



N O R A T I S

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May 2023



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## Agenda

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## 1. Company overview



Location Bremen





## 1. COMPANY OVERVIEW

# Portfolio developer of residential properties



### Acquisition

Focus on housing stocks with potential for development in secondary locations



### Reinvestment

Reinvestment of disposal proceeds; Positioning as growth company with an attractive dividend payout



### Development

Increase in value through investments and active asset management



### Sales / portfolio

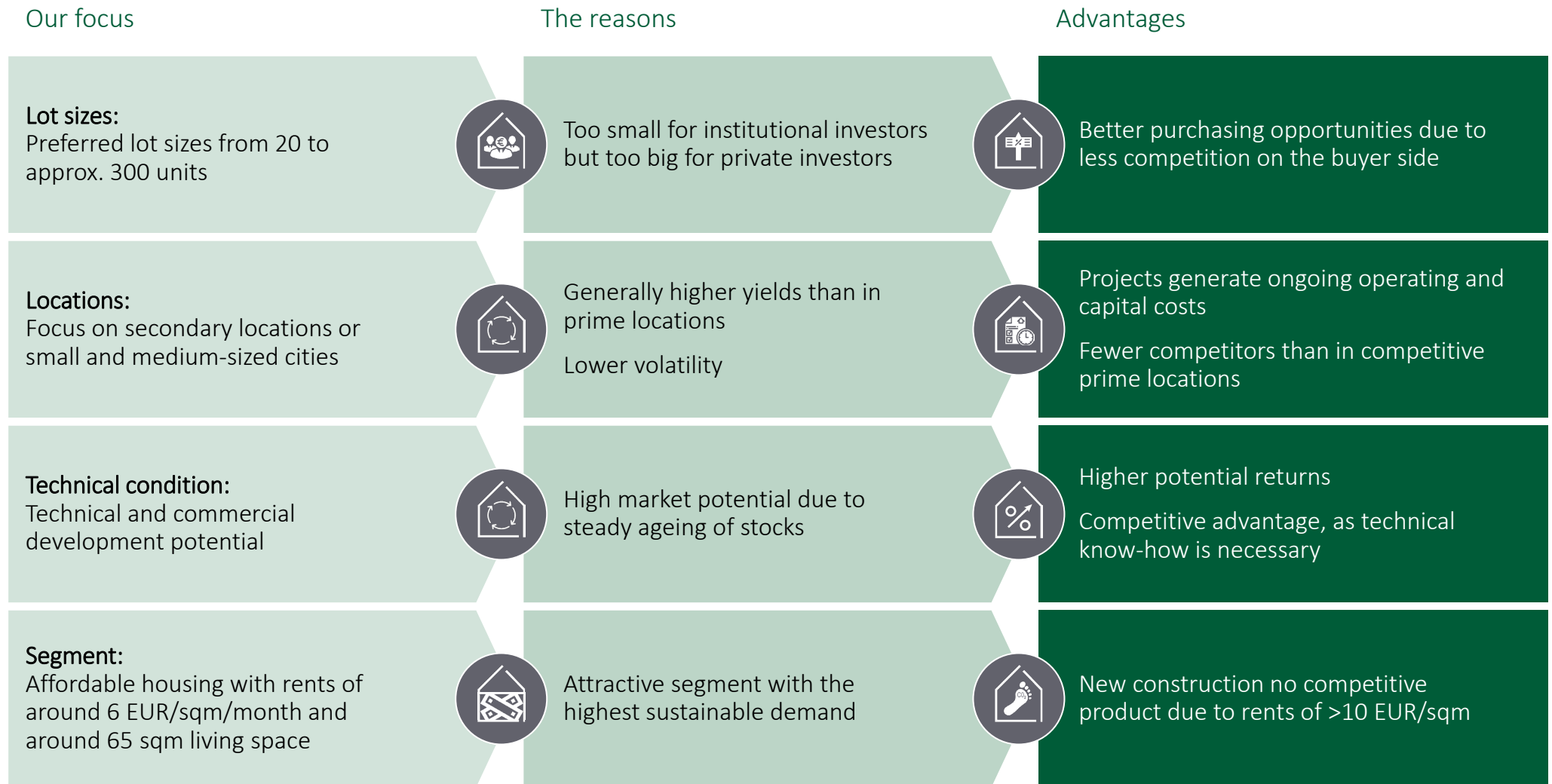
Disposal through block sales / sales of individual apartments or transfer to the portfolio





## 1. COMPANY OVERVIEW

# Advantages of our strategic alignment and focus





## 1. COMPANY OVERVIEW

# Our strengths along the value chain<sup>(1)</sup>

### Acquisition



- Established network
  - Outstanding access to sellers and brokers with a high number of off-market offers
  - Offers received in 2022 of approx. 114,000 residential units with a value of approx. 14.0 bn EUR
- Specific contact and information management tool
  - Collection and assessment of all incoming offers through the Company's IT tool
  - Market information for secondary locations available internally

### Development



- Internal technical team for planning and managing development measures executed by external partners
  - High specialisation and process standardisation including technical due diligence
  - High cost transparency and planning security
- Asset management to monitor external facility managers
- Detection and realisation of rent potential
  - Optimising rental yields by reducing vacancy rates and improving payment behaviour
  - High flexibility and use of local know-how

### Sales



- Exit strategy with two distribution channels: block sales and sales of individual apartments
- Own sales employees on site in case of sales of individual apartments
  - No residual apartments ("Swiss cheese")
  - High acceptance and trust of residents
  - No dependency on external sales partners
- Identification of sales team with both the asset and the Company
- Transparent and efficient communication with tenants

