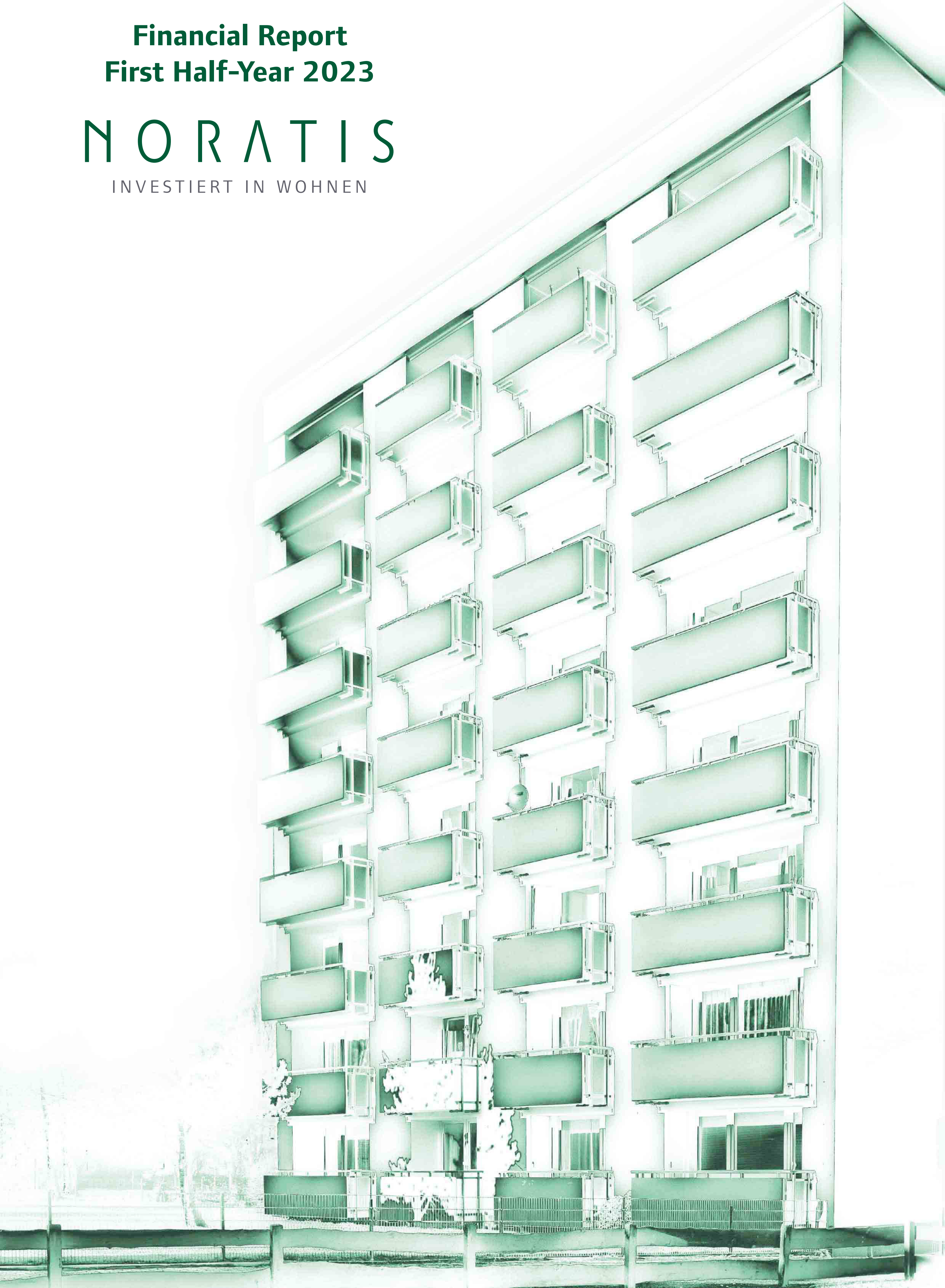
# Financial Report
# First Half-Year 2023

NORATIS
INVESTIERT IN WOHNEN



# Group Key Figures

(IFRS)

| | 2022 | H1 2022 | H1 2023 |
|---|---|---|---|
| **Revenue (EUR million)** | 85.6 | 68.1 | 33.5 |
| **EBIT (EUR million)** | 12.5 | 11.9 | 2.6 |
| **EBT (EUR million)** | 12.0 | 11.2 | -4.4 |
| **Consolidated net income (EUR million)** | 8.3 | 8.0 | -3.4 |
| **Earnings per share (weighted, undiluted, EUR)** | 1.71 | 1.65 | -0.71 |
| **Total assets (EUR million)** | 494.0 | 443.7 | 482.7 |
| **Units sold** | 279 | 268 | 176 |
| **Units acquired** | 615 | 286 | 18 |
| **Existing units** | 4,548 | 4,230 | 4,390 |
| **Rental space of the property portfolio (rounded, sqm)** | 302,000 | 280,000 | 290,000 |

# *Dear Shareholders,*

As expected, the first half of 2023 was characterised by a difficult environment for the real estate industry. A high inflation rate with further rising interest rates, high construction costs and a restrained overall economic development have left clear traces on the real estate market. Practically across all market segments, a noticeable decline in the number of transactions was observed, with falling prices. Even at the end of the reporting period, the market was not yet back in balance. Buyers and sellers often continued to have different price expectations at the end of the first half of 2023, so that the weakness in the transaction market continued throughout the reporting period.

Noratis AG performed as expected in this challenging environment. With its focus on affordable housing, the operating business was able to benefit from the high demand for residential space. This is reflected in rental income, which rose by 11 % to EUR 15.6 million after EUR 14.0 million in the same period of the previous year. In addition to the expansion of the property portfolio during the year, successful asset management and rising rents are also noticeable.

By contrast, the volume of transactions declined significantly, as expected. Noratis AG purchased only 18 units in the first half of 2023, compared with 286 units in the previous year. Although a large number of potential properties continued to be offered, fewer of them met Noratis AG's current acquisition expectations than in previous years due to the changed market environment and higher interest rates. A total of 176 units were sold in the period under review, down from 268 units in the corresponding period of the previous year. This resulted in a significantly lower result from sales proceeds than in the previous six months.

In view of the price declines observed on the market, Noratis AG had its own real estate portfolio valued externally at the end of the first half of the year. This resulted in write-downs of around EUR 3.8 million on the properties held for the long term and those classified as current. Together with the lower earnings contributions from the property sales, this led to a significant decline in earnings before interest and taxes (EBIT) of EUR 2.6 million, after EUR 11.9 million in the same period of the previous year. Higher interest rates also had a negative impact on the consolidated result, which was EUR -3.4 million, compared to EUR 8.0 million in the first half of 2022.

Our business development in the first half of the year is in line with our expectations, even though we are not satisfied with the result. But our market remains intact, and the demand for affordable housing in Germany has even increased further in recent quarters. The number of inhabitants in Germany has continued to grow and the number of newly built flats is declining. This increases the attractiveness of existing properties in the medium to long term, and we want to profit from this development. We have positioned ourselves for this. However, it is difficult to predict when the transaction market will pick up again.

**André Speth**
CFO

**Igor Christian Bugarski**
CEO

In the first half of 2023 in particular, it became clear that the issue of sustainability and energy consumption in real estate is becoming increasingly important. Noratis AG positioned itself at an early stage and developed a roadmap for our real estate portfolio. This shows how we can economically reduce energy values and thus CO2 emissions in the coming years. We also benefit from this know-how during the purchase review. Thanks to our real estate platform, we can carry out an assessment of the necessary renovation costs, also from a sustainability point of view before the purchase. This ensures plannable estimates of the investments and provides the basis for the expected return on a property.

