribas, Metzler Research

Volatile transaction volume in recent years

There has been a sustained high demand for residential properties in recent years and the annual transaction volume has exceeded EUR 13bn each year since FY 15. Even the Covid-19 pandemic hasn´t led to any deterioration of the positive market environment in FY 20 or FY 21, which demonstrates the defensiveness of the asset class in our view. However, the annual transaction volume also shows a certain volatility in the previous years as it mainly relies on the number of large institutional residential property portfolio sales in a given year.

The residential property transaction volume reached a record value of EUR 51.0bn in FY 21

The latest available market statistics indicate that the domestic residential property transaction volume grew significantly from EUR 19.6bn in FY 20 to a new record value of EUR 51.0bn in FY 21, representing an increase of 160% yoy. With EUR 51.0bn, the new record transaction volume achieved last year was even noticeably above the previous record transaction volume of EUR 24.0bn achieved in FY 15. The exceptional strong surge of the transaction volume in FY 21, can be mainly explained by a positive one-time effect, namely the merger of Vonovia (BUY/PT EUR 49) and Deutsche Wohnen, two of the largest domestic residential property portfolio holders. This deal contributed EUR 22bn to the transaction volume of the asset class in FY 21 based on market statistics. But even without this merger, the transaction volume would have achieved a new record high, according to BNP Paribas.



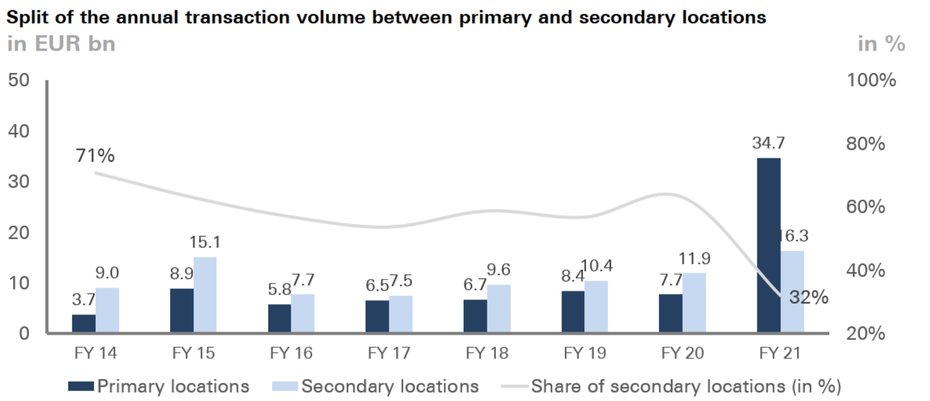
Sources: BNP Paribas, Metzler Research

Secondary locations usually account for the majority of the transaction volume

Secondary locations achieved a record transaction volume of EUR 16.3bn last year

Secondary locations usually accounted for approx. 50%-65% of the annual transaction volume on the German residential property market in the last couple of years except for FY 21, where their transaction volume share decreased significantly to 32%. This noticeable decline can be also explained by the merger of Vonovia and Deutsche Wohnen, which market experts assigned to the primary market segment.

Generally, the annual transaction volume of secondary locations recorded a constant positive upward trend since FY 16 and reached another record value of EUR 16.3bn in FY 21, representing a noticeable increase of 37% yoy. The record transaction volume last year and the steady upward trend since FY 16 both demonstrate in our view the sustained demand from investors for this market segment, which typically provides investors higher rental yields than primary locations.



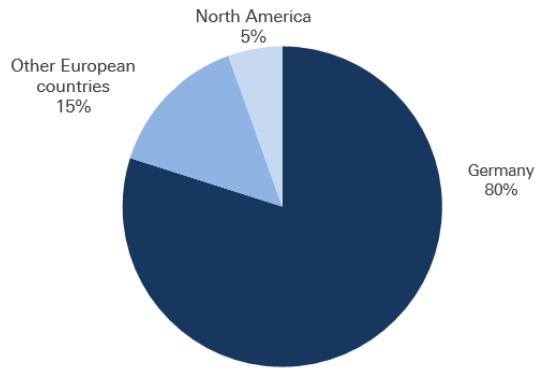
Sources: BNP Paribas, Metzler Research

A property market dominated by domestic institutional investors

Domestic institutional investors accounted for 80% of the transaction volume last year

Domestic institutional investors buy the majority of residential property portfolios offered for sale in Germany. According to the real estate advisory firm CBRE, approx. 80% of the transaction volume in FY 21 can be contributed to this buyer group, followed by institutional investors from other European countries (15%) and North America (5%). This in our view points out that the asset class isn´t yet in the spotlight of foreign investors and that the market is primarily driven and dominated by domestic market participants like Noratis.

Geographical origin of institutional residential property buyers in FY 21
in % of the annual transaction volume



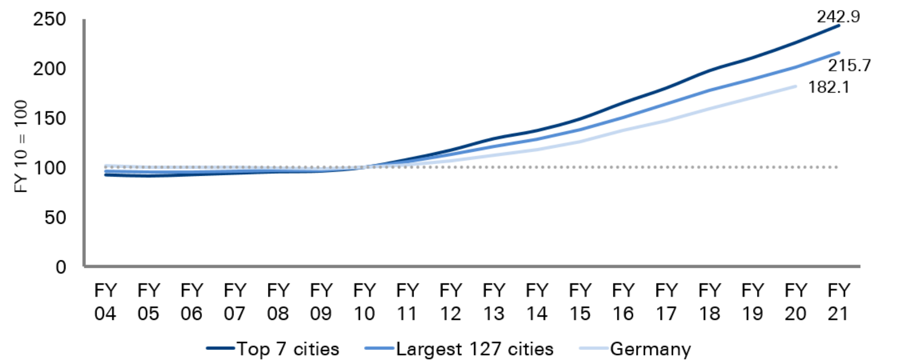
Sources: CBRE, Metzler Research

A positive price development in recent years

The most pronounced price surge of residential real estate prices was recorded within Germany's seven largest cities

Prices for residential real estate have risen significantly in recent years, partially due to the favourable economic development, lower interest rates and higher prices for construction work, according to market data of the German federal bank. The strongest price surge was recorded within Germany's seven largest cities, where the structural housing shortage is most pronounced. In these cities, residential property prices increased in total by approx. 144% between FY 10 and FY 21. In comparison, residential property prices in the largest 127 cities of Germany only increased by approx. 116% during the same time frame and when taking the whole country, residential property prices even grew at a slower pace. Hence, it can be stated that both rural and metropolitan areas have driven the positive price development in recent years. However, the price development in rural areas can be considered as less dynamic.

Price developments on the German residential property market
Index points



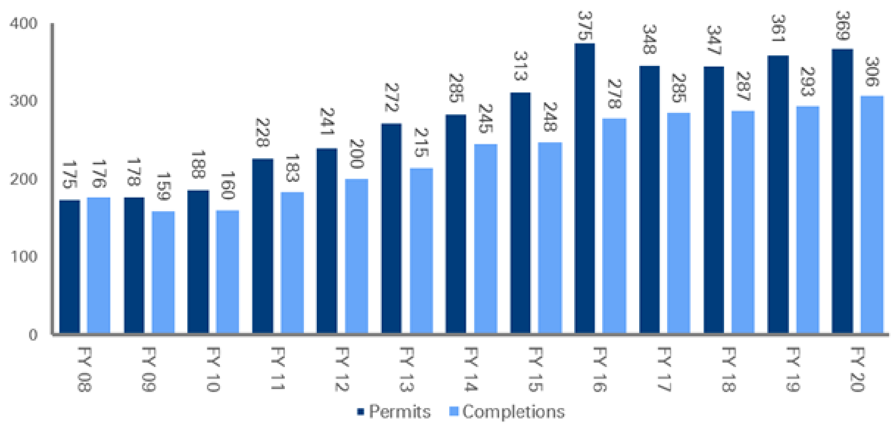
Sources: German federal bank, Metzler Research

Gap between permits and completions should support market development

Only 306,000 dwellings were completed in FY 20

Over the last years, dwelling permits have exceeded completions, indicating that completions lag behind demand. Dwelling permits in Germany have increased with a 7.0% CAGR from FY 10 to FY 20 to 369,000 yearly units. In comparison, dwelling completions have only increased with a 6.7% CAGR from FY 10 to FY 20 to just 306,000 units. According to the Cologne Institute for Economic Research, it would be necessary to build at least 400,000 dwellings p.a. in the coming years to soften the existing domestic structural housing shortage noticeably. But as the gap between permits and completions constantly widens, the German real estate association trusts that the residential property market can continue to expect significant investments and a robust multi-year demand.