### Portfolio



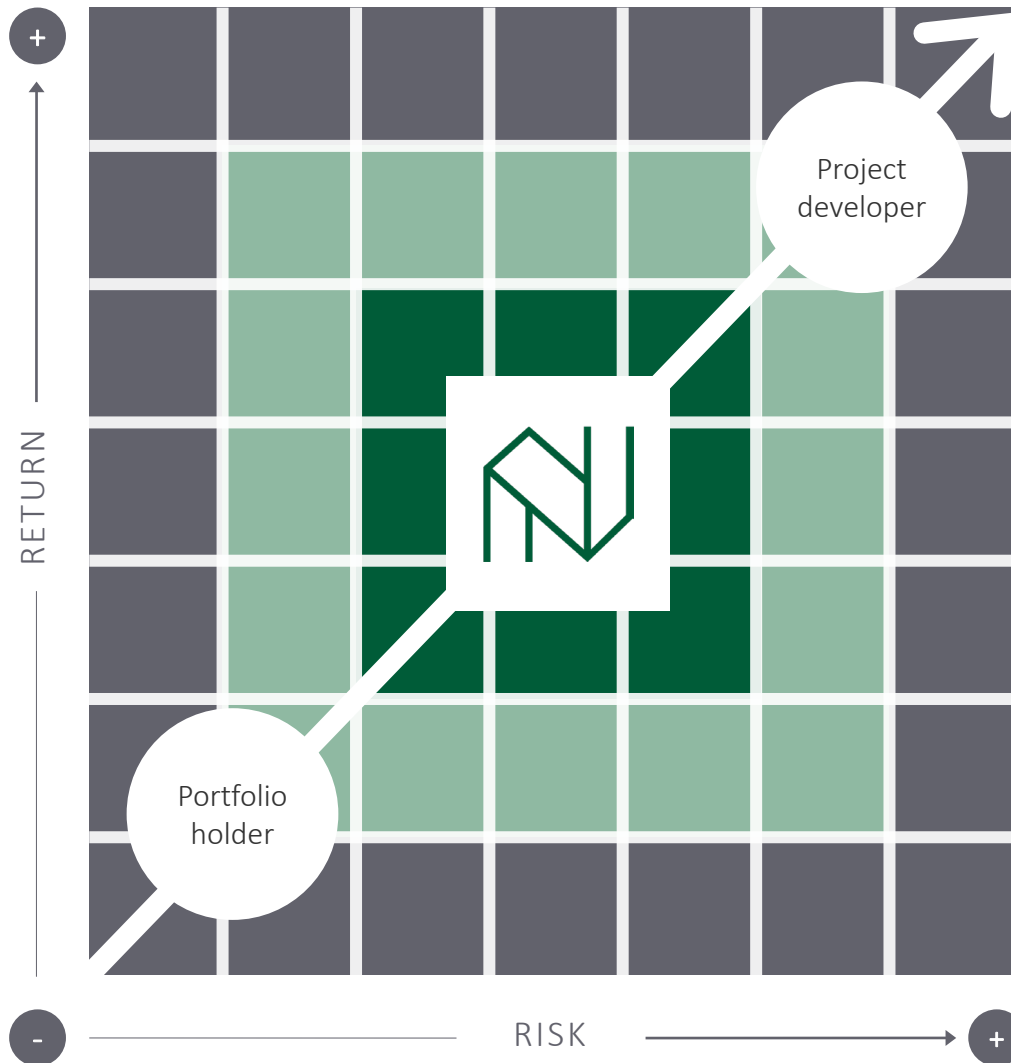
- With good return on equity, possible transfer to the existing portfolio
- Capitalisation of revaluation gains
- Attractive cash flow and potential value growth

(1) As of April 30, 2023



## 1. COMPANY OVERVIEW

# Business model with an attractive risk-return profile combines ...



### ... the advantages of a property developer with ...

- Excess return: through realisation of developer margin upon disposal
- Potential: reduction of vacancy rates and increase of rents due to development measures
- Exit orientation: clear definition of development measures and exit strategy for each portfolio

### ... the advantages of a portfolio holder

- Substance: stable assets with significant hidden reserves
- Secure cash flows: recurring cash flows from rents
- Stability: rents cover both capital and operating costs
- Risk avoidance: no increase in vacancy rate through tenant-friendly modernisation of the portfolios





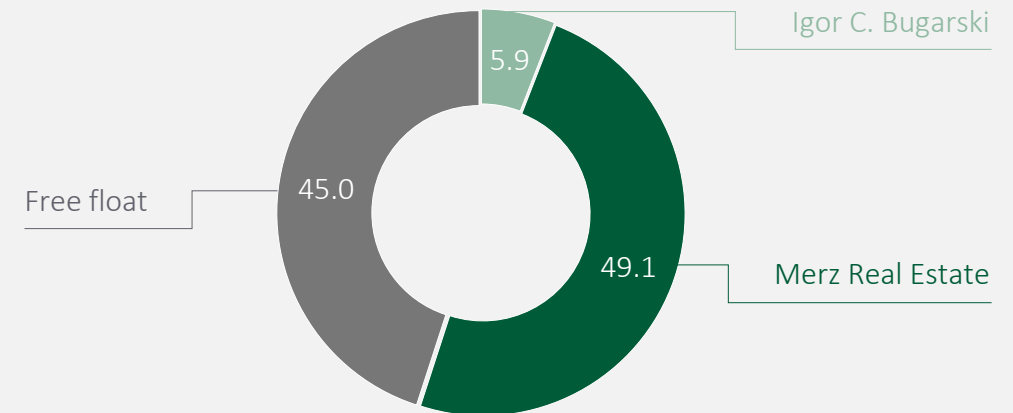
## 1. COMPANY OVERVIEW

# Capital markets information

### Key facts stock<sup>(1)</sup>

ISIN / WKN	DE000A2E4MK4 / A2E4MK
Ticker symbol	NUVA
Type of shares	4,818,027 no-par value ordinary bearer shares
Market capitalisation	c. 47 m EUR
Share capital	4,818,027.00 EUR
Initial listing	June 30, 2017
Initial issuing price	18.75 EUR
Segment	Frankfurt Stock Exchange (Scale Segment)
Designated Sponsor	ODDO BHF

### Shareholder structure (in %)<sup>(2)</sup>



### Share price YTM



### Key facts bond

	Bonds 2020/2025	Bonds 2021/2027
Volume	30 m EUR	10 m EUR
Coupon	5.5 %	4.75 %
ISIN	DE000A3H2TV6	DE000A3E5WP8
WKN	A3H2TV	A3E5WP
Issue date / maturity	5 years / 11/11/2025	6 years / 08/13/2027
Segment	Frankfurt Stock Exchange, Open Market	

(1) As of April 30, 2023; (2) As of December 31, 2022



## 1. COMPANY OVERVIEW

# Merz Group as anchor investor with a fixed equity commitment

### Merz Group at a glance

#### Long-term-oriented shareholder

- Renowned family company with a tradition of over 110 years

#### Operational focus on the healthcare sector

- The Merz Group's main operation focuses on the globally oriented healthcare sector with the businesses Merz Aesthetics, Merz Therapeutics and Merz Consumer Care to be known for its brands tetesept and Merz Spezial
- The Merz Group also operates in other businesses, among others the real estate sector

#### Global presence

- Based in Frankfurt with subsidiaries and offices in Europe, USA, Canada, Latin-America and Asia-Pacific

#### Financial strength

- The Merz Pharma Group alone has around 3,200 employees worldwide with a turnover of 1.1 bn EUR in 2019 generating an EBIT of around 138 m EUR