We assume that the second half of 2023 will remain challenging and that there will be no fundamental change in the real estate market yet. Our forecast remains valid. In this respect, we also expect a negative pre-tax result for the full year. In addition to the increased interest expenses, we continue to see the non-cash maturity-related changes in the market values of derivatives from interest rate hedging transactions as a particular burden on earnings. As in the previous year, we do not plan to transfer any properties from current assets to fixed assets in 2023. Such a reclassification would allow existing hidden reserves in the property portfolio to be recognised in profit or loss. However, we would lose flexibility in the further use of our real estate portfolio.

The aim is to return Noratis AG to profitable growth as quickly as possible. We have set the course for this and positioned ourselves accordingly. The basis for this is the Noratis team's extensive know-how along the core areas of the value chain. Accordingly, we would like to take this opportunity to express our special thanks for the outstanding work of our employees. Our thanks also go to our business partners for their trusting cooperation. We would like to thank you, dear shareholders, for the trust you have placed in us. We hope you will remain loyal to us.

With kind regards

Igor Christian Bugarski
Chief Executive Officer

André Speth
Management Board member

# The strategy

## Noratis AG – the company

### Noratis AG is a leader in the development of residential real estate portfolios in Germany.

Noratis AG is a portfolio developer specialising in residential real estate. When selecting properties, the company focuses increasingly on older properties with commercial and technical development potential in peripheral locations with well-developed infrastructure and connections, which include, for example, catchment areas of metropolitan regions or cities with a population of 10,000 or more. Noratis AG pursues the goal of creating and maintaining affordable housing in attractive locations. The alignment of the real estate portfolio with ESG standards also plays an important role. Even before they are purchased, the properties are subjected to a comprehensive review in which energy requirements are also considered.

Noratis AG takes the interests of all stakeholders into account when developing its real estate portfolio: Investors and shareholders, tenants, employees, buyers, and sellers of real estate as well as service providers and banks. Noratis AG thus attaches great importance to the careful and sustainable upgrading of properties that are getting on in years. One focus of the work is the renovation of vacant flats. During the modernisation phase, the best possible care is taken to ensure that existing tenants can remain in their flats. If this is not the case, they are given the opportunity to move into one of the newly renovated flats if they are interested. Thanks to this strategic orientation, Noratis AG can combine the advantages of holding real estate with the yield opportunities offered by project development. This ensures stable cash flows and a high level of satisfaction among tenants. Noratis AG has established itself as a preferred partner in the real estate market thanks to its successful business model and its approach of keeping the interests of all stakeholders in mind.

Noratis AG is one of the leading developers of residential real estate in Germany. It prefers to acquire aging properties in B and C locations with commercial or technical development potential. Noratis AG develops the properties in such a way as to preserve or create affordable living space. The properties developed either remain in the portfolio or are sold by way of block sales or individual privatisations. By selling the properties, Noratis AG increases its development yield and the funds received are then available for the purchase of new properties. With this approach, Noratis AG combines stable rental income with the earnings potential offered by property development. In this way, the business model is less risky than that of pure project developers and offers higher potential returns than those of pure portfolio holders. A characteristic feature of Noratis AG is that it focuses on the interests of all stakeholders, from investors and shareholders to tenants, employees, buyers and sellers of real estate, as well as banks and service providers. In doing so, the issue of sustainability is integrated into the entire course of the business process. This positioning has earned Noratis AG an excellent reputation in the industry over the past few years, making the company a preferred business partner.

Noratis AG plans to further expand its real estate portfolio and thus stable, predictable rental income in the medium to long term. The aim is to achieve sustained profitability from real estate management alone. However, the sale of developed properties remains part of the business model. Thanks to its partnership with Merz Real Estate, Noratis AG has a major shareholder at its side, which has agreed to provide up to EUR 50 million in equity for its planned future growth by the end of 2024 as part of an investor and fixed subscription agreement. Of this amount, EUR 14 million has been drawn down to date. This financial flexibility gives Noratis AG planning security for both portfolio development and acquisitions. Thanks to the network built up over the years, the Company is regularly offered a large number of properties for purchase. An efficient selection process is carried out with the aid of the Noratis platform. In addition to location and price, the potential for the future positioning of the property and thus the investment requirements, also from a sustainability perspective, play a decisive role.

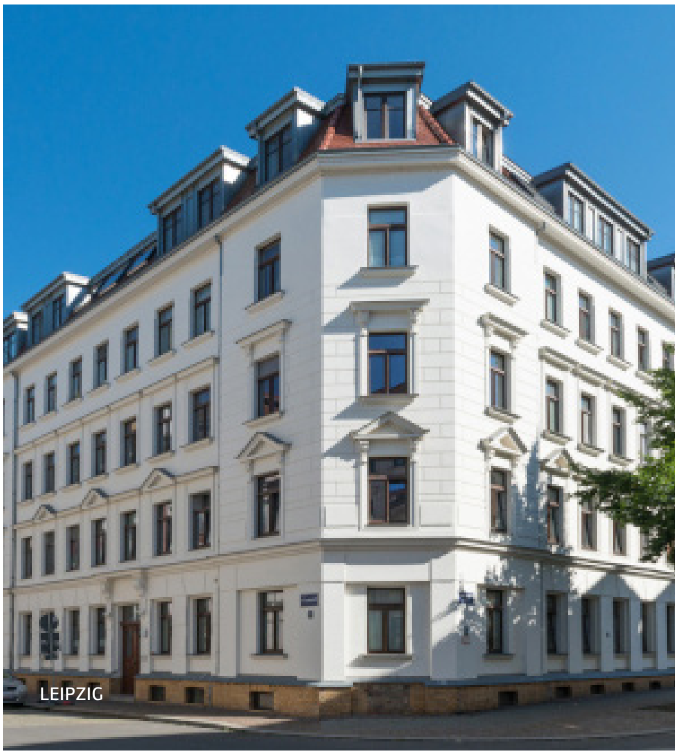
Noratis AG operates in a segment of the real estate market characterised by less competition through small-scale purchases, generally from 20 residential units up to several hundred units. For private investors, the investment sums are usually too high, but for institutional investors the amounts are often too low. In addition, many investors avoid properties where technical expertise is required for further development, which creates additional potential for returns. As a result, Noratis AG can lay the foundations for above-average returns right from the time of purchase.


HALLE

# Development of the property portfolio

The first half of 2023 was characterised by a mood of crisis on the German real estate market: The sharp rise in lending rates, the ongoing discussions about energy-related refurbishment obligations and the uncertain economic outlook have led to a sharp decline in transaction volumes. Thus, potential buyers have demanded lower prices, while sellers have been unwilling to sell at the prices demanded due to previous transactions. Noratis AG assumes that this scenario will offer attractive purchasing opportunities in the medium to long term, which will be exploited.

NEURUPPIN







Noratis AG was able to increase its real estate portfolio slightly year-on-year in the first half of 2023 despite the difficult market situation: At the end of June 2023, Noratis AG's real estate portfolio totalled 4,390 units. One year earlier, the portfolio stood at 4,230 units. Compared with 4,548 units at the end of 2022, the portfolio has declined slightly.

Noratis AG sold a total of 176 units in the first half of 2023. Of these, 143 units were attributable to a block sale in Celle alone. Further units were sold in North Rhine-Westphalia and Bavaria.

A smaller portfolio with 18 units in Oberhausen in North Rhine-Westphalia was purchased in the first half of 2023.