Number of dwelling permits and completions in Germany per year
in tsd



Sources: Destatis, Metzler Research

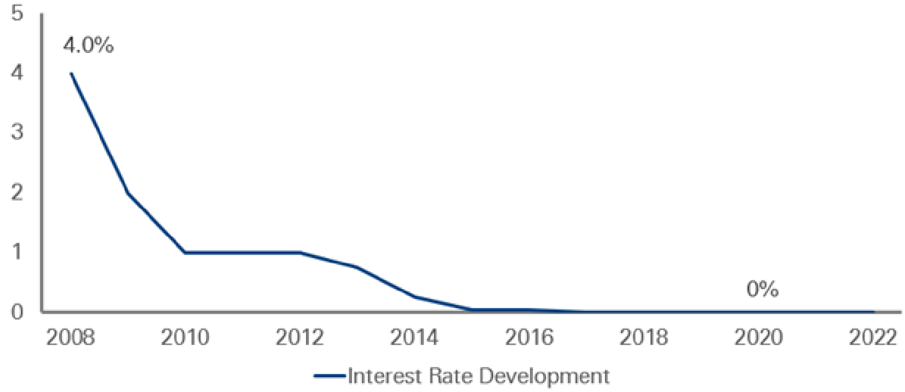
The interest rate environment still remains attractive for residential property buyers

Low interest rates have been one of the key drivers of investor demand for residential properties

At the moment, interest rates are still low due to the expansive ECB monetary policy course. Thus, investors of residential properties can continue to benefit from advantageous financing conditions and solid rental yields in an environment where low risk investments currently provide low or even negative yields. We believe these favourable financing conditions and the lack of attractive defensive investment opportunities represent two of the main drivers behind the growing investor demand for non-cyclical residential properties in recent years. Although the inflationary pressure is increasing, we currently don't expect a fundamental shift from the expansive monetary policy course of the ECB, at least from a short-term perspective. Thus, defensive residential real estate assets are poised to remain popular among investors in the foreseeable future, keeping demand and market prices high.

ECB Key Interest Rate development

in %



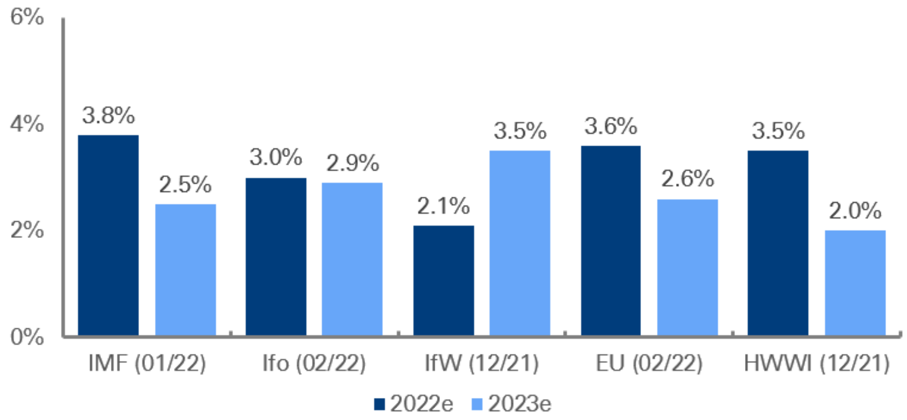
Sources: ECB, Metzler Research

An improved macroeconomic environment should support the housing demand

Leading economic research institutions are expecting an economic recovery this year

We think that the positive projections on important macroeconomic factors such as GDP and unemployment rate development should support a positive market environment for German residential properties. Since the end of the financial crisis, the GDP expansion was able to positively influence the German economy as a whole, an important factor for stable real estate markets in the recent past. Based on our calculations, the German GDP grew at a CAGR of 3.2% from FY 09 to FY 21. According to the leading economic research institutions, a continuation of positive GDP growth can be expected this year again, with GDP growth projections ranging from 2.1% yoy to 3.8% yoy. Main drivers of this positive economic development should be catch-up effects, a gradual return to pre-crisis business activity levels and fading negative impacts from the Covid-19 pandemic on the economy. However, investors should bear in mind that rising energy prices, the current inflationary environment and supply chain disruptions could increasingly pose a risk to the solid short to mid-term economic outlook in our view.

GDP growth projections for FY 22e and FY 23e
in %



Sources: BDA, Metzler Research

Low unemployment rate in a multi-year comparison

The strong economic development in Germany and social reforms have led to a noticeable decrease in domestic unemployment in the recent past, supporting the demand for residential housing. Between FY 10 to FY 21, the unemployment rate in Germany decreased by 200 basis points from 7.7% to 5.7%, according to official figures of the Federal Employment Agency. Currently, the unemployment rate stands at 5.1%, which is slightly above the record low of 5.0% achieved in FY 19 since the German reunification. Considering the positive GDP growth projections and the record number of vacant job positions in Germany (currently approx. 800,000), a further improvement of the unemployment rate in German can be expected for this year, according to the Federal Employment Agency.

Unemployment rate development in Germany
in %

Sources: Bundesagentur für Arbeit, Metzler Research

Financials

On growth course

Noratis should have returned to a growth path last year

Although the company won't release its FY 21e figures until May, we are confident that Noratis should have returned to a growth path last year (M´e: 159% yoy sales growth), mainly driven by a resumption of portfolio sales. In H1 21, Noratis already bought 543 respectively sold 289 lettable units and generated sales of EUR 59.8m (H1 20: EUR 14.0m), confirming the return to higher transaction activity. Further property sales and acquisitions were already reported by the company in the second half of the year, we thus are confident Noratis is in a good position to achieve our targeted acquisition and sales volume of 1,200 respectively 320 lettable units. In total, we project sales of 74.4m, a gross profit of EUR 23.9m and an EBIT of EUR 18.4m for the previous fiscal year.

A continuation of the growth path is likely this year

With regard to the current fiscal year, we anticipate a continuation of growth at the company. We estimate that revenues should increase by 8.8% yoy in FY 22e, particularly driven by gross rental income growth due to portfolio expansion. Concerning portfolio expansion, we project that Noratis could acquire 1,000 and sell 320 lettable units this year, resulting in a net growth of the property portfolio to in total 4,906 lettable units at the end of FY 22e. The transaction activity at the beginning of this year can be assessed as high as Noratis already reported in January that it sold 239 of its lettable units located in Muenster, confirming the company is on track to achieve our projected sales targets. In addition, we calculate that this year´s margin development should benefit from a higher sales share of the more profitable rental income and the incorporation of noticeable revaluation gains (M´e: EUR 6m). This is expected to lead to an improvement of the EBIT margin by 400 bps to 28.7% compared to FY 21e. In total, we estimate for the current fiscal year sales of EUR 81.0m, a gross profit of EUR 26.7m and an EBIT of EUR 23.2m. A detailed overview of our financial estimates is provided in the table below.