### Merz as strong shareholder of Noratis

#### Strategic motivation – Noratis

- Accelerated and at the same time secured portfolio growth underpinned by commitment to provide equity of 50 m EUR by the end of 2024 (of which 14 m EUR already invested in 2020)
- Increasing the weighting of recurring stable rental income; aiming for independence from sales proceeds
- Optimisation of the timing of sales of developed portfolios
- Expansion of the strategic orientation: In addition to portfolio development with the goal of profitable sale of developed residential properties, an existing portfolio will be built up

#### Strategic motivation – Merz

- Acts as a pure financial investor; no synergies or operational overlaps
- Sustained increase in value from Noratis investment targeted
- Further growth together with the free float shareholders: Share attractiveness to be maintained; no further significant increase in stake (currently around 50 %)







## 2. Projects



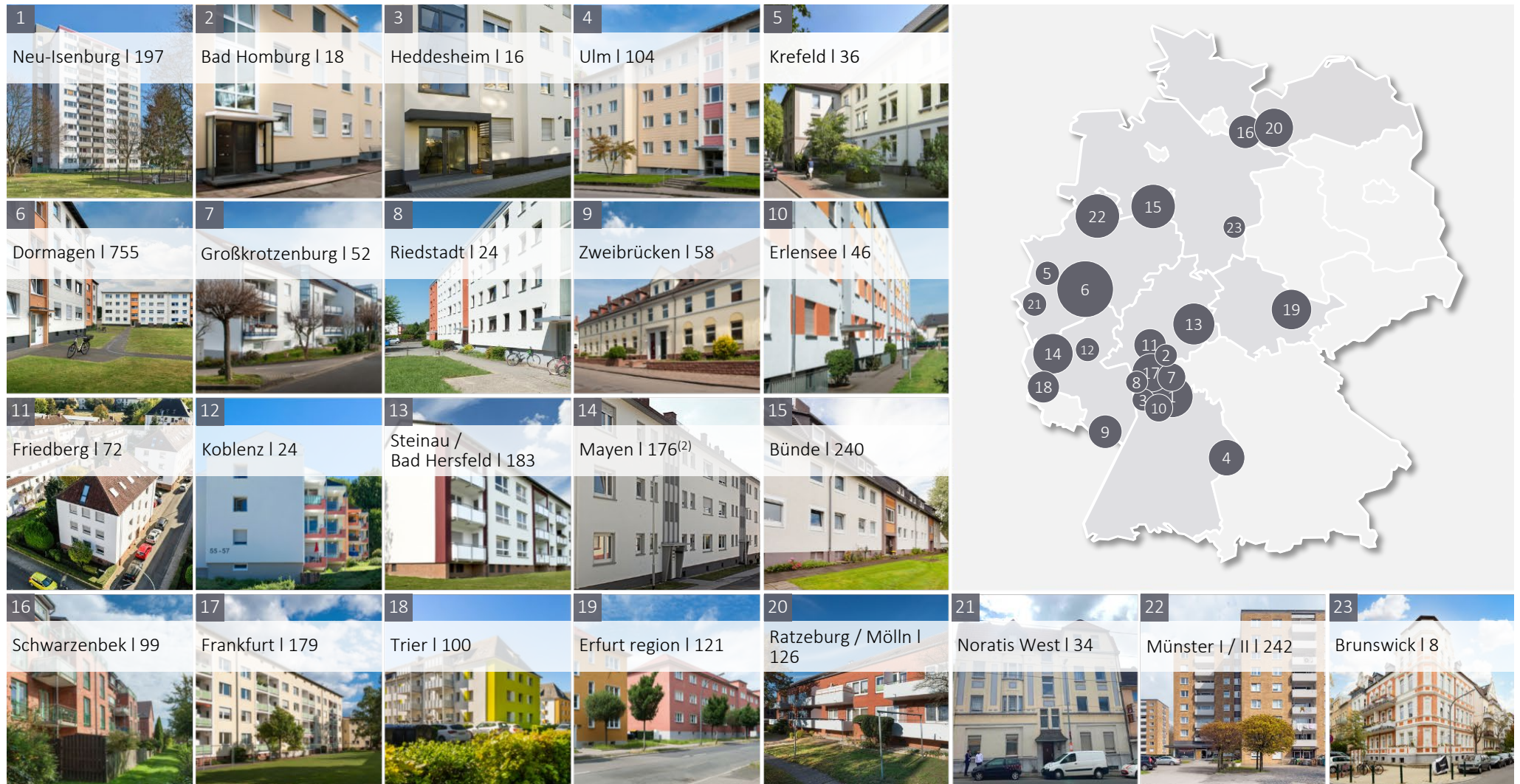
Location Cuxhaven





## 2. PROJECTS

# Locations of sold projects and number of residential units<sup>(1)</sup>



(1) As of December 31, 2022; units including commercial properties; exclusively projects from 2014 onwards mentioned here; (2) Thereof 47 already acquired in 2008



## 2. PROJECTS

### Track record: all projects concluded successfully<sup>(1)</sup>

Project		Acquisition	Sales completion	Duration (months)	Units <sup>(2)</sup>	Rental area (in m²)	Gross profit margin (in %)
Retail	Neu-Isenburg	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	43 / 29	30 / 6	3,500	33
	Dormagen IV	Oct 15	Aug 18	34	88	5,900	34
	Großkrotzenburg	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
	Münster II	Mar 21	Apr 22	13	132	9,900	22
	Braunschweig	Sept 20	Aug 22	22	8	700	41
Block	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	8	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 <sup>(3)</sup>	11,300	17
	Bünde	Dec 14	Oct 16	22	240	11,800	15
	Dormagen I / II / III	Oct 15	Oct 16 / 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 / 6	80 / 20	8,500	29
	Frankfurt Bornheim	Jun 17	May 19	23	60	4,900	17
	Frankfurt Fechenheim	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	96 / 30	7,400	25
	Neu-Isenburg I / II	May / Aug 19	Apr 21	23 / 20	35 / 150	11,600	23
	Münster I	Mar 21	Apr 22	13	110	9,300	10
	Noratis West	from Apr 20	-	-	34	2,600	17
	Total				Ø 26	2,910	198,000

(1) As of December 31, 2022; exclusively completed projects from 2014 onwards mentioned here; (2) Units including commercial properties; (3) Thereof 47 already acquired in 2008





## 2. PROJECTS

### Locations of current projects and number of residential units<sup>(1)</sup>



(1) As of December 31, 2022; units including commercial properties and secured acquisitions