# Noratis AG on the capital market in the first half of 2023

## Share price

In the first half of 2023, the German share index DAX was able to gain around 16 percent despite continuing uncertainties such as the war in Ukraine, persistent inflation, rising key interest rates or an uncertain economic outlook. The German small-cap index SDAX also showed double-digit growth: by the end of June, it had increased by around 12 percent. Real estate stocks, on the other hand, performed significantly worse on the stock market. The F.A.Z. Construction and Real Estate Index rose slightly by 4.3 percent. The FTSE/EPRA NAREIT Germany index, which is made up of listed real estate companies, lost considerable value with -19.5 percent.

Noratis AG shares posted gains in the first three months of the year. A downward trend then set in from the end of March. Following the ad hoc announcement on 3 April 2023, in which the forecast for 2022 was withdrawn and the suspension of the dividend payment announced, this negative trend continued. The lowest price of the half-year was marked at EUR 9.05 first on 6 June, and subsequently on 7 June and 26 June 2023. The highest price was EUR 13.70 on 22 February and 1 March 2023.

Noratis stock lost a total of 21.6 percent in value in the first half of 2023. This roughly mirrors the performance in the sector as reflected by the FTSE/EPRA NAREIT Germany index. Daily turnover across all trading venues averaged 6,037 shares in the first half of the year. Of these, 1,948 shares were traded on the electronic trading venue Xetra, which corresponds to a share of around 32.2 percent.

## Annual General Meeting

The Annual General Meeting of Noratis AG was held this year in the second half of the year, on 19 July 2023.

## Research

The research houses Metzler, Pareto and SMC Research have covered Noratis AG in the first half of 2023. Most recently, SMC recommended the share as a “Buy” and gave a target price of EUR 19.00. The assessments of the other research companies were issued in June and April. They include a “Hold” recommendation and a price target in a range of EUR 10.00 to EUR 10.80.

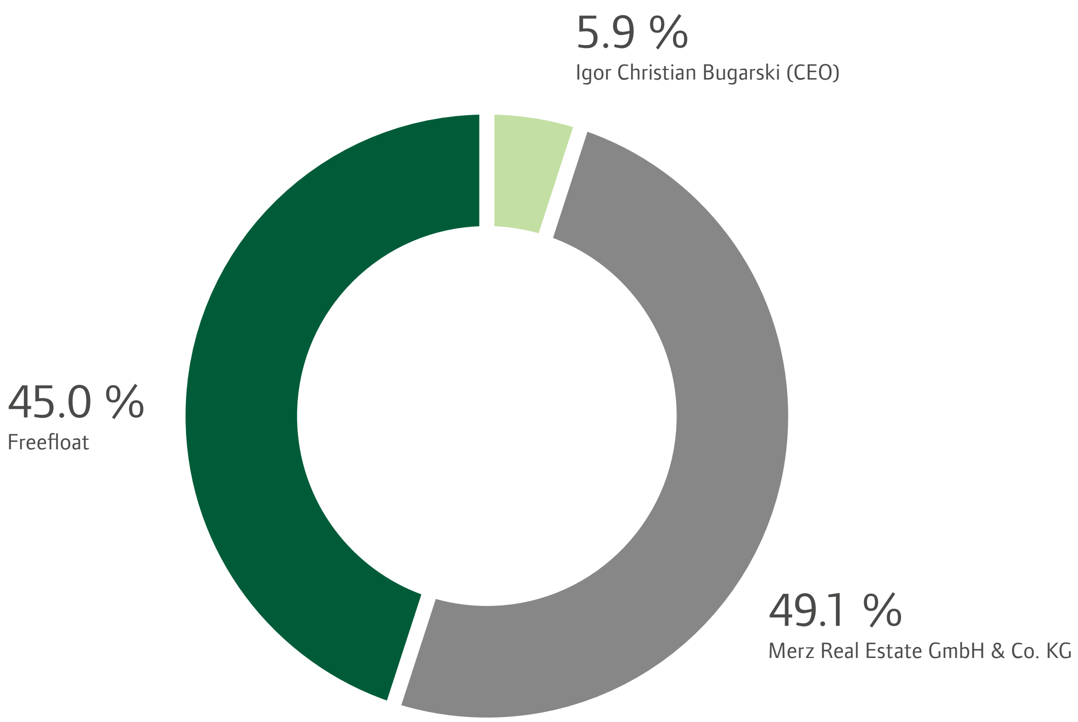
| Research company | Last update H1 2023 | Recommendation | Price target |
|---|---|---|---|
| Pareto | 26 April 2023 | Hold | EUR 10.00 |
| SMC | 5 June 2023 | Buy | EUR 19.00 |
| Metzler | 6 June 2023 | Hold | EUR 10.80 |

### Investor relations

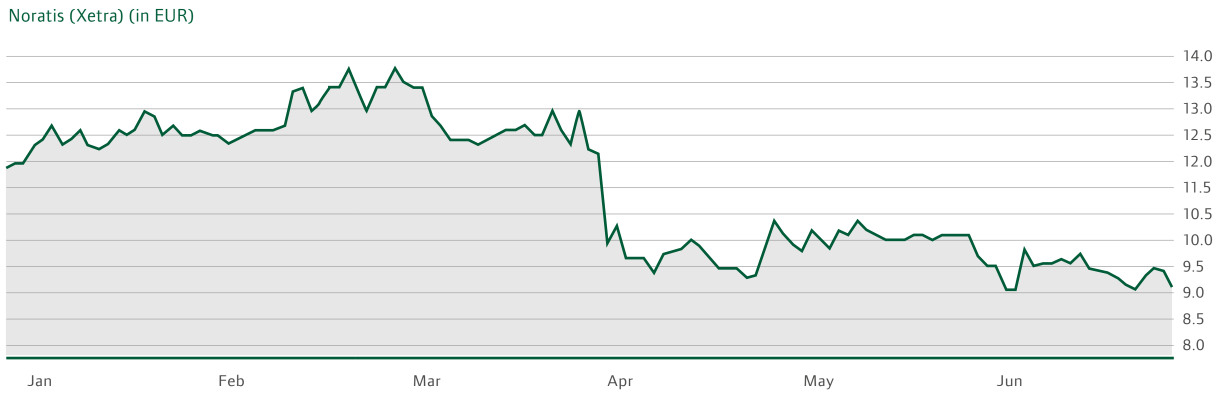
Noratis AG attaches great importance to transparent and continuous communication with capital market participants. Regular reports are provided on business performance. Investors, analysts and journalists are informed of important corporate events by means of press releases and ad hoc announcements. In addition, they can form a picture of the company through the half-yearly and annual reports.

In addition, Noratis AG maintains direct contact with investors and members of the press. In addition, the Management Board of Noratis AG regularly presents the Company at capital market conferences and answers questions from institutional investors, analysts, and journalists. In this way, relations with existing investors are cultivated and the investor base continuously expanded.