Historic and estimates KPIs

in EUR m	FY 19	FY 20	H1 21	FY 21e	FY 22e	FY 23e
Revenues	**76.0**	**28.7**	**59.8**	**74.4**	**81.0**	**87.0**
Growth yoy (in%)	35.3%	-62.2%	326.1%	159.2%	8.8%	7.5%
Gross Profit	**21.6**	**15.0**	**17.4**	**23.9**	**26.7**	**30.1**
Margin (in%)	28.4%	52.1%	29.1%	32.1%	33.0%	34.6%
EBIT	**15.8**	**8.2**	**13.3**	**18.4**	**23.2**	**28.5**
Margin (in%)	20.8%	28.6%	22.3%	24.7%	28.7%	32.7%
EBT	**11.6**	**4.2**	**10.2**	**13.2**	**17.0**	**20.5**
Margin (in%)	15.3%	14.5%	17.1%	17.7%	21.0%	23.5%
Net Profit	**8.3**	**2.8**	**7.3**	**9.1**	**11.7**	**14.1**
Margin (in%)	11.0%	9.7%	12.2%	12.2%	14.5%	16.2%
EPS	**2.30**	**0.58**	**1.52**	**1.88**	**2.21**	**2.42**

Sources: Noratis, Metzler Research

Deconstructing the forecasts

The operational performance is difficult to forecast

Noratis only gives a qualitative guidance for a fiscal year and the company also doesn't have medium-term financial targets. Generally, the operational performance of Noratis is difficult to forecast in our view as it mainly depends on the company's market opportunities. This may partly explain the limited disclosure of financial targets. Nevertheless, the company made convincing progress regarding portfolio growth and successfully executed plenty of portfolio sales in the recent past, providing in our view a solid track record for a continuation of top and bottom-line growth in the foreseeable future.

From our perspective, the annual acquisition volume, the gross rental income development and the revenue development from portfolio sales represent the most relevant indicators to project sales and profit development for the coming years. We forecast an 8.1% sales CAGR 21e-23e for Noratis based on our estimates for these indicators, which we present in detail on the following pages.

Acquisition volume development

Dynamic growth of the asset base in recent years

Within a few years, the asset base of Noratis has grown at a high pace: between FY 16 to FY 21e, the company was able to increase the number of lettable units in its property portfolio from 1006 to more than 4200 despite a frequent execution of portfolio sales. With regard to FY 21e, we estimate based on the available data provided by the company that Noratis should have acquired more than 1200 lettable units for approx. EUR 144m (avg. price per lettable unit: EUR 120,000). Taking a longer time frame and considering the last six fiscal years, Noratis has managed to purchase on average new residential properties for approx. EUR 86m each year, according to our calculations.

A further growth of the asset base is in our view expectable

We forecast a continuation of portfolio growth in the future as it is one of the company´s key priorities to increase its portfolio size further. In total, we expect an acquisition volume of EUR 120m-130m in FY 22e and FY 23e, which would be slightly below the estimated record acquisition volume of EUR 144m achieved in FY 21e. According to our estimates, this should provide the basis for double-digit percentage gross rental income growth in the coming years despite continuing property portfolio sales. Considering the following points, we think our acquisition volume assumption should be reasonable:

- From a geographical standpoint, we generally deem Noratis still has plenty of room to grow as its business model is scalable and allows to capture economies of scale with increasing portfolio size. Although the company has already expanded into 10 federal states of Germany, there are still a large number of untapped secondary locations where Noratis could buy property portfolios.
- According to m´ment remarks, Noratis targets a portfolio size of 10,000 to 15,000 apartments from a long-term perspective. A continuation of portfolio growth will be therefore necessary to achieve this target. Generally, the company aims to become more independent from portfolio sales, which also explains the build-up of its own property portfolio with long-term portfolio positions. As a consequence, the generation of stable rental income should become more important for the company, supporting our optimistic stance concerning a further expansion of the asset base.
- The anchor shareholder of Noratis, the family Merz, committed itself to providing the company an equity funding of EUR 50m by FY 24e (of which EUR 14m were already invested in FY 20), which should be used for new portfolio acquisitions. Therefore, the company has a limited time frame to use this secured

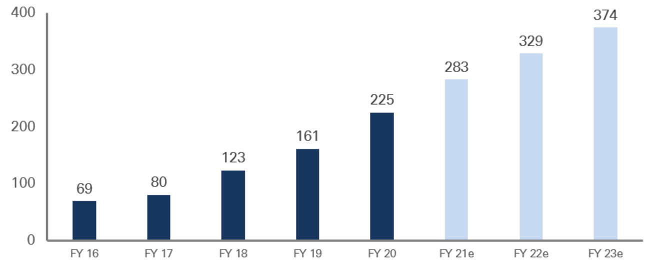
equity funding, making it likely that m´ment will primarily put its focus on portfolio expansion in the coming time.

- As deal sourcing has been one of m´ment key strengths in the past, we believe the company should be able to maintain a solid acquisition deal flow in the coming years.

Noratis could add in FY 22e and FY 23e 1,000 lettable units to its property portfolio, according to our projections

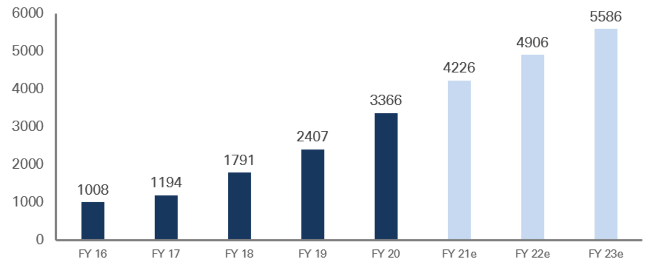
Taking a purchase price assumption (incl. ancillary costs and Capex costs) of EUR 123,000 in FY 22e and EUR 127,000 in FY 23e for one lettable unit (book value per lettable unit as of 30/06/21: EUR 100,000), we estimate that the company could add 1000 lettable unit each year to its property portfolio. This should allow Noratis to increase the property portfolio size and value despite a continuation of portfolio sales in the coming time. In total, we estimate that the number of lettable units in the property portfolio of Noratis could increase from 3,366 in FY 20 to 5,596 in FY 23e. Accordingly, the lettable space of the company is expected to grow from 225,000 square meters to 374,000 square meters, representing a noticeable increase of 66.2%.

Estimated development of the lettable space of the property portfolio
in tsd square meters



Sources: Noratis, Metzler Research

Estimated number of lettable units
number of lettable units



Sources: Noratis, Metzler Research

Gross rental income & portfolio sales development

The gradual increase of the portfolio size and, to a smaller extent, value-enhancing modernization works have been the key growth drivers behind the rise in gross rental income in recent years. In total, Noratis should have been able to increase its gross rental income between FY 16 to FY 21e with a CAGR of 28.3% from EUR 6.7m to EUR 23.4m, which outlines the already made progresses of Noratis concerning expanding the share of stable rental cashflows in its revenue mix.

We forecast a 17.0% gross rental income CAGR 21e-23e for Noratis

Referring to our outlined assumptions on the acquisition volume development for the coming years, we believe that portfolio expansion will likely be the key driver of top-line growth in the coming years and derive a 17.0% gross rental income 21e-23e CAGR. Simultaneously, we project that the gross profit on rental income could grow from EUR 10.0m to EUR 18.6m during the same time frame. Our estimates on gross rental income growth are based on the following assumptions:

- We estimate that new residential properties could be acquired by Noratis at a gross rental yield of 5% in the next two years, which is a common achievable rental yield at residential properties with development potential located in secondary locations.
- Our gross rent projections include an average increase in portfolio rent by 2% lfl each year, primarily resulting from value-enhancing modernization works.
- We calculate conservatively with no change of the current portfolio vacancy

rate of 10% due to the constant fluctuation within the property portfolio resulting from sales and acquisitions.