## 2. PROJECTS

### Current stock of more than 4,500 units<sup>(1)</sup>

Project	Strategy	Acquisition	Units <sup>(2)</sup>	Rental area (in m²)	Project	Strategy	Acquisition	Units <sup>(2)</sup>	Rental area (in m²)	
Dranske (Rügen)	Block	Apr 17	67	4,600	Bensheim I / II	Block	Jul 20	36	1,800	
Sagard (Rügen)	Block	Apr 17	75	4,300	Rüsselsheim	Block	Jul 20	83	8,300	
Gladbeck	Block	May 17	32	3,400	Wolfenbüttel	Block	Sep 20	118	8,900	
Ratzeburg	Block	Dec 17	229	13,700	Lügde	Block	Oct 20	200	14,600	
Celle / Königslutter	Block	Jun 18	345	24,700	Cuxhaven	Block	Oct 20	66	3,400	
Frankfurt Rödelheim	Block	Aug 18	9	500	Erlenbach	Block	Nov 20	196	11,200	
Frankfurt Ginnheim	Retail	Sep 18	363	24,200	Upper Palatinate	Block	Nov 20	161	11,000	
Ratingen	Block	Dec 18	156	11,000	Noratis North East	Block	Mar 21	30	2,000	
Freital	Block	Jan 19	93	8,900	Celle III	Block	May 21	82	5,300	
Kassel	Block	Feb 19	36	2,400	Gelsenkirchen	Block	Jun 21	151	8,700	
Frankfurt Center	Block	Jul 19	25	2,100	Bremen	Block	Jul 21	60	3,700	
Steinfurt	Block	Aug 19	111	6,200	Niederrodenbach	Block	Sep 21	10	700	
Celle II	Block	Oct 19	65	3,700	Aurich	Block	Oct 21	95	5,600	
Krefeld III	Retail	Dec 19	48	3,100	Bensheim III	Block	Dec 21	32	2,500	
Frankfurt Höchst	Retail	Dec 19	18	800	Bielefeld	Block	Dec 21	147	8,800	
Leipzig I	Block	Dec 19	60	3,100	Schleswig-Holstein	Block	Dec 21	148	9,500	
Magdeburg	Block	Dec 19	149	8,900	Bavaria IV	Block	Mar 22	199	12,600	
Neuruppin	Block	Dec 19	165	13,200	Gransee	Block	May 22	24	1,700	
Emden	Block	May 20	79	3,800	Kamp-Lintfort	Block	Aug 22	76	5,000	
Noratis West	Block	from Apr 20	205	13,000	Essen	Block	Aug 22	8	600	
Halle	Block	Jun 20	19	1,000	Remscheid	Block	Aug 22	41	3,000	
Leipzig II	Block	Jun 20	32	2,000	Bückeburg	Block	Aug 22	204	14,000	
					Total				4,548	301,000

(1) As of December 31, 2022; (2) Units including commercial properties



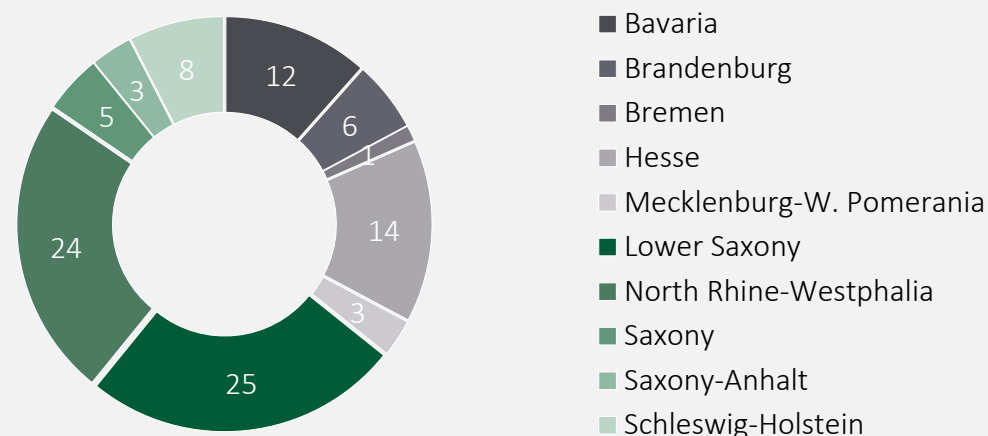
## 2. PROJECTS

# Portfolio and book sheet information as of December 31, 2022

### Portfolio overview as of December 31, 2022

Number of assets (in units)	4,548
thereof residential (in units)	4,496
thereof commercial (in units)	52
Number of garages and parking	2,378
Total rental space (in '000 m <sup>2</sup> )	302
thereof residential (in '000 m <sup>2</sup> )	289
thereof commercial (in '000 m <sup>2</sup> )	13
Total vacancy (in %)	9.3
In-place net rent annualised (in m EUR)	21.1
Total book value (in m EUR)	453.8

### Distribution by region (in % based on m<sup>2</sup>)



### Hidden reserves

	GAAP	GAAP	IFRS	IFRS	IFRS
(in m EUR)	2018	2019	2020	2021	2022
Book value IFRS	176.7	238.8	333.5	434.4	464.7
thereof rights of use from leasehold con.	-	-	4.3	5.3	9.4
thereof advance payments	-	-	2.7	0.8	1.5
Total book value of real estate	176.7	238.8	326.5	428.3	453.8
Market value real estate <sup>(1)</sup>	200.6	263.5	375.5	516.4	525.2
Hidden reserves	23.9	24.6	49.0	88.1	71.4
Total market value	200.6	263.5	382.5	522.5	536.1

### Comments

- Accounting according to IFRS for the first time in 2020; in 2021 first-time reporting of real estate under fixed assets
- Properties reported in current assets at acquisition cost due to the intention to sell, analogous to German GAAP
- Separate IFRS market valuation of the real estate portfolio by external appraiser
- Difference between book and market values form the hidden reserves
  - As of 12/31/2022, hidden reserves amounting to around 71 m EUR (for fixed and current assets)<sup>(1)</sup>