### Shareholder structure as of 30 June 2023



**Noratis share price performance in first half of 2023 (in EUR)**

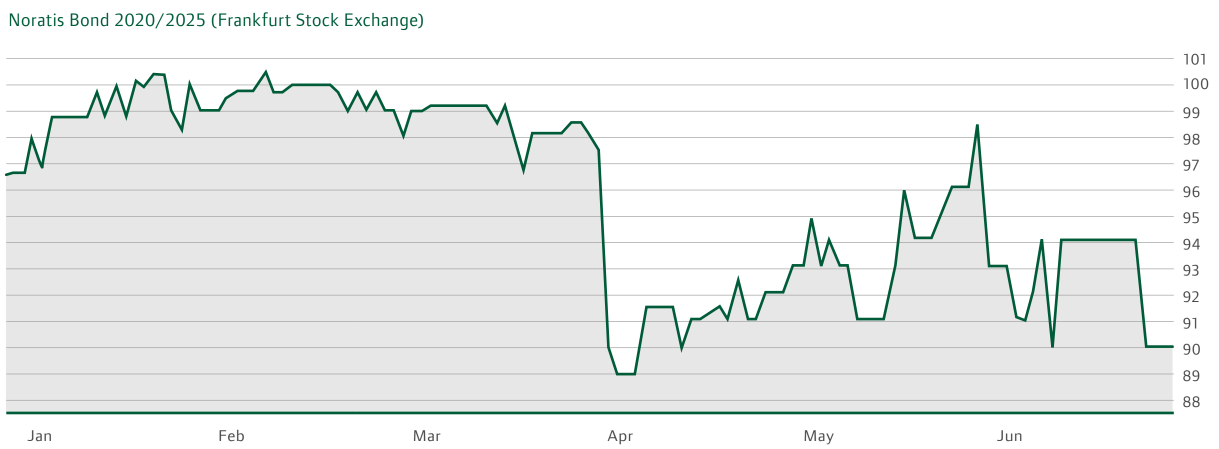



## Additional information

| ISIN / WKN / stock exchange symbol | DE000A2E4MK4 / A2E4MK / NUVA |
|---|---|
| Type of shares | 4,818,027 no-par value bearer shares |
| Market capitalisation on 30 June 2023 | Approx. EUR 44 million |
| Share capital | € 4,818,027 |
| First listing | 25 June 2017 |
| Trading segment | Scale |
| Designated sponsor | ICF BANK AG |

### Bonds

The 5.50 percent corporate bond 2020/25 (WKN: A3H2TV, ISIN: DE000A3H2TV6) issued by Noratis AG in November 2020 with a volume of EUR 30 million traded in a range of 89.00 to 100.5 percent in the period under review. On the last trading day of the first half of 2023, the bond closed at 90 percent.



## Additional information

| WKN/ISIN | A3H2TV/ DE000A3H2TV6 |
|---|---|
| Issue volume (EUR) | EUR 30 million, up to EUR 50 million in total |
| Denomination (EUR) | EUR 1,000 |
| Term | 5 years (until 11 November 2025) |
| Interest coupon | 5.5% |
| Issue price | 100.00% of the nominal amount for each partial debenture |
| Redemption amount (%) | 100.00 |
| Interest payment | Annual |
| First interest payment | 11 November 2021 |
| Maturing on | 11 November 2025 |
| Listing | Quotation Board (Open Market) of Frankfurt Stock Exchange |
| Paying agent | Quirin Privatbank |
| Intended use | Expansion of the property portfolio |

In addition, Noratis AG issued a 4.75 percent corporate bond 2021/27 (WKN: A3E5WP, ISIN: DE000A3E5WP8) in August 2021, which was fully subscribed by a German insurance company. The bond has a denomination of EUR 100,000. The closing price at the end of the first half of the year was 100 percent.

## Additional information

| WKN/ISIN | A3E5WP/ DE000A3E5WP8 |
|---|---|
| Issue volume (EUR) | EUR 10 million, up to EUR 40 million in total |
| Denomination (EUR) | EUR 100,000 |
| Term | 6 years (until 13 August 2027) |
| Interest coupon | 4.75% |
| Issue price | 100.00% of the nominal amount for each partial debenture |
| Redemption amount (%) | 100.00 |
| Interest payment | Annual |
| First interest payment | 13 August 2022 |
| Maturing on | 13 August 2027 |
| Listing | Quotation Board (Open Market) of Frankfurt Stock Exchange |
| Paying agent | Quirin Privatbank |
| Intended use | Expansion of the property portfolio |

# Living sustainability

For more than a decade, Noratis AG has actively sought to breathe new life into existing properties while creating and maintaining affordable housing. Our goal is to continuously help develop Germany's housing stock and sustainably improve the lives of our tenants.

In line with international environmental agreements, such as the Paris Climate Agreement of 2015 and the European Green Deal of 2019, we are committed to doing our part to drastically reduce climate-relevant emissions. We have therefore developed a strategy to optimise our property portfolio in terms of energy and thus minimise our ecological footprint. In doing so, we always want to consider the needs of our tenants for a comfortable home.

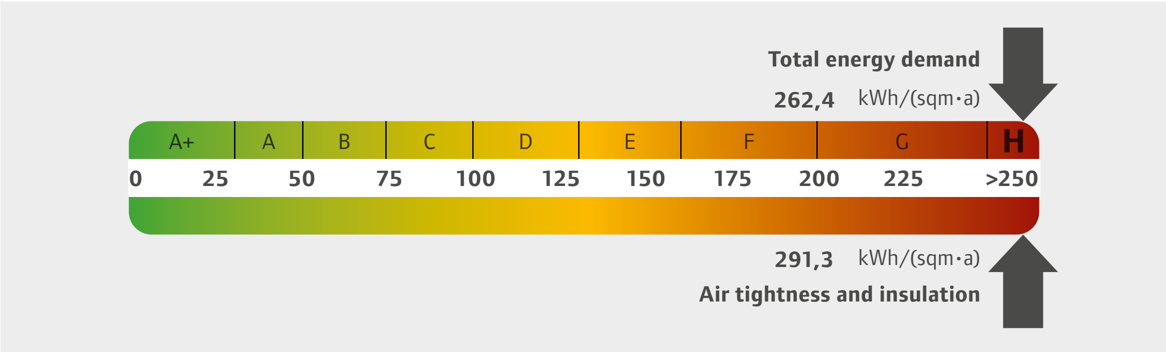
We are aware that the challenges in sustainability and climate protection will continue to exist and change. Therefore, we will continue to develop our housing stock in the future, taking into account both ecological and social aspects.

At the Emden site, for example, our property in Thorner Strasse, on the corner of Pillauer Strasse, is being renovated for energy efficiency while it continues to be used by residents.

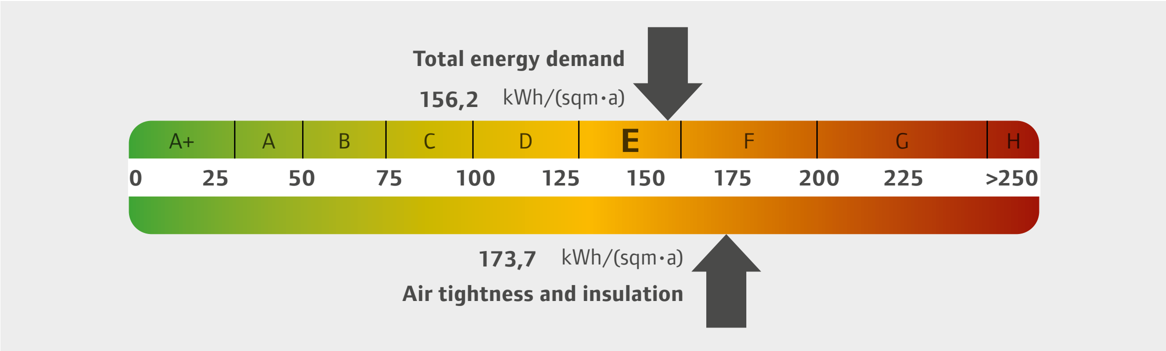
**Environmental and climate protection: Energy-efficient refurbishment in Emden**