Noratis: Metzler estimates based on the company´s P&L structure

in EUR m	FY 19	FY 20	FY 21e	FY 22e	FY 23e
Total sales	**76.0**	**28.7**	**74.4**	**81.0**	**87.0**
Revenue from property portfolio sales	63.0	12.0	51.0	53.0	55.0
Cost of sales	-48.6	-7.0	-39.8	-42.5	-43.5
Gross Profit on property portfolio sales	**14.4**	**5.0**	**11.2**	**10.5**	**11.5**
Gross rental income	12.9	16.7	23.4	28.0	32.0
Rental costs	-3.6	-5.8	-6.7	-9.2	-11.4
Gross profit on rental income	**7.1**	**10.0**	**12.7**	**16.2**	**18.6**
Total Gross profit	**21.6**	**15.0**	**23.9**	**26.7**	**30.1**
Other operating income incl. revaluation gains	1.0	0.8	3.5	6.6	9.7
Personnel expenses	-4.1	-5.0	-5.5	-6.0	-6.6
Depreciation and amortization	-0.4	-0.4	-0.5	-0.6	-0.7
Other operating expenses	-2.3	-2.2	-3.0	-3.5	-4.0
EBIT	**15.9**	**8.2**	**18.4**	**23.2**	**28.5**
Financial result (net)	-4.3	-4.1	-5.2	-6.2	-8.0
EBT	**11.6**	**4.2**	**13.2**	**17.0**	**20.5**
Income taxes	-3.3	-1.4	-4.1	-5.3	-6.3
Net Income	**8.3**	**2.8**	**9.1**	**11.7**	**14.1**

Sources: Noratis, Metzler Research

Despite the projected dynamic growth of gross rental income, we estimate portfolio sales should continue to account for more than 60% of revenues in the coming years

But also portfolio sales should remain an important contributor to the top-line and profit development of the company in the coming years despite its stronger focus on portfolio and thus gross rental income growth. In total, we anticipate revenues from portfolio sales could be rather flattish but continue to account for more than 60% of total revenues in the next years. Generally, we consider at our portfolio sales estimates an average rent multiple of 25x, an estimated gross profit margin of 20%-22% and the sale of 320 lettable units each year. Considering these aspects, we believe our flattish estimates on portfolio sales should be reasonable:

- To support top and bottom-line expansion through portfolio expansion in the coming years, the company has to keep the revenues from portfolio sales more or less stable stable as they still account for the bulk of its revenue mix. Assuming Noratis wouldn´t continue to execute portfolio sales, top and bottom-line growth would either significantly slow down or even turn negative, putting a strain on the company´s growth ambitions.
- The company has already grown to a relevant size where property portfolio sales aren´t anymore necessary to cover capital and operating costs, allowing a higher flexibility of sales execution.
- We believe Noratis will allocate the assets with the highest value appreciation at its own property portfolio in the future. Therefore, we think the company could rather sell property portfolios where it can achieve only below-average gross profit margins, which we reflected at our gross profit margin estimates for FY 22e and FY 23e. Our projected gross profit margin of 20%-22% on port-

folio sales would be noticeably below the gross profit margin of 27% Noratis achieved so far on average with portfolio sales in the past.

- The funding of larger acquisitions is backed by the anchor shareholder in the near future, lowering the dependence on portfolio sales to fund new acquisitions.
- Noratis already sold 239 units in January 2022, hence the company remains on track to achieve our estimated number of 300 sold lettable units for FY 22e.

In total, we calcuclate revenues from portfolio sales could slightly increase from EUR 51m in FY 21e to EUR 55m in FY 23e

Based on these assumptions, we in total estimate that Noratis could slightly increase its revenues from portfolio sales from EUR 51m in FY 21e to EUR 55m in FY 23e. Simultaneously, the gross profit achieved from portfolio sales is expected to remain almost stable during the same time frame (EUR 11.2m in FY 21e vs. EUR 11.5m in FY 23e).

We target an improvement of profit margins in the coming years

Noratis is expected to improve its EBIT margin by 800bps between FY 21e and FY 23e to 32.7%

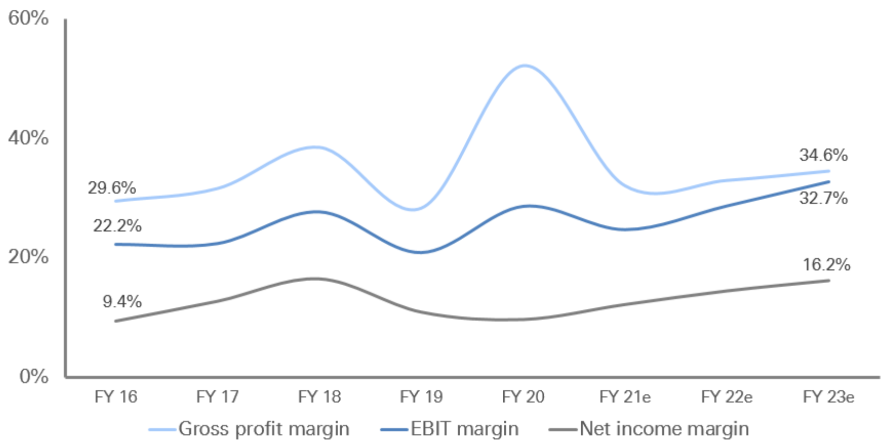
The company has a lean corporate structure with approx. 65 employees and generates solid rental yields in secondary locations. Operating costs for the property management business of Noratis are comparatively low and the company has low financing costs. We believe Noratis will continue its adopted strategy in the foreseeable future, supporting the company´s profit margins. However, profit margins are expected to be still highly influenced by the generated profits on individual portfolio sales, hence investors should have in mind that profit margins likely remain volatile.

Over the coming years, we currently estimate a further improvement of profit margins as we consider certain positive effects from the following margin catalysts into our estimates:

- The company should be able to achieve significant revaluation gains (M´e: EUR 3m in FY 21e/EUR 6m in FY 22e/EUR 9m in FY 23e) from the build-up of its own property portfolio in the coming years.
- With the projected gradual expansion of the property portfolio, the more profitable rental cashflows are expected to stronger contribute to profitability.
- Costs for growth should remain stable, while the property portfolio is expected to increase, enabling Noratis to achieve certain scale effects.

On that basis, we forecast the EBIT margin to increase by 800bps from 24.7% in FY 21e to 32.7% in FY 23e.

Profit margin development at Noratis
in %



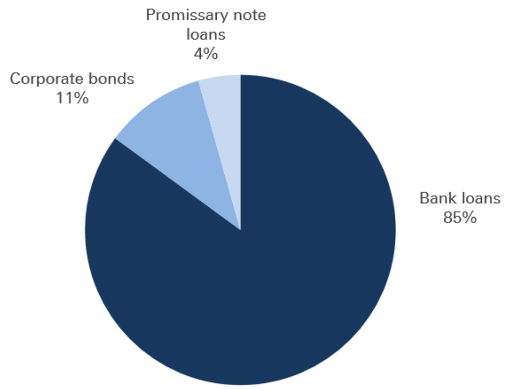
Sources: Noratis, Metzler Research

Financing overview

Outstanding debt volume of EUR 284m as of 30/06/21

In our opinion, Noratis pursues a diversified financing strategy as it uses bank loans but also capital market debt instruments such as corporate bonds for its refinancing. According to the latest available data from June 2021, the outstanding debt volume amounted to EUR 284m. The average debt interest rate was 1.9% (2.3% incl. hedging and processing fees) and the average remaining term was 4.4 years. The company primarily uses local saving banks (Sparkassen) and cooperative banks (Volksbanken) as financing partners. The corporate bonds of Noratis currently have no rating from a rating agency.

Use of debt financing (100%= EUR 284m)
in%

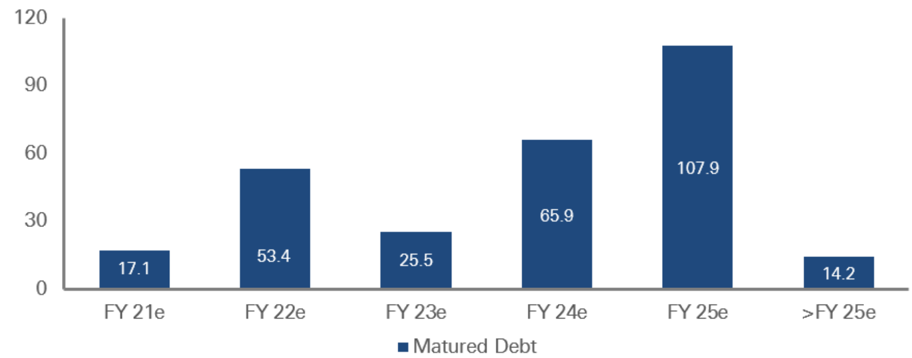


Sources: Noratis, Metzler Research

Average remaining term of financial debt: 4.4 years

According to our calculations, financial liabilities should increase in the coming years in order to finance portfolio expansion. In addition, we also think that with growing size and visibility of the company, Noratis will continue to be able to refinance its debt at attractive interest rates under the assumption of a continuation of the current low interest rate environment in the foreseeable future. Generally, we assess the risks arising from potential interest rate changes as manageable for the company from a short to mid-term perspective considering the average remaining term of financial debt of 4.4 years.