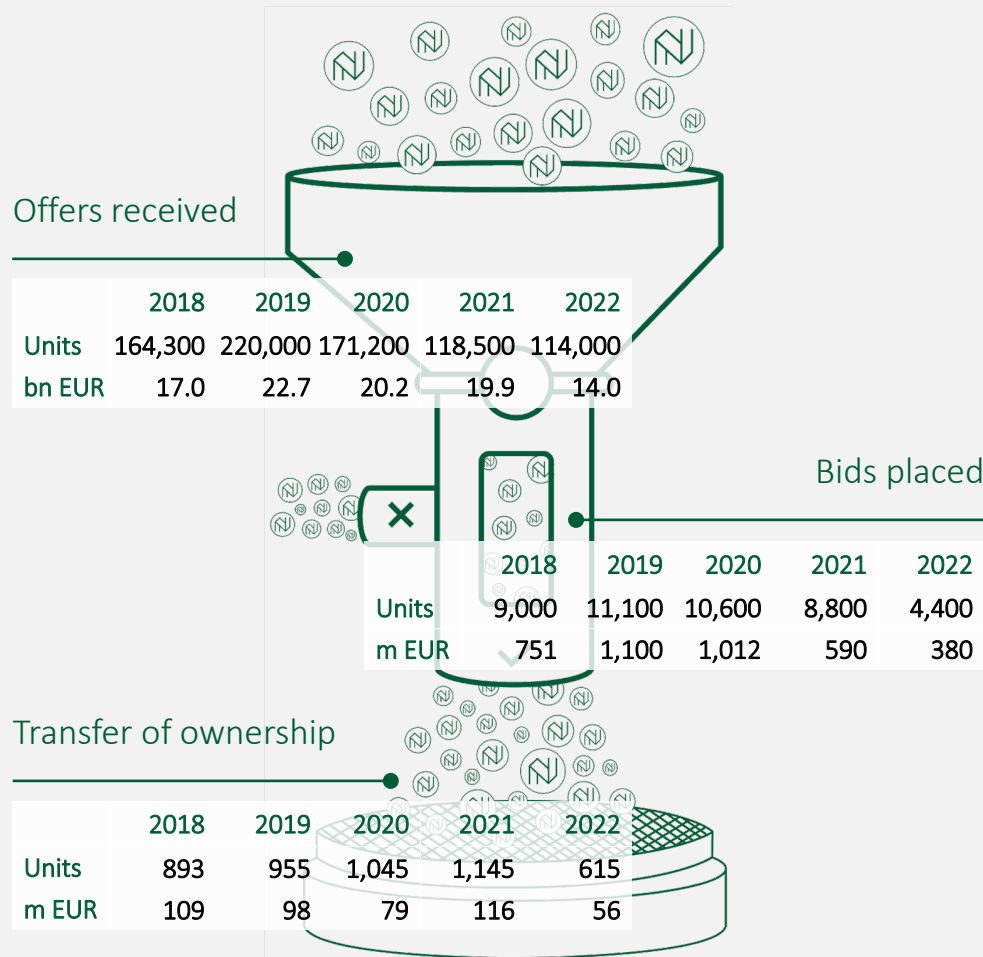
(1) Based on external valuation as of 12/31/2022



## 2. PROJECTS

# Outstanding market access with sustainable competitive advantages

### Incoming offers<sup>(1)</sup>



### Competitive advantages



Deep market penetration with know-how and network also for small and medium-sized portfolios as well as secondary locations



Flexibility regarding portfolio size, location and property conditions



Strong market position as a reliable, renowned partner



Speed due to size and efficiency of the Company



Standardised processes for a short due diligence period with high cost accuracy



Period from offer received to signature of purchase contract possible within 8 weeks

(1) As of December 31, 2022





### 3. Market



Location Celle Nordfeld





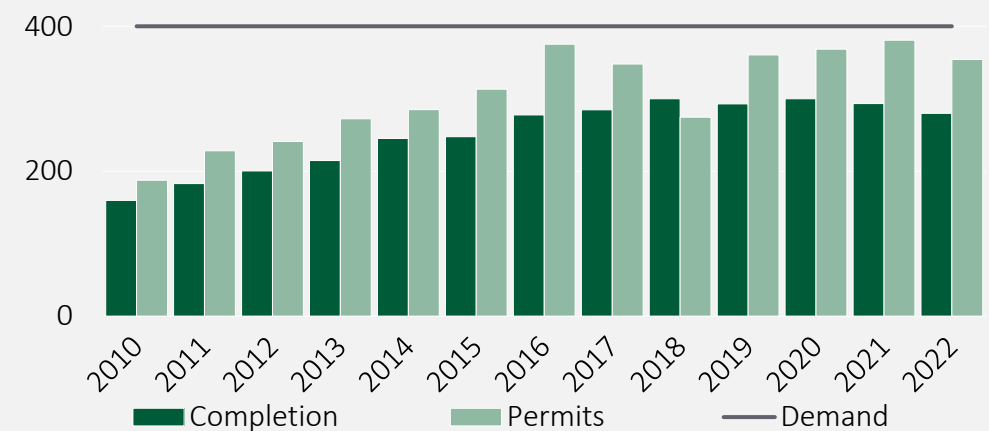
### 3. MARKET

## Residential property market driven by high demand and supply shortage

#### Socio-economic development

- Growth in population and households due to immigration, singularisation and rising demand for space per capita
- Price increases due to shortage of supply and insufficient construction activity (lack of building plots, lack of craftsmen, rising construction costs)
- Stable economic growth with a positive trend in the labour market and rising incomes
- Recently challenging financing environment due to interest rate hikes triggered by high inflation

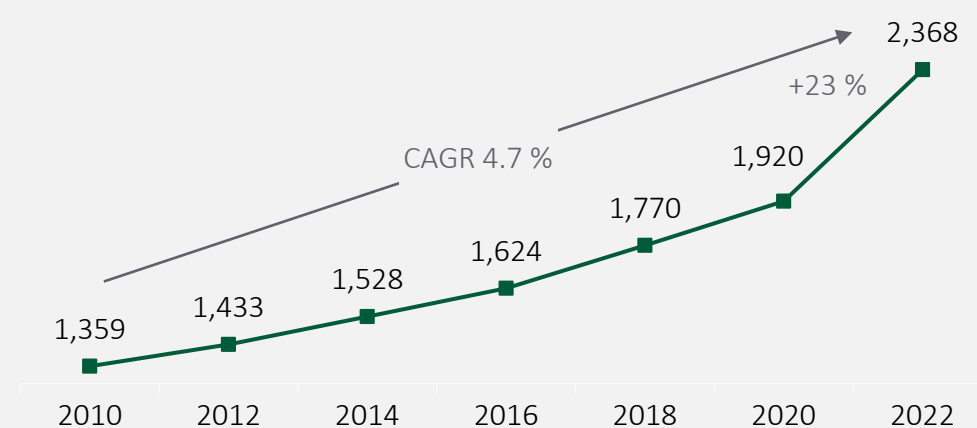
#### Completed and required construction activities (in '000 units)



#### Residential property market

- Continuously strong demand for high quality and affordable housing (rental rates below 10 EUR/m<sup>2</sup> living space per month)
- Profitable leasing of newly developed apartments not possible below 12 EUR/m<sup>2</sup> p.m.
- Significantly higher returns in secondary locations versus prime locations
- Rents comparatively stable even during coronavirus pandemic and prospect of recession
- Rising relevance of own office- and workspace and according demand for further living space