EMDEN

| | |
|---|---|
| **Challenge**: | Significant reduction of $CO_2$ emissions |
| **Opportunity:** | Within one year, a rapid increase in energy performance takes place by switching from energy efficiency class H to E through uncomplicated refurbishment measures. |
| **Commitment:** | Providing energy-efficient housing that is affordable at the same time. |




Energy performance certificate OLD




Energy performance certificate NEW

| Energy efficiency measures | End | Status |
|---|---|---|
| Basement ceiling insulation | April 2023 | completed |
| Insulation of the top floor ceilings | July 2023 | completed |
| Replacement of roof windows, | October 2023 | in progress |
| Replacement of windows in the flats | Q1 2024 | in progress |
| Replacement of house entrance doors | Q1 2024 | in progress |
| Replacement of windows in the staircases | Q1 2024 | not started |

| Further measures | End | Status |
|---|---|---|
| Mailboxes | March 2023 | completed |
| Intercom | May 2023 | completed |
| New waste sites | August 2023 | completed |
| New bicycle parking | August 2023 | completed |
| Various paint coats | September 2023 | completed |
| Staircase renovation | Q1 2024 | not started |

As a responsible company, it is important to us not only to be active in ecological terms, but also to contribute to the social development of the neighbourhoods. We are pleased that we were able to contribute to neighbourhood development at the Neuruppin site by donating green space planting and the construction of a new playground at the Haselnussweg / Jasminweg property. We firmly believe that a lively and socially integrated environment contributes to a harmonious home for our tenants.

**Society and people: playground inauguration in Neuruppin**


Noratis AG sees itself as a landlord of living space that offers its tenants a real home. The pandemic in particular made us aware once again how essential the living environment and neighbourly relations are for general well-being and social cohesion. Therefore, it is very important to us to actively involve our tenants in the design of their living environment in order to strengthen their identification with their neighbourhood in such a way that they become more involved.

The construction of a playground and its inauguration in summer aroused the desire of the residents at Haselnussweg in the residential area Lindenzentrum in Neuruppin to redesign their garden. In accordance with the wishes of our tenants, we supported them financially in planting a flower meadow. These flower meadows serve above all as a shelter and food source for bees and other insects and are a contribution to the preservation of biodiversity. At the same time, this action contributes significantly to promoting harmonious coexistence and a pleasant living climate.

The residents in Neuruppin at the playground wine dedication.

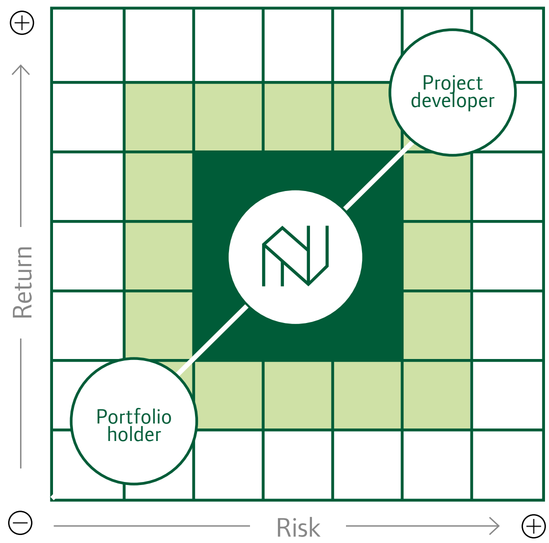
# Group Management Report

*as at 30 June 2023*

# 1. Basic information on the Group

## 1.1. Overview

The Noratis Group specialises in developing and maintaining residential real estate portfolios. Thanks to this focus, the Group combines the security and predictability of its own real estate portfolio with the attractive returns from real estate development. The ongoing rental income from the development properties and the existing portfolio ensure steady monthly cash flows and stable earnings contributions. The returns from the developer activities generate additional earnings potential that is leveraged through active sales. In addition, changes in the fair values of the existing portfolio are recognised annually in profit or loss.




The Noratis Group operates throughout Germany. The focus is on residential properties with development potential. These mostly include company-owned flats, neighbourhoods, or housing estates from the 1950s to 1970s. The Group prefers to invest in secondary locations, i.e., in cities with 10,000 or more inhabitants or on the outskirts of conurbations.

The properties acquired are being upgraded so that they offer attractive value for money for tenants with small or medium incomes. In this way, the Noratis Group creates and maintains attractive, affordable living space. The properties are held and developed as inventories until they are sold individually or in blocks. The funds received from the sales are primarily reinvested in the purchase of properties. After the completion of the development measures, a decision can also be made to hold the respective property with the intention of long-term letting according to defined, objective criteria, and thus to reclassify it as investment property due to the changed intention of use.

With an average of 71 employees in the first half of 2023, the Noratis Group team covers the core tasks of the entire value chain with its own staff: from purchasing, commercial and technical development to sales. This internal expertise, the existing network in the industry and the experience gained from the projects realised to date enable the Group to respond quickly and flexibly to market opportunities as they arise.

### 1.2. Strategy

The Noratis Group's strategy is aimed at achieving sustained growth in its residential real estate portfolio. The main sources of earnings in this context are the stable cash flows from rental income as well as continuous disposals of properties which have already been developed. Despite the disposals, the real estate assets, and the share of rental income in sales are to be steadily increased by means of a disproportionately high number of acquisitions and the establishment of a portfolio of investment properties for long-term leasing.

### 1.3. Group structure

Pursuing the same corporate strategy, all Group companies operate in the same business segment. The parent company Noratis AG, which is listed in the Scale Segment of Deutsche Börse, acts as a management holding company and, in this capacity, performs tasks for the entire Group.

Noratis AG holds all shares in Noratis Wohnen GmbH, which was established in 2015, Noratis Habitat GmbH, which was established in 2018, and Noratis Domus GmbH and Noratis Wohnwert GmbH, which were established in 2021.

Noratis holds 94 percent of the shares in Noratis Living GmbH, which was acquired in 2017. The shares in Noratis West GmbH and Noratis Nordost GmbH, which were established in 2021, amount to 65 percent and 94.9 percent respectively.

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

### 1.4. Company management

The Group-wide planning and management system is aligned with the Group's strategy and structured accordingly. The operational control parameters for the Management Board include the realised purchase and sales volume, the realisation of the modernisation measures according to plan within the framework of the budgets as well as the management results of the individual portfolios.

Key figures include realised sales proceeds, operating earnings before interest and taxes (EBIT) and earnings before tax (EBT). In addition, the loan-to-value (LTV) and net loan-to-value (Net LTV), the equity ratio, the interest hedging volume, and the net asset value (NAV) are monitored on the basis of the market values of the Group's properties. Regular reporting of these key figures enables the Management Board to always assess the economic development of the Group and, in the event of a negative development, to derive appropriate countermeasures.

# 2. Economic situation

### 2.1. Overall economic situation

The German economy continues to be in a weak phase. According to calculations by the Federal Statistical Office (Destatis), the price-, season- and calendar-adjusted gross domestic product (GDP) in the second quarter of 2023 remained the same as in the previous quarter. In the first quarter of 2023, it still declined by 0.1 percent compared to the previous quarter. The weak economic development also has an impact on the labour market. According to the Federal Employment Agency, the number of unemployed in June 2023 increased slightly compared to the previous month and stands at 5.5 percent. Compared to June 2022, the unemployment rate increased by 0.3 percent.

In its summer economic forecast, the ifo Institute expects German economic output to decline by 0.4 percent in 2023. In spring, the institute had only expected a decline of 0.1 percent. Construction investments are even forecast to fall by 2.2 percent in 2023 and by minus 3.2 percent in 2024. Inflation is expected to fall from 5.8 percent this year to 2.1 percent in 2024.