The debt maturiy profile of Noratis
in EUR m



Sources: Noratis, Metzler Research

Balance sheet quality still adequate

As of 30/06/21, the equity ratio of Noratis amounted to 21.0%, which is slightly above the equity ratio of 20.1% at the end of FY 20. Taking a fair value measurement of properties into account, the company reported that the equity ratio would stand at approx. 27%, which we consider as adequate. Although the company has conducted several capital increases in the last couple of years, capital was primarily used to finance growth rather than to strengthen the equity ratio. In our opinion, an equity ratio of ~20% should still be sufficient for a company like Noratis, which has a rental business model in a defensive property asset class and a strong anchor shareholder with sufficient capital in the background. For the coming years, we expect no meaningful changes of the current capital structure.

Equity Ratio development

	FY 19	FY 20	FY 21e	FY 22e	FY 23e
Equity Ratio in %	20.1%	20.1%	19.5%	21.1%	22.5%

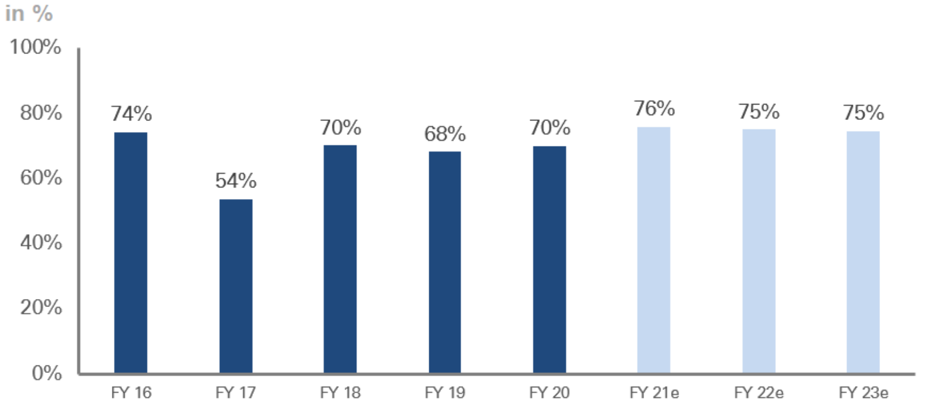
Sources: Noratis, Metzler Research

LTV & NAV development

A comparatively high LTV

For FY 21e, we calculate an LTV of 76%. This figure is based on our calculation scheme (=Net Debt/book value of properties). From our perspective, an LTV of 76% is relatively high. However, when considering the market value of properties, we assume the LTV should amount to approx. 60-70%, which we assess as still acceptable. For the coming years, we forecast no meaningful changes of the LTV figures. Nevertheless, investors should bear in mind that the LTV could increase meaningfully in a scenario of deteriorating real estate prices.

LTV development

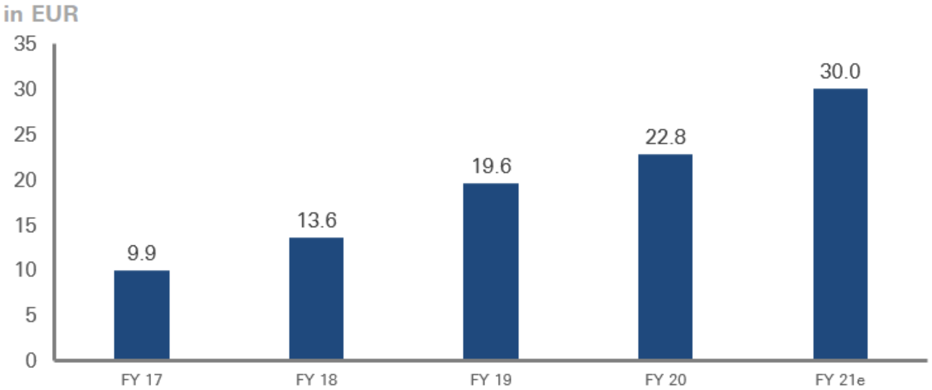


Source: Metzler Research

NAV per share as of 31/12/21: EUR 30.00

Noratis significantly increased its NAV per share in the last couple of years. The company already reported that the NAV per share as of 31/12/2021 amounted to around EUR 30.00 (FY 20: EUR 22.80), a noticeable increase of 31.6% yoy. We believe it is reasonable for the following years to assume a further increase of the NAV, particularly driven by revaluation gains and portfolio expansion. However, especially future revaluation gains at the property portfolio can´t be reliably estimated. We therefore don´t provide any projections regarding the NAV per share development for the coming years.

Development of the NAV per share



Sources: Noratis, Metzler Research

High hidden reserves

Hidden reserves of approx. EUR 92m at the end of FY 21e

The company´s successful portfolio expansion has resulted in a noticeable increase of property portfolio value in recent years. In addition, the property portfolio value should have benefited in the past from the positive market development, successful vacancy reductions or value-enhancing modernization works, leading to a higher market valuation of individual properties. However, as Noratis currently recognizes all its properties as current assets at acquisition costs in the balance sheet, the higher market valuation of properties is merely recognized as hidden reserves. In total, Noratis reported that these hidden reserves within the property portfolio amounted to approx. EUR 92m at the end of FY 21e (FY 20: EUR 49m), a significant increase of approx. 88% yoy.

Development of hidden reserves within the property portfolio
in EUR m

Acccounting standard	GAAP	GAAP	GAAP	IFRS	IFRS
	FY 17	FY 18	FY 19	FY 20	FY 21e
Book value of real estate	99.2	176.7	238.8	326.5	n.a.
Market value real estate	120.6	200.6	263.5	375.5	n.a.
Hidden reserves	21	24	25	49	92

Sources: Noratis, Metzler Research

Further capital increases are likely

The number of shares should increase from currently 4.82m to 5.83m in FY 23e

Noratis has conducted several capital increases to fund portfolio growth in recent years. We believe the company will continue to stick to this approach, especially to maintain its capital structure while simultaneously being able to fund portfolio growth. The anchor shareholder of Noratis, the family Merz, already committed to providing Noratis an equity funding of EUR 50m by FY 24e (of which EUR 14m were already invested in FY 20) for further property acquisitions. Hence, we think a further dilution of existing shareholders is expectable in the coming years. For our detailed forecast period in FY 22e and FY 23e, we therefore estimate that additional capital increases could lead to a dilution of 10% of the existing share capital yearly. For comparison, Noratis has already carried out three capital increases since its listing in FY 17, two of them with a dilution of at least 20%. Based on our estimates, the expected capital increases should result in a rise of the number of shares from currently 4.82m to 5.83m at the end of our detailed forecast period in FY 23e.