#### Construction costs at the time of permission (in EUR/m<sup>2</sup>)



Sources: BBSR, Statistisches Bundesamt



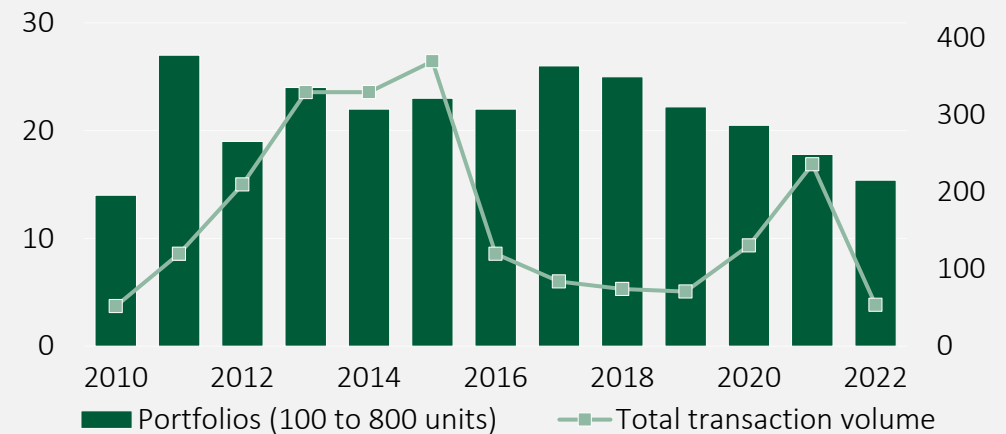
### 3. MARKET

## Stable market segment with sustainable growth potential

#### Market segment

- Trading volume of smaller portfolios (100 to 800 residential units) with significantly lower volatility compared to the overall market
- Relatively stable trading volumes even during the financial crisis in 2009 and 2010
- On average around 21,500 p.a. residential units sold within the segment of small transactions from 2012 to 2022

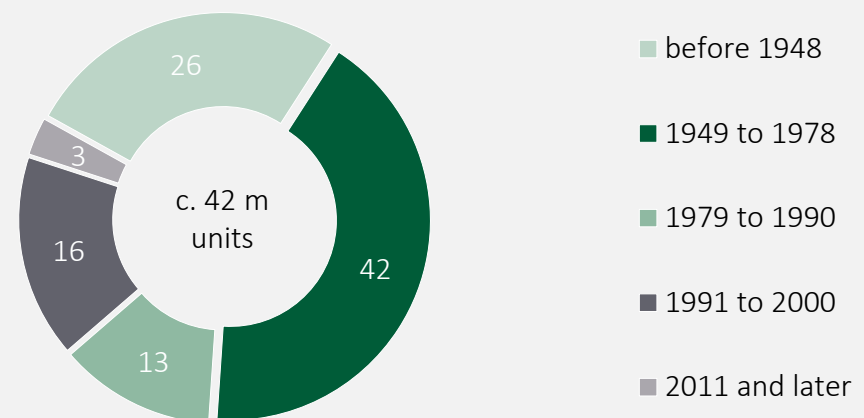
Number of residential units sold (in '000)



#### Market potential

- Sustainable market potential due to aging of a large national housing stock (need for renovation and modernisation)
- Targeted market segment (construction year between 1950 and 1990) comprising around 60 % of the existing housing stock
- Insufficient capital expenditure throughout the nation-wide housing stock to fulfil modern requirements, especially against the background of the necessary ESG investments

Housing stock by construction year (in %)