In its economic forecast, the German Institute for Economic Research (DIW) assumes that the German economy will contract by 0.2 percent in 2023. Growth will only return in 2024. According to the DIW, inflation will be around 5.9 percent this year and fall to 2.5 percent in 2024. The monthly DIW economic barometer stood at 90.3 points in July 2023 after 89.5 points in the previous month and remains well below the neutral 100-point mark, which indicates average growth. The German economy is being held back by the less dynamic global economy, more difficult financing conditions and only slowly falling inflation.

### 2.2. German property and housing market

According to the Federal Statistical Office (Destatis), prices for residential real estate fell by 6.8 percent in the first quarter of 2023 compared to the same quarter of the previous year. According to Destatis, this is the strongest decline in residential property prices compared to a quarter of the previous year since the beginning of the time series in 2000. The decisive factor for the decline in purchase prices was the lower demand because of the significantly increased financing costs. The largest price declines compared to the same quarter of the previous year were observed in the top seven metropolises (Berlin, Hamburg, Munich, Cologne, Frankfurt am Main, Stuttgart and Düsseldorf). Here, prices for detached and semi-detached houses fell by 10.4 percent and for flats by 6.4 percent. Compared to Q4 2022, residential property was on average 3.1 percent cheaper in Q1 2023.

According to Savills Research, activity in the German property market stabilised in the second quarter of the current year, but at an exceptionally low level. Both the number of transactions and the transaction volume were roughly in line with the figures for the first quarter. In the first half of 2023, the transaction volume totalled around EUR 13.3 billion. This corresponds to roughly one third of the comparable period of the previous year and is at the same time the lowest turnover of a first half-year since 2011. Activity in the large-volume segment has declined particularly strongly. There is still a great deal of restraint among large institutional investors. Of the thirty largest investors in terms of purchase volume from 2017 to 2021, twenty have not yet realised a single purchase this year.

According to BNP Paribas Real Estate, the weak first half of 2023 is evidence of the ongoing price discovery phase in the residential real estate market. Continued price differences between purchase and sales applications indicate that the price discovery phase is not yet complete. The absence of institutional investors on the market has changed the share ratio of the individual asset classes. Existing portfolios with large volumes had a share of 52 percent of the transaction volume on a 10-year average. In the first half of the year, they accounted for just under 11 percent. Nevertheless, initial transactions show that buyers and sellers are getting closer again. Due to the weak first half of the year and only a few large-volume transactions, a below-average investment volume is expected for 2023. In the course of 2024, the low point could be overcome, and fresh capital could flow into residential real estate again.

Despite the ECB's determination to pursue the 2 percent inflation target, BNP Paribas Real Estate assumes that a large part of the interest rate hikes has already been implemented. Due to the expected decline in inflation, only smaller interest rate steps are to be expected in the second half of the year.

### 2.3. Business performance

The Noratis Group's operating business in the first half of 2023 was characterised by rising interest rates and subdued demand on the transaction market. The differing price expectations of buyers and sellers led to a significant decline in transactions. The sharp rise in interest rates, the more difficult financing and the uncertainty of further government regulations in the context of energy-efficient refurbishment are dampening demand in the residential real estate segment. Nevertheless, the Group was able to realise some property sales in the first half of 2023.

Overall, business development in the first half of the year was in line with the Group's expectations. The deteriorating market conditions in the real estate market had already become apparent in the final months of the previous year. However, Noratis had expected a somewhat smaller decline in residential property prices in the first half of the year. In conjunction with this, less need for write-downs on inventory properties had been planned.

The property portfolio fell by 2.9 percent to EUR 441.7 million due to the realised sales and a low purchase volume. This is due to the current difficult situation in the real estate market. Noratis still intends to further expand its real estate assets through higher net purchases overall.

Gross rental income rose by 11.0 percent to EUR 15.6 million. The high growth in the property portfolio in the previous year is the main driver for this. Sales revenue fell by 66.9 percent to EUR 17.9 million. Despite the lower sales compared to the same period of the previous year, the property portfolio of the inventory assets fell by EUR 13.1 million or 2.9 percent due to the low purchase volume.

Earnings before interest and taxes (EBIT) were 78.1 percent lower due to lower property sales and the impairment of inventory properties. Due to the higher interest rate level and the term-related decline in the fair value of the interest rate hedges, financing expenses doubled compared to the previous year. The financial income of the first half of 2023 stems almost exclusively from payments of the interest rate hedges. In the same period of the previous year, this was essentially income from the fair value measurement of interest rate hedges. Overall, the result before taxes fell to minus EUR 4.4 million.

As a result of the 3.9 percent decrease in equity to EUR 83.4 million, the equity ratio fell from 17.6 percent to 17.3 percent compared to 31 December 2022, despite the lower balance sheet total.

At the end of the 2021 financial year, properties that are to remain in the portfolio for long-term rental were reclassified from inventory properties to investment properties for the first time. To implement this strategic expansion, a separate asset management department was set up to manage the properties held for the long term. In the first half of 2023, there was no reclassification from investment properties to portfolio properties.

Due to Noratis' business model, the majority of the real estate portfolios continue to be reported as inventories in IFRS accounting. Against the background of the fundamental intention to sell, the properties are reported as inventories and are therefore measured at amortised cost and not at market value, which results in significant hidden reserves.

The market value of the properties held as inventories, as determined by an independent external appraiser, is around EUR 490.7 million as of 30 June 2023, which is EUR 58.6 million higher than the current book value of EUR 432.1 million. The difference to the reported value of the current assets of EUR 441.7 million results from the deduction of capitalised leasehold contracts. Taking into account these hidden reserves minus income tax of currently 27.4 percent, the company's equity amounts to around EUR 126.0 million, which corresponds to a NAV per share of EUR 26.15 and leads to an equity ratio of around 23.3 percent.

Properties were acquired/sold at the following locations in H1 2023:

## Acquisitions

| State | Location | Number of units | Sales channel |
|---|---|---|---|
| North Rhine-Westphalia | Oberhausen | 18 | Block sale |
| **Total** | | **18** | |

## Disposals

| State | Location | Number of units | Sales channel |
|---|---|---|---|
| Bavaria | Elsenfeld | 8 | Privatisation |
| Bavaria | Cham region/Upper Palatinate | 11 | Block sale |
| Lower Saxony | Celle | 143 | Block sale |
| North Rhine-Westphalia | Hagen | 10 | Block sale |
| North Rhine-Westphalia | Oberhausen | 4 | Block sale |
| **Total** | | **176** | |