Overview of previous capital increases

Date	Amount (in EUR m)	Price per share (in EUR)	Proportion of share capital (in %)
05 2018	15.3	22.5	23%
03 2020	5.0	19.8	7%
09 2020	51.1	17.6	25%

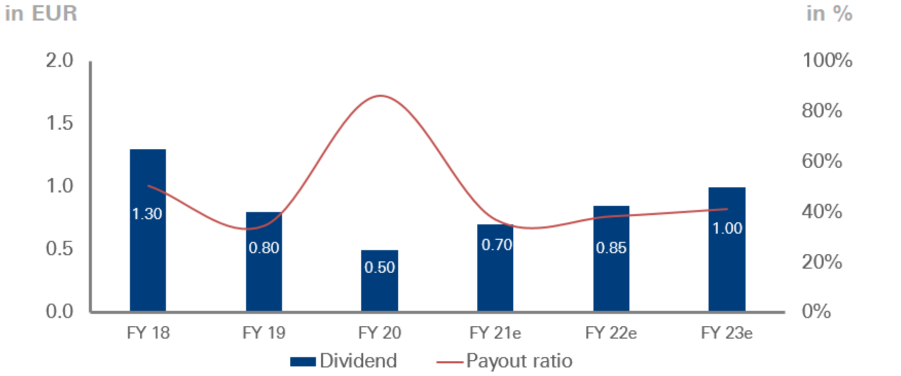
Sources: Noratis, Metzler Research

We expect a gradual increase of dividend payments in the coming years

Dividend payments could grow with a 26.0% CAGR 20-23e from EUR 0.50 to EUR 1.00 based on our calculations

The company has a track record of annual dividend payments since its listing. In FY 20, the DPS amounted to EUR 0.50 (FY 19: EUR 0.80) and the company targeted in the past an EPS payout ratio of 50%. With regard to the coming years, we expect that Noratis could however lower its EPS payout ratio to 30%-40% due to the growing importance of non-cash effective revaluation gains for earnings development. Nevertheless, our projected positive EPS development should allow a steady growth of dividend payments in the coming years. According to our estimates, dividend payments are expected to grow with a 26.0% CAGR 20-23e from EUR 0.50 to EUR 1.00. Next year's dividend yield would stand at 5.0% based on the actual share price level. The estimated growth of dividend distributions and the currently attractive dividend yield are attractive for long-term oriented investors in our view.

Expected dividend payments and payout ratio



Sources: Noratis, Metzler Research

Appendix: Company history, management and shareholder structure

History of the company

Founded in 2002

Noratis exists since 2002 and was established by one of the three founding shareholders of the company. The company started with its portfolio development activities in 2012 and successfully executed its listing in the scale segment of the Frankfurt stock exchange in 2017. At the beginning of 2020, Noratis announced that the pharmaceutical family Merz would become the anchor shareholder of the company. Since then, the company has been raising its efforts to build up a property portfolio with long-term portfolio positions. As of 30/06/2021, 49 employees worked for the company.

Management and Supervisory Board

CEO Igor Christian Bugarski

Igor Christian Bugarski is the CEO of Noratis. He is responsible for acquisitions, developments, sales, legal and HR. Before his appointment at Noratis, Mr. Bugarski held executive positions at CBRE Germany and DeTeImmobilien. Mr. Bugarski holds a degree in Civil Engineering from the Technical University of Darmstadt.

CFO Andre Speth

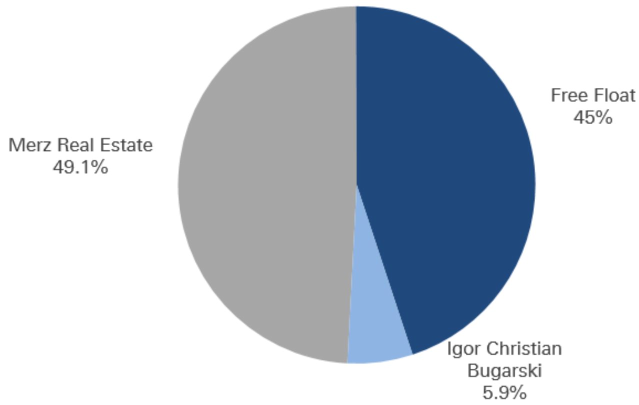
Andre Speth is the CFO of Noratis and joined the company in 2015. Mr. Speth is responsible for finance, controlling, investor relations and IT. Prior to his position at Noratis, he worked for several investment banks, where he was responsible for the execution of M&A and ECM transactions related to the real estate industry. Mr. Speth holds a master degree in Business Administration from the European Business School in Oestrich-Winkel.

The supervisory board consists of five members:
(1) Dr. Henning Schröer (Chairman of Supervisory Board) – Head of Family Office and Managing Director of Real Estate at Merz, (2) Dr. Florian Stetter – Founder and CEO of RockHedge Group, (3) Hendrik von Paepcke – Managing Director and co-founder of APOprojekt GmbH, (4) Christof Scholl – Investment advisor and partner at NAI apollo, (5) Michael Nick - Managing Partner at Merz Holding GmbH & Co. KG.

Shareholder structure

The share capital of Noratis is divided up into 4,818,027m bearer shares with no par value. and the free float amounts to 45%. The company has two key shareholders, namely CEO Christian Bugarski (5.9% stake) and Merz Real Estate (49.1% stake), an investment vehicle of the Merz family, which founded and still owns the Frankfurt-based pharmaceutical company Merz Pharma.

Shareholder structure of Noratis as of April 2022
in %



Sources: Noratis, Metzler Research

Valuation

We derive a PT of EUR 30.20 from our DCF valuation

We use absolute and relative valuation methods to calculate the fair share value for Noratis but prefer the results of our absolute valuation method due to the lack of peers with comparable business models. In terms of absolute valuation, we use a discounted cash flow (DCF) model. The relative valuation comprises a comparison between Noratis and international peers from the residential property project development and construction sector.

DCF Valuation

Our DCF model calculates a fair value of EUR 30.20 per share

As a first step, we value the shares of Noratis using our DCF model. The EUR 30.20 price target implies a 52% upside potential from the current share price. The reported NAV per share of approx. EUR 30 as of 31/12/2021 should support our stance that the share has noticeable upside potential.

The following assumptions are the basis of our DCF model:

- We are using a terminal growth rate of 1.5%, which reflects the positive long-term growth prospects of the company.
- We are assuming a terminal EBIT margin of 28.00%, slightly lower than our anticipated margin level for the forecast period 2025e-2029e.
- Our WACC of 4.4% is based on the following input factors: risk-free rate of 1.0%, market risk premium of 6.0%, equity ratio of 25% and a Beta of 1.60.
- The high Beta reflects the volatility of the share price and earnings development in recent years and the high dependence of the business model on portfolio sales.

DCF model

	2022	2023	2024	2025	2026	2027	2028	2029	TV Year
Year	0	1	2	3	4	5	6	7	
Sales	81.0	87.0	94.1	100.8	108.1	115.9	124.2	133.1	135.1
Sales growth (%)		7.5	8.1	7.2	7.2	7.2	7.2	7.2	1.5
Operating margin (%)	28.7	32.7	33.5	31.5	31.5	31.5	31.5	31.5	28.0
EBIT	23.2	28.5	31.5	31.8	34.0	36.5	39.1	41.9	37.8
- Revaluation of properties	-6.0	-9.0	-6.0	-3.5	-3.5	-3.5	-3.5	-3.5	-2.5
adj. cash effective EBIT	17.2	19.5	25.5	28.3	30.5	33.0	35.6	38.4	35.3
Taxes	5.3	6.0	7.9	8.8	9.5	10.2	11.0	11.9	11.0
Tax rate (%)	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Depreciation	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.2	1.2
Amortisation (ppa etc.)									
Operating cash flow	**12.5**	**14.1**	**18.4**	**20.4**	**22.0**	**23.8**	**25.7**	**27.7**	**25.6**
Capex	0.5	0.8	1.0	1.0	1.1	1.2	1.2	1.3	1.4
Change in working capital	-45.5	-35.2	-18.0	-5.0	-5.0	-5.0	-5.0	-5.0	-3
Free cash flow	**-33.6**	**-21.9**	**-0.6**	**14.4**	**16.0**	**17.7**	**19.5**	**21.4**	**21.2**
Discounted free cash flow	-32.5	-20.3	-0.5	12.3	13.0	13.8	14.6	15.4	
Sum of DCF	16								
TV	519				Current share price	19.8			
Net Debt	389				Upside	52%			
Fair' Equity value	145								
Number of shares	4.8								
Fair' value per share	**30.2**								

				WACC	
Sales growth (%), years 3-7	7.2	Capex/sales (%), TV year	1.0	Cost of debt (%)	2.4
Sales growth (%), TV year	1.5	Depreciation/Capex (%)	90	Cost of equity (%)	10.6
Operating margin (%), years 3-7	31.5	Beta	1.60	Equity (in %)	25.0
Operating margin (%), TV year	28.0	LT debt interest rate (%)	3.5	Financial Debt (in %)	80.0
Tax rate (%), years 3-7	31	Risk Free Rate (%)	1.0	Total capital	105.0
Capex/Sales (%), years 3-7	1.0	Market Risk Premium (%)	6	**WACC (%)**	**4.4**