## 4. Financials

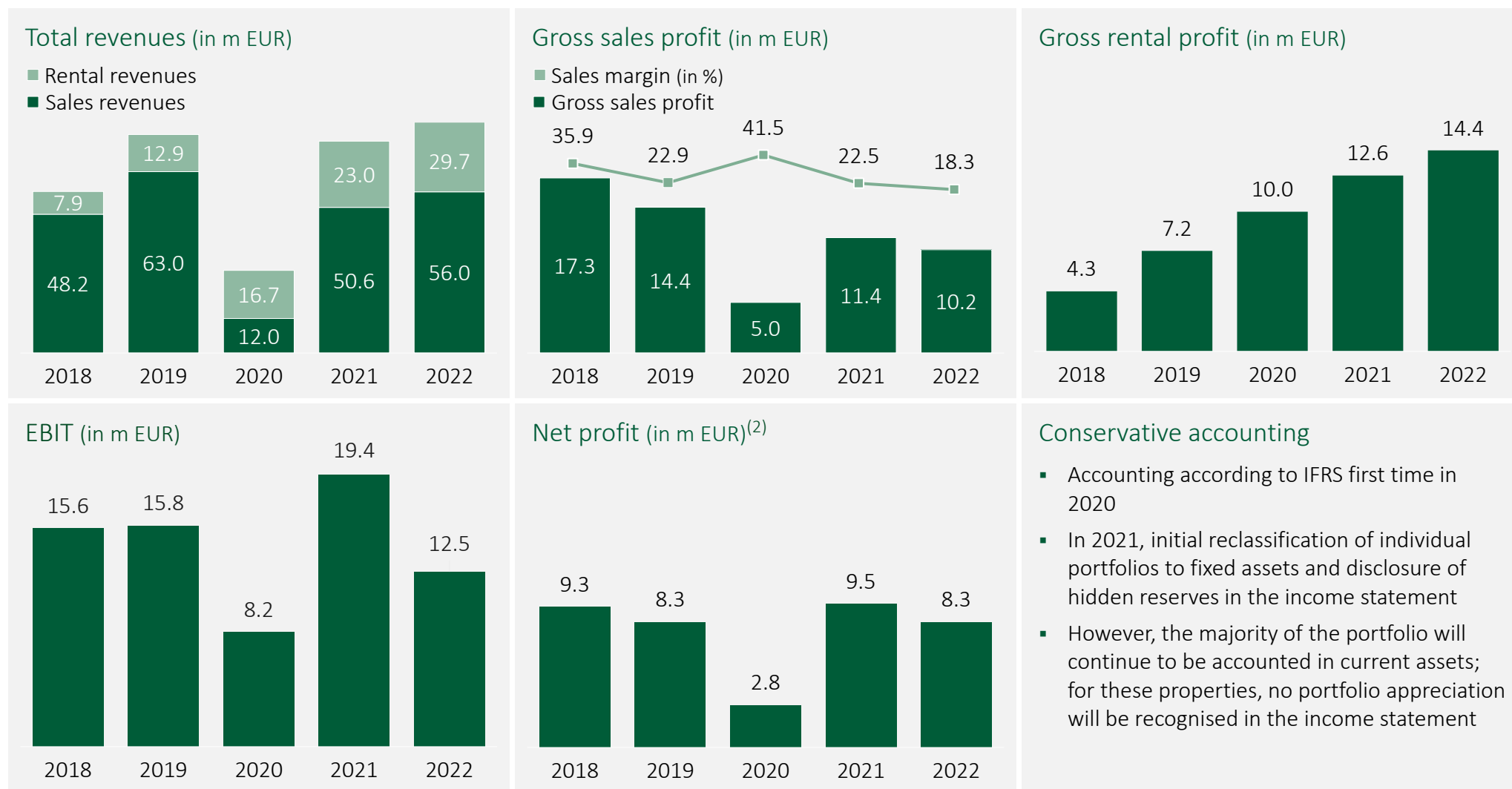


Location Erlenbach am Main



## 4. FINANCIALS

### Key income statement figures<sup>(1)</sup>

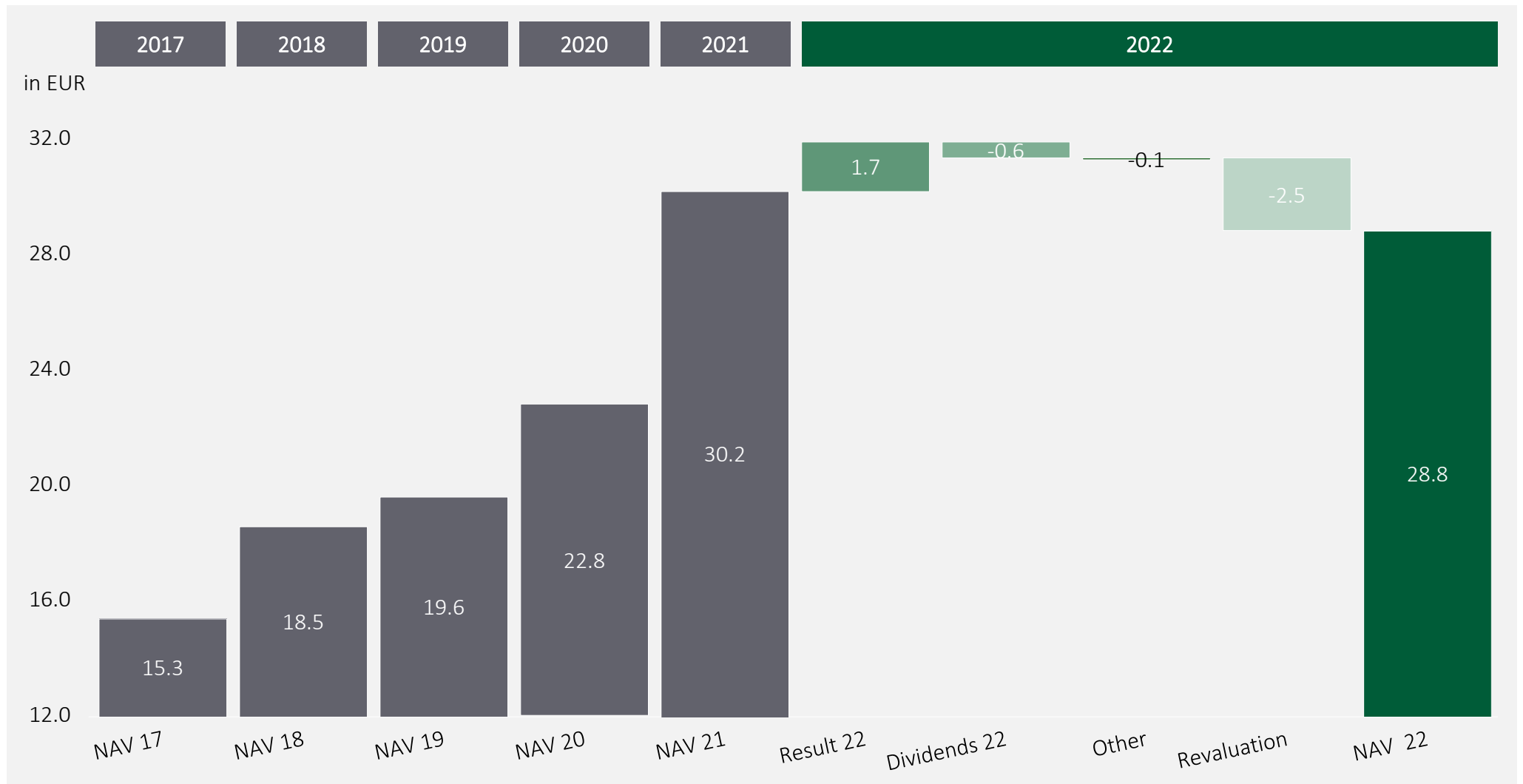


(1) As of December 31, 2022; accounting from 2019 according to IFRS; (2) 2019 German GAAP 8.7 m EUR



#### 4. FINANCIALS

### Development of NAV per share based on portfolio market values<sup>(1)</sup>



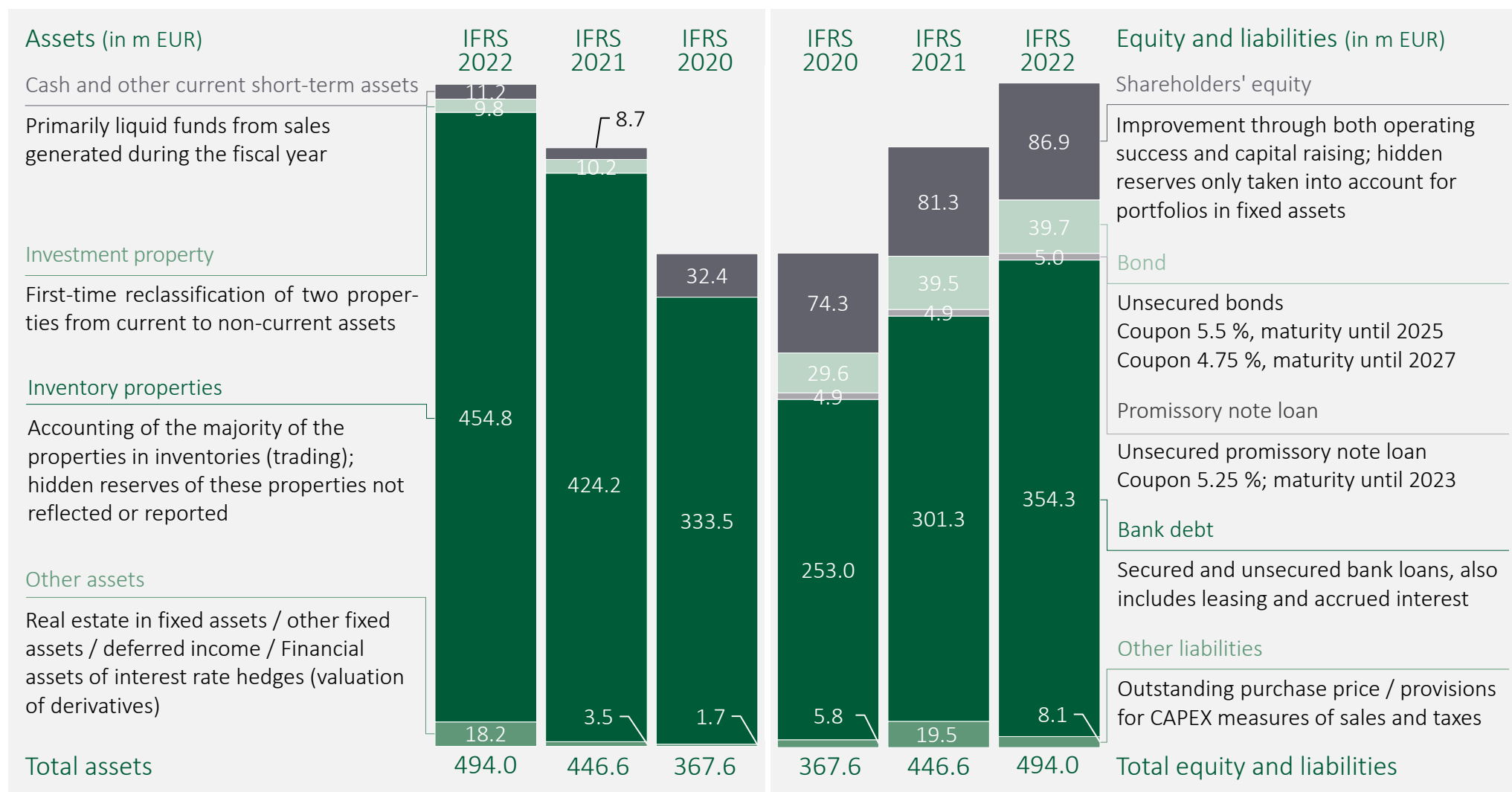
(1) NAVs based on market value appraisals