The Group's housing portfolio amounted to 4,390 units at the end of the half-year, distributed across the following locations:

| State | Location | Number of units | Sales channel |
|---|---|---|---|
| Bavaria | Elsenfeld am Main | 87 | Block sale |
| Bavaria | Erlenbach am Main | 197 | Block sale |
| Bavaria | Klingenberg am Main | 21 | Block sale |
| Bavaria | Obernburg am Main | 44 | Block sale |
| Bavaria | Ochsenfurt am Main | 39 | Block sale |

| | | | |
|---|---|---|---|
| Bavaria | Cham region/Upper Palatinate | 149 | Block sale |
| Brandenburg | Gransee | 24 | Block sale |
| Brandenburg | Neuruppin | 195 | Block sale |
| Bremen | Bremen | 60 | Block sale |
| Hesse | Bensheim | 68 | Block sale |
| Hesse | Frankfurt am Main | 415 | Block sale / Privatisation |
| Hesse | Kassel | 36 | Block sale |
| Hesse | Niederrodenbach | 10 | Block sale |
| Hesse | Rüsselsheim | 83 | Block sale |
| Mecklenburg-Western Pomerania | Rügen | 142 | --- |
| Lower Saxony | Aurich | 95 | Block sale |
| Lower Saxony | Bückeburg | 204 | Block sale |
| Lower Saxony | Celle | 256 | Block sale |
| Lower Saxony | Cuxhaven | 66 | Block sale |
| Lower Saxony | Emden | 79 | Block sale |
| Lower Saxony | Königslutter | 93 | Block sale |
| Lower Saxony | Wolfenbüttel | 118 | Block sale |
| North Rhine-Westphalia | Bielefeld | 147 | Block sale |
| North Rhine-Westphalia | Bottrop | 22 | Block sale |
| North Rhine-Westphalia | Duisburg | 61 | Block sale |
| North Rhine-Westphalia | Essen | 8 | Block sale |
| North Rhine-Westphalia | Gelsenkirchen | 151 | Block sale |
| North Rhine-Westphalia | Gladbeck | 32 | Block sale |
| North Rhine-Westphalia | Hagen | 49 | Block sale |
| North Rhine-Westphalia | Herne | 11 | Block sale |
| North Rhine-Westphalia | Kamp-Lintfort | 76 | Block sale |
| North Rhine-Westphalia | Krefeld | 48 | Privatisation |
| North Rhine-Westphalia | Lügde | 200 | Block sale |
| North Rhine-Westphalia | Mönchengladbach | 5 | Block sale |
| North Rhine-Westphalia | Oberhausen | 29 | Block sale |
| North Rhine-Westphalia | Ratingen | 156 | Block sale |
| North Rhine-Westphalia | Remscheid | 41 | Block sale |
| North Rhine-Westphalia | Solingen | 14 | Block sale |
| North Rhine-Westphalia | Steinfurt | 111 | Block sale |
| North Rhine-Westphalia | Wesel | 18 | Block sale |
| Saxony | Freital | 93 | Block sale |
| Saxony | Leipzig | 92 | Block sale |
| Saxony-Anhalt | Halle | 19 | Block sale |
| Saxony-Anhalt | Magdeburg | 149 | Block sale |
| Schleswig-Holstein | Lägerdorf | 48 | Block sale |
| Schleswig-Holstein | Neumünster | 60 | Block sale |
| Schleswig-Holstein | Ratzeburg | 229 | Block sale |
| Schleswig-Holstein | Rendsburg | 40 | Block sale |
| **Total** | | **4.390** | |

Overall, the property portfolio at the end of the first half of 2023 decreased slightly to 4,390 units (31 December 2022: 4,548) and a balance sheet volume of EUR 451.4 million (31 December 2022: EUR 464.7 million). Investment properties and advance payments made on inventory properties are included in this figure.

The Noratis Group's performance is reflected in its net assets, financial position and results of operations as shown below.

## 2.4. Financial position

The Noratis Group's consolidated statement of comprehensive income developed as follows in the first half of 2023 compared with the first half of 2022:

| In EUR million | H1 2023 | H1 2022 |
|---|---|---|
| Units sold | 176 | 268 |
| **Total revenue** | **33.5** | **68.1** |
| Proceeds from sales of inventory properties | 17.9 | 54.1 |
| Expenses from the disposal of properties held for sale | -14.4 | -44.3 |
| **Result from sales of inventory properties** | **3.5** | **9.8** |
| Proceeds from letting | 15.6 | 14.0 |
| Expenses from letting | -7.7 | -6.8 |
| **Result from letting** | **7.9** | **7.2** |
| Other operating income | 0.5 | 0.3 |
| **Interim result** | **11.9** | **17.3** |
| Personnel costs | -3.2 | -3.3 |
| Result from the fair value adjustment of investment property | -0.2 | 0.0 |
| Impairment of inventory properties | -3.7 | 0.0 |
| Other operating expenses and write-downs | -2.2 | -2.1 |
| **EBIT** | **2.6** | **11.9** |
| Finance income and financing expenses | -7.0 | -0.7 |
| **EBT** | **-4.4** | **11.2** |
| Income tax | 1.0 | -3.2 |
| **Consolidated net income** | **-3.4** | **8.0** |

Rounding differences may occur.

In the first half of the year, consolidated sales fell by EUR 34.6 million or 50.9 percent compared to the same period last year.

Proceeds from the disposal of inventory properties decreased by 66.9 percent compared to H1 2022 and, as in the previous year, were generated almost exclusively through block sales. The transaction market declined sharply in Q4 2022 and is still in a pricing phase.

The result from the sale of inventory properties in relation to sales revenues increased from 18.2 percent to 19.4 percent and is within the normal fluctuation range.

Mainly due to the growth of the net property portfolio in the second half of 2022, rental income increased by 11.0 percent to EUR 15.6 million compared to the same period of the previous year.

The margin on rental income fell from 51.2 percent in the previous year to 50.7 percent. This essentially depends on the amount of the rent, the condition of the property and the vacancy rate.

Other operating income mainly includes income from the offsetting of benefits in kind and the reversal of provisions.

At EUR 3.2 million, personnel expenses remained at the same level as in the same period of the previous year and reflect the restraint in the further expansion of the property portfolio due to the difficult market situation.

The fair value of the properties was determined by an independent appraiser as of the balance sheet date 30 June 2023. This resulted in an adjustment of EUR 0.2 million to investment properties, which was recognised as an expense. This led to a devaluation requirement of EUR 3.7 million for the inventory properties. Despite the write-down of individual properties, Noratis' real estate portfolio still contains hidden reserves of around EUR 59 million. See section 4.4 in the notes to the consolidated financial statements.

Other operating expenses and depreciation increased by EUR 0.1 million to EUR 2.2 million due to higher costs for staff recruitment and external services.

The operating result before interest and taxes (EBIT) declined by EUR 9.3 million due to the lower result from the sale of inventory properties and the impairments of inventory properties.

Due to the significantly higher interest rate level compared to the same period of the previous year, financing expenses, excluding interest costs for the bond, increased by EUR 3.5 million to EUR 6.7 million. In addition, there were expenses from the maturity-related decline in the fair value of the interest rate hedges of EUR 1.0 million. Overall, financial expenses rose by EUR 4.5 million to EUR 8.9 million. The financial income of EUR 1.9 million resulted almost exclusively from the interest payments of the interest rate hedges. In the first half of 2022, the financial income of EUR 3.7 million consisted of income from the increase in the fair value of the interest rate hedges due to the increase in the interest rate level. In total, this results in an increase in net financial expenses (interest expenses minus financial income) from EUR 6.3 million to EUR 7.0 million.

The Noratis Group generated earnings before taxes of minus EUR 4.4 million. This represents a year-on-year decline of EUR 15.6 million and is primarily due to lower EBIT and higher net financial expenses.

### 2.5. Financial performance

The consolidated statement of cash flows is as follows:

| In EUR million | H1 2023 | H1 2022 |
| --- | --- | --- |
| Cash flow from operating activities | 12.6 | 9.2 |
| Cash flow from investing activities | 1.7 | 0.0 |
| Cash flow from financing activities | -14.4 | -6.7 |
| Net change in cash and cash equivalents | -0.1 | 2.5 |
| Cash and cash equivalents at beginning of period (1 January) | 11.2 | 8.7 |
| Cash and cash equivalents at end of period (30 June) | 11.1 | 11.2 |

Rounding differences may occur.