Source: Metzler Research

Sensitivity analysis

Sensitivity of DCF value per share to a +/- 5% change in key assumptions		beta	DCF value	Market risk premium	DCF value	TV sales growth	DCF value	TV Ebit margin	DCF value
	-5%	1.52	35.8	5.70%	35.8	1.43%	27.5	26.60%	23.6
base case		**1.60**	**30.2**	**6.00%**	**30.2**	**1.50%**	**30.2**	**28.00%**	**30.2**
	+5%	1.68	25.0	6.30%	25.0	1.58%	33.3	29.40%	36.8

Source: Metzler Research

Peer group valuation

We also provide a peer group analysis in addition to our DCF valuation, where we compare Noratis to peers on the basis of a P/E 23e multiple. This peer group analysis confirms our view that the current share price of Noratis still has upside potential. Finding a relevant peer group for Noratis is challenging: the company is a portfolio developer of existing residential properties in secondary locations – similar companies that are also listed don´t exist. Hence, we compare Noratis with peers from the residential property project development and construction sector, which are in our view are the most comparable sectors. Our peer group comprises the German company Helma Eigenheimbau (BUY/PT EUR 78.50), the British company Persimmon and the American company NVR. Based on our valuation results, Noratis has an upside potential of 10%.

	Bloomberg	Share price 04.04.22	Metzler Recommendation/ Price target	P/E 2023e
Helma Eigenheimbau	H5E GY	56.8	BUY / 78.50 EUR	8.9
NVR	NVR US	4531		9.3
Persimmon	PSN LN	2148		8.8
Average				**9.0**
Noratis	NUVA GY	19.8	BUY / 30.20 EUR	8.2
Upside				**10%**

Sources: Noratis, Metzler Research, Bloomberg

Balance sheet

(in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	216	68.9	261	20.7	368	41.0	452	23.0	551	22.0	647	17.4
Fixed assets	**2**	**443.0**	**1**	**-40.3**	**1**	**-19.3**	**16**	**n.m.**	**50**	**210.7**	**104**	**107.7**
Intangible fixed assets	0	-25.3	0	-34.0	0	-16.6	0	0.0	0	0.0	0	0.0
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Other intangible assets	0	-25.3	0	-34.0	0	-16.6	0	0.0	0	0.0	0	0.0
Tangible assets	1	286.0	1	-12.5	1	-18.6	16	n.m.	50	212.5	104	108.0
Technical plant and equipment	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Financial assets	1	n.a.	0	-85.1	0	-27.2	0	12.1	0	9.0	0	8.3
Participations	0	n.a.	0	n.a.	0	n.a.	0	0.0	0	0.0	0	0.0
Other financial assets	1	n.a.	0	-85.1	0	-35.3	0	13.6	0	10.0	0	9.1
Current assets	**213**	**67.5**	**259**	**21.3**	**366**	**41.5**	**435**	**18.9**	**501**	**15.0**	**543**	**8.4**
Fixed assets for sale	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Receivables and other assets	25	285.4	9	-64.9	1	-83.1	2	51.0	2	4.5	3	26.1
Trade receivables	24	n.m.	8	-65.8	1	-84.3	2	54.6	2	0.0	2	25.0
Other accounts receivable	0	-89.6	0	-19.1	0	-58.5	0	22.7	0	50.0	0	33.3
Deferred taxes	0	n.a.	1	212.8	0	-22.4	0	25.6	0	0.0	0	0.0
Cash and cash items	8	-56.1	7	-11.3	31	345.4	3	-89.1	9	153.4	15	78.9
Shareholders' equity and liabilities	216	68.9	261	20.7	368	41.0	452	23.0	551	22.0	647	17.5
Shareholders' equity	**49**	**67.5**	**53**	**7.3**	**74**	**41.2**	**89**	**19.5**	**117**	**31.9**	**146**	**25.1**
Subscribed capital	4	23.4	4	0.0	5	33.8	5	0.0	5	10.0	6	10.0
Reserves	45	73.1	49	7.9	69	41.4	83	21.0	111	33.3	140	25.9
Provisions	0	-97.6	0	-8.1	0	17.1	0	62.2	5	n.m.	10	100.0
Financial debt	**158**	**82.8**	**184**	**16.5**	**287**	**56.6**	**352**	**22.6**	**398**	**12.8**	**432**	**8.8**
Medium- and long-term financial debt	137	62.2	179	30.5	284	58.5	348	22.8	392	12.6	426	8.7
Short-term financial debt	20	n.m.	5	-77.7	4	-20.5	4	11.2	5	25.0	6	20.0
Accounts payable, trade	2	90.4	18	945.4	1	-92.3	2	5.3	5	233.3	10	100.0
Other liabilities	6	89.7	6	-3.3	4	-28.7	7	64.1	23	227.5	42	87.6
Deferred taxes liabilities	1	44.1	0	-100.0	0	n.a.	2	n.a.	4	100.0	6	50.0
Balance sheet total	216	68.9	261	20.7	368	41.0	452	23.0	551	22.0	647	17.4
Balance sheet structure												
Net Debt incl. Provisions	150	119.1	177	18.0	256	45.2	349	36.1	389	11.4	417	7.3
Net cash (neg. = net debt) to balance sheet total (%)	69.3	29.7	67.8	-2.2	69.8	3.0	77.2	10.7	70.6	-8.7	64.4	-8.7
Gearing (%)	305.3	n.a.	335.8	n.a.	345.3	n.a.	393.4	n.a.	332.2	n.a.	284.8	n.a.
BVPS (EUR)	13.55	36.3	14.54	7.3	15.31	5.3	18.32	19.6	21.99	20.0	25.02	13.8

Sources: Bloomberg, Metzler Research

Profit & loss account

(in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	56	-17.4	76	35.3	29	-62.2	74	159.2	81	8.8	87	7.5
Cost of sales	35	-25.7	54	57.6	14	-74.7	51	267.5	54	7.4	57	5.0
Gross profit on sales	**22**	**0.4**	**22**	**-0.2**	**15**	**-30.6**	**24**	**59.7**	**27**	**11.8**	**30**	**12.6**
Other operating income	1	312.0	1	43.4	1	-15.4	4	313.2	7	88.6	10	47.0
Selling expenses	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
General administrative expenses	4	48.2	4	15.0	5	22.9	6	10.3	6	9.1	7	10.0
Other operating expenses	3	-20.7	3	-18.3	3	-1.7	4	34.3	4	17.1	5	14.6
EBIT	16	2.1	16	2.0	8	-48.2	18	123.9	23	26.3	28	22.6
Financial result	-3	7.0	-4	-54.0	-4	5.0	-5	-28.3	-6	-19.2	-8	-29.0
Income from investments	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Interest income (net)	-3	7.0	-4	-54.0	-4	5.0	-5	-28.3	-6	-19.2	-8	-29.0
Other financial result	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Result of ordinary activities	**13**	**4.3**	**12**	**-9.3**	**4**	**-64.1**	**13**	**217.2**	**17**	**29.0**	**20**	**20.3**
EBT	13	4.3	12	-9.3	4	-64.1	13	217.2	17	29.0	20	20.3
Taxes on income	4	-1.8	3	-6.9	1	-58.4	4	200.9	5	29.0	6	20.3
Tax rate (%)	27.4	-5.8	28.2	2.7	32.7	16.0	31.0	-5.1	31.0	0.0	31.0	0.0
Net income	9	6.8	8	-10.2	3	-66.4	9	225.1	12	29.0	14	20.3
Minority interests	0	178.1	0	-0.8	0	-38.1	0	53.8	0	50.0	0	33.3
Minority rate (%)	0.2	160.2	0.3	10.5	0.5	84.1	0.2	-52.7	0.3	16.2	0.3	10.8
Net Income after minorities	9	6.7	8	-10.2	3	-66.4	9	225.9	12	29.0	14	20.3
Transfers to retained earnings (reserves)	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Unappropriated consolidated net income	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Adjustment calculation												
Net Income after minorities	9	6.7	8	-10.2	3	-66.4	9	225.9	12	29.0	14	20.3
Adjustments of net income	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Adj. net income after minorities	**9**	**6.7**	**8**	**-10.2**	**3**	**-66.4**	**9**	**225.9**	**12**	**29.0**	**14**	**20.3**
EPS adj.	**2.57**	**-13.5**	**2.30**	**-10.2**	**0.58**	**-74.9**	**1.88**	**225.9**	**2.21**	**17.3**	**2.42**	**9.4**
DPS	1.30	-13.3	0.80	-38.5	0.50	-37.5	0.70	40.0	0.85	21.4	1.00	17.6
Pay-out ratio (%)	50.7	n.a.	34.7	n.a.	86.5	n.a.	37.2	n.a.	38.5	n.a.	41.4	n.a.