## 4. FINANCIALS

# Accounting only partially takes into account hidden reserves of the properties





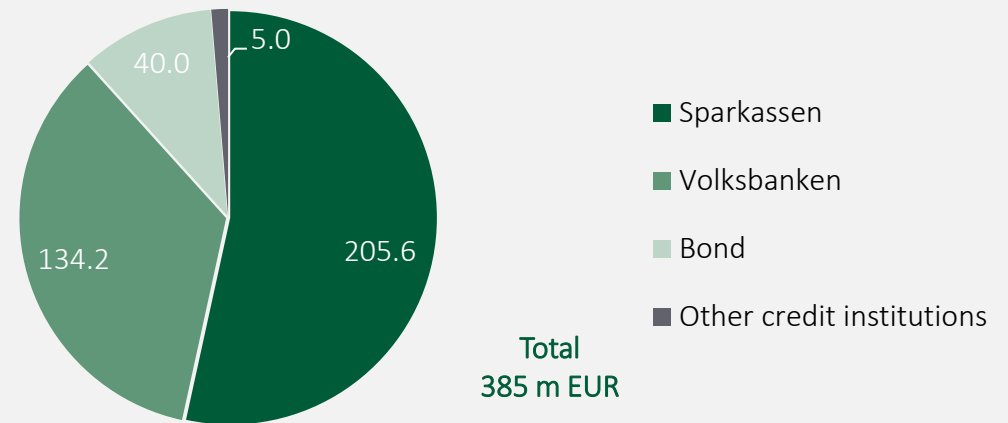
#### 4. FINANCIALS

## Loan portfolio and maturity profile as of March 31, 2023

### Key Facts

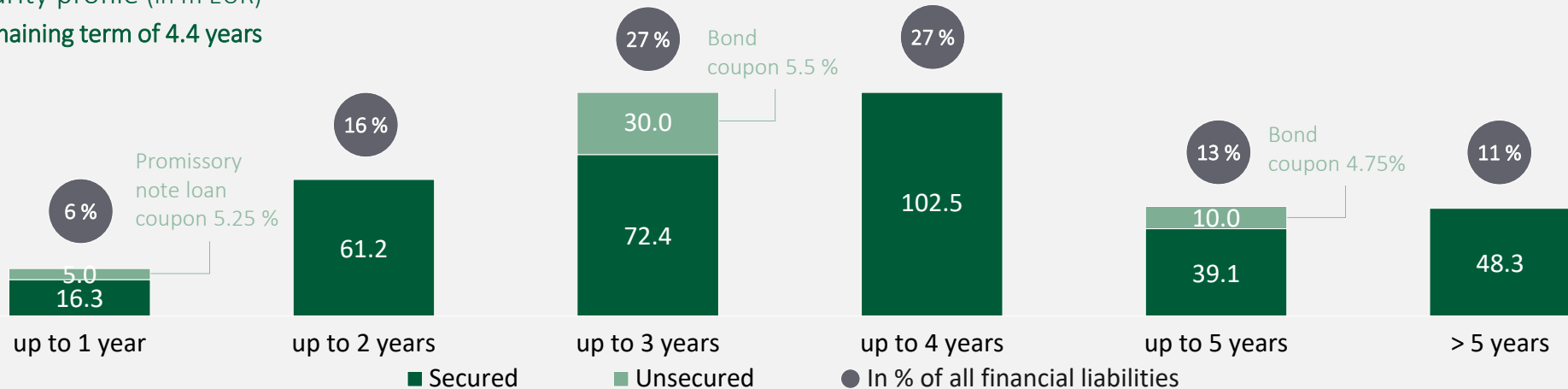
- Average interest rate over the entire portfolio of 4.09 %
- Average interest rate incl. hedging and processing fee of 4.57 %
- Average remaining term of 4.4 years
- Hedging ratio of variable loans 66 %
- Maturity of the promissory note loan 0.75 year
- Maturity of the bond 20/25 (coupon 5.5 %) 2.6 years
- Maturity of the bond 21/27 (coupon 4.75 %) 4.3 years

### Financial liabilities (in m EUR)



### Maturity profile (in m EUR)

Ø Remaining term of 4.4 years





## 5. Numbers at a glance



Location Upper Palatinate





## 5. NUMBERS AT A GLANCE

### Noratis in numbers at a glance<sup>(1)</sup>

More than

**89** m  
EUR

pre-tax profit generated  
between 2014 and 2022

Volume of over

**364** m  
EUR

with c. 2,900 units successfully  
sold between 2014 and 2022

**14.0** bn  
EUR

Acquisition volume  
received in 2022

The average project  
duration since 2014  
from acquisition to  
disposal amounting to

**26**  
months

Current portfolio of over

**4,500**

residential units<sup>(2)</sup>

Largest project so far  
comprising

**755**

residential units

with a rental area of  
around 50,000 m<sup>2</sup>

Volume of more than

**665** m  
EUR

of c. 7,400 apartments  
acquired since 2012<sup>(2)</sup>

(1) As of April 30, 2023; (2) Units including commercial properties and secured acquisitions

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