Sources: Bloomberg, Metzler Research

Cash flow/ratios/valuation

	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Cash Flow/ Net Debt (in EUR m)												
Gross Cash Flow	**9**	**5.4**	**9**	**9.3**	**5**	**-41.1**	**10**	**85.9**	**13**	**24.0**	**16**	**24.6**
Increase in working capital	**-103**	**-413.6**	**-30**	**71.3**	**-100**	**-238.9**	**-97**	**3.6**	**-46**	**53.0**	**-35**	**22.6**
Capital expenditures	**-0**	**n.a.**	**-0**	**n.a.**	**-0**	**n.a.**	**-0**	**n.a.**	**-0**	**n.a.**	**-0**	**n.a.**
Free cash flow (Metzler definition)	**-95**	**-665.4**	**-20**	**78.5**	**-95**	**-364.8**	**-87**	**8.7**	**-33**	**61.9**	**-20**	**40.2**
Free cash flow yield (%)	-120.6	n.a.	-26.3	n.a.	-109.6	n.a.	-92.1	n.a.	-31.2	n.a.	-17.0	n.a.
Dividend paid	-4	-25.2	-5	-6.9	-3	38.3	-3	-16.2	-4	-21.4	-5	-17.6
Free cash flow (post dividend)	**-99**	**-524.1**	**-25**	**74.7**	**-98**	**-289.4**	**-90**	**8.0**	**-37**	**58.7**	**-25**	**33.8**
Net Debt incl. Provisions	**150**	**119.1**	**177**	**18.0**	**256**	**45.2**	**349**	**36.1**	**389**	**11.4**	**417**	**7.3**
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	305.3	n.a.	335.8	n.a.	345.3	n.a.	393.4	n.a.	332.2	n.a.	284.8	n.a.
Net debt/EBITDA	9.3	n.a.	10.9	n.a.	29.7	n.a.	18.5	n.a.	16.3	n.a.	14.3	n.a.
Ratios (in %)												
Balance sheet structure												
Equity/total assets	22.7	n.a.	20.2	n.a.	20.2	n.a.	19.6	n.a.	21.2	n.a.	22.6	n.a.
Equity to fixed assets	2016.1	n.a.	3623.5	n.a.	6328.0	n.a.	546.9	n.a.	232.4	n.a.	140.0	n.a.
Long-term capital to total assets	86.2	n.a.	88.9	n.a.	97.4	n.a.	96.7	n.a.	92.4	n.a.	88.5	n.a.
Long-term capital to fixed assets and inventories	101.5	n.a.	94.7	n.a.	107.0	n.a.	98.1	n.a.	94.4	n.a.	91.2	n.a.
Liabilities to equity (leverage)	337.4	n.a.	395.3	n.a.	394.7	n.a.	406.7	n.a.	363.2	n.a.	331.1	n.a.
Profitability/efficiency												
EBIT margin	27.7	n.a.	20.9	n.a.	28.6	n.a.	24.7	n.a.	28.7	n.a.	32.7	n.a.
EBITDA margin	28.8	n.a.	21.4	n.a.	30.1	n.a.	25.4	n.a.	29.4	n.a.	33.5	n.a.
Cash flow margin	15.2	n.a.	12.3	n.a.	19.1	n.a.	13.7	n.a.	15.6	n.a.	18.1	n.a.
ROE (after Tax/Min.)	23.7	n.a.	16.4	n.a.	4.4	n.a.	11.2	n.a.	11.4	n.a.	10.7	n.a.
Valuation												
PER adj.	8.5	n.a.	9.4	n.a.	31.1	n.a.	10.4	n.a.	9.1	n.a.	8.3	n.a.
PBV	1.6	n.a.	1.5	n.a.	1.2	n.a.	1.1	n.a.	0.9	n.a.	0.8	n.a.
EV/EBITDA	14.2	n.a.	15.7	n.a.	39.8	n.a.	23.5	n.a.	20.8	n.a.	18.3	n.a.
EV/EBIT	14.7	n.a.	16.0	n.a.	41.8	n.a.	24.1	n.a.	21.3	n.a.	18.7	n.a.
Dividend yield (%)	5.9	n.a.	3.7	n.a.	2.8	n.a.	3.6	n.a.	4.2	n.a.	5.0	n.a.

Sources: Bloomberg, Metzler Research

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Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation * Previous	Current	Current price **	Price target *	Author ***
Issuer/Financial Instrument (ISIN): Helma (DE000A0EQ578)					
03.03.2022	Buy	Buy	59.40 EUR	78.50 EUR	Bonhage, Stephan
18.11.2021	Buy	Buy	66.00 EUR	78.50 EUR	Bonhage, Stephan
16.08.2021	Buy	Buy	66.20 EUR	77.00 EUR	Bonhage, Stephan
08.07.2021	Buy	Buy	60.40 EUR	67.00 EUR	Bonhage, Stephan
10.06.2021	Buy	Buy	56.80 EUR	67.00 EUR	Bonhage, Stephan
Issuer/Financial Instrument (ISIN): Vonovia (DE000A189ZX0)					
25.11.2021	Buy	Buy			Rack, Juliane
18.08.2021	Buy	Buy			Rack, Juliane
26.05.2021	Buy	Buy			Weber, Thomas
Issuer/Financial Instrument (ISIN): Vonovia (DE000A19UR79)					
25.11.2021	Buy	Buy			Rack, Juliane
18.08.2021	Buy	Buy			Rack, Juliane
26.05.2021	Buy	Buy			Weber, Thomas
Issuer/Financial Instrument (ISIN): Vonovia (DE000A19X8C0)					
25.11.2021	Buy	Buy			Rack, Juliane
18.08.2021	Buy	Buy			Rack, Juliane
26.05.2021	Buy	Buy			Weber, Thomas
Issuer/Financial Instrument (ISIN): Vonovia (DE000A1ML7J1)					
21.03.2022	Hold	Hold	45.77 EUR	49.00 EUR	Schmitt, Jochen
07.01.2022	Hold	Hold	48.33 EUR	51.00 EUR	Schmitt, Jochen
30.11.2021	Hold	Hold	49.17 EUR	53.00 EUR	Schmitt, Jochen
24.09.2021	Hold	Hold	54.22 EUR	57.00 EUR	Schmitt, Jochen
09.08.2021	Hold	Hold	58.78 EUR	57.00 EUR	Schmitt, Jochen
08.07.2021	Hold	Hold	57.02 EUR	53.00 EUR	Schmitt, Jochen
26.05.2021	Hold	Hold	48.91 EUR	53.00 EUR	Schmitt, Jochen
Issuer/Financial Instrument (ISIN): Vonovia (DE000A2R8ND3)					
25.11.2021	Buy	Buy			Rack, Juliane
18.08.2021	Buy	Buy			Rack, Juliane
26.05.2021	Buy	Buy			Weber, Thomas
Issuer/Financial Instrument (ISIN): Vonovia (DE000A3MP4V7)					
25.11.2021	n.a.	Buy			Rack, Juliane

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)
** XETRA trading price at the close of the previous day unless stated otherwise herein
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Compiled: April 04, 2022 08:17 AM CEST
Initial release: April 04, 2022 08:17 AM CEST

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