The positive cash flow from operating activities in the first six months of the financial year and the previous year is primarily due to the net sale of inventory properties.

Cash flow from investing activities includes payments from interest rate hedges for financial loans. Payments for intangible assets and property, plant and equipment together amounted to less than EUR 0.1 million, as in the comparable period of the previous year.

The negative cash flow from financing activities is mainly due to interest payments of EUR 6.1 million and the net repayment of financial loans. New financing of properties resulted in an inflow of cash and cash equivalents of EUR 35.0 million, which was offset by cash outflows from repayments of EUR 43.0 million. In the first six months of the previous year, dividend payments, interest paid and the payment from the acquisition of derivatives to hedge interest rates on financial loans were the main drivers of the negative cash flow.

The cash and cash equivalents as of 30 June 2023 of EUR 11.1 million (30 June 2022: EUR 11.2 million) are to be used primarily for operational purposes and to reduce debt, and only secondarily for the opportunistic acquisition of further property portfolios.

As of 30 June 2023, the Group has unused credit lines of EUR 15.3 million (31 December 2022: EUR 15.6 million). In the first six months of the financial year, the Noratis Group met all its financial obligations on schedule and the Management Board assumes that all payments for the second half of 2023 can also be met in accordance with the contract.

### 2.6. Assets and liabilities

Summary of the consolidated statement of financial position:

| | H1 2023 | | 2022 financial year | |
|---|---|---|---|---|
| | EUR million | % | EUR million | % |
| | | | | |
| **Assets** | **482.7** | **100.0** | **494.0** | **100.0** |
| Investment property | 9.7 | 2.0 | 9.8 | 2.0 |
| Fixed assets | 0.9 | 0.2 | 1.1 | 0.2 |
| Financial and other assets | 8.7 | 1.8 | 9.5 | 1.9 |
| **Non-current assets** | **19.3** | **4.0** | **20.4** | **4.1** |
| Properties held for sale | 441.7 | 91.5 | 454.8 | 92.1 |
| Trade receivables | 1.5 | 0.3 | 1.6 | 0.3 |
| Financial and other assets | 9.1 | 1.9 | 6.0 | 1.2 |
| Cash and cash equivalents | 11.1 | 2.3 | 11.2 | 2.3 |
| **Current assets** | **463.4** | **96.0** | **473.6** | **95.9** |
| | | | | |
| **Equity and liabilities** | **482.7** | **100.0** | **494.0** | **100.0** |
| **Shareholders' equity** | **83.4** | **17.3** | **86.9** | **17.6** |
| Bond | 39.4 | 8.2 | 39.3 | 8.0 |
| Financial liabilities and provisions | 337.2 | 69.9 | 330.1 | 66.8 |
| Deferred tax liabilities | 1.2 | 0.2 | 2.1 | 0.4 |
| **Non-current liabilities** | **377.8** | **78.3** | **371.5** | **75.2** |
| Bond and financial liabilities | 16.1 | 3.3 | 29.6 | 6.0 |
| Trade payables | 1.4 | 0.3 | 2.1 | 0.4 |
| Contract liabilities, tax liabilities, provisions and other liabilities | 4.0 | 0.8 | 3.9 | 0.8 |
| **Current liabilities** | **21.5** | **4.5** | **35.6** | **7.2** |

Rounding differences may occur.

The balance sheet total decreased by EUR 11.3 million to EUR 482.7 million compared to the previous year. On the assets side, the main decrease was in inventory properties, which fell by EUR 13.1 million. This was offset by the increase in current financial and other assets. On the liabilities side, the decrease in equity and financial liabilities are the main drivers. Financial liabilities excluding the bond fell by a total of EUR 7.5 million, although there was a shift within current and non-current financial liabilities.

At the end of the 2021 financial year, properties that are to remain in the portfolio for long-term rental were reclassified from inventory properties to investment properties for the first time. The decision on the change in the intended use and the resulting reclassification is made based on objective criteria that must be met cumulatively. In the first half of 2023 and in the previous year 2022, there was no reclassification from inventories to non-current assets. The valuation of the properties in the fixed assets is carried out at fair value.

The fixed assets item also includes the capitalised rights of use for rented office space and the vehicle fleet in the amount of EUR 0.7 million (31 December 2022: EUR 0.8 million). According to the IFRS leasing standard, rights of use must be capitalised and depreciated over the term of the contract. In return, a leasing liability was reported under financial liabilities.

The financial assets mainly include interest rate hedges with a fair value of EUR 9.6 million. However, EUR 1.0 million of this is allocated to current and other financial assets.

Due to the higher total sales, land and buildings held for sale decreased by EUR 13.1 million to EUR 411.7 million. This includes rights of use of EUR 9.3 million (31 December 2022: EUR 9.4 million) from ground leases, which are to be accounted for in the same way as fixed assets in accordance with the IFRS leasing standard. Most of the real estate held by the Noratis Group is reported under inventories.

The financial and other assets consist mainly of expenses for the heating and hot water supply of the buildings. These are passed on to the tenants as part of the service charge settlement. In addition, receivables from the tax office from loss carry backs amounting to EUR 2.1 million and interest hedging transactions with a term of less than one year amounting to EUR 1.0 million are included.

Cash and cash equivalents decreased only slightly by EUR 0.1 million. The impairments of the real estate holdings are non-cash.

The result for the financial year resulted in a decrease in equity of EUR 3.5 million or 3.9 percent to EUR 83.4 million.

Overall, financial liabilities fell by EUR 7.5 million and resulted primarily from repayments of existing loans. In the context of modernisation measures, funds from existing loans amounting to EUR 3.6 million were drawn down.

The deferred tax liabilities of EUR 1.2 million (31 December 2022: EUR 2.1 million) result in the amount of EUR 2.2 million from interest rate hedges, in the amount of EUR 0.9 million from the different valuation of investment property and in the amount of EUR 0.1 million from financial liabilities and lease valuation. Deferred tax assets from tax loss carried forward in the amount of EUR 2.0 million (31 December 2022: EUR 1.4 million), which can be offset against tax liabilities from future profits, were netted against deferred tax liabilities.

Trade payables mainly include liabilities from modernisation and maintenance as well as liabilities for energy costs of the properties.

The change in the item contract liabilities, tax liabilities, provisions and other liabilities results from the increase in contract liabilities by EUR 0.1 million to EUR 0.7 million.

## 3. Opportunity and risk report

With regard to the risks of future business development, we refer to the information provided in the risk report of the consolidated financial statements as of 31 December 2022.

Primarily, the slump in the transaction market triggered by the rise in interest rates and the observed decline in property prices continue to burden the Group, as it is dependent on an intact transaction market as a portfolio developer. In addition, subsequent payments for ancillary costs for the previous year 2022 due to the high energy costs can lead to payment difficulties with tenants and thus to an increase in receivables risks.

To curb inflation, the European Central Bank (ECB) raised the key interest rate by 0.25 percentage points to 4.25 percent at the beginning of August 2023. As a result, the three-month Euribor rose to just under 3.8 percent in August. Most the Group's bank loans for financing real estate are concluded because of the three-month Euribor, which leads to an automatic adjustment of interest rates.

The Group expects average interest costs between 3.75 and 4.0 percent in the second half of 2023. A slightly decreasing value is only assumed from 2024 onwards. Based on the loan and bond volume as of 30 June 2023, this means an interest expense for the Group of approximately EUR 9 million for the second half of 2023. However, around EUR 2.5 million of this can be compensated for through interest rate hedges. An increase of 0.25 percent compared to the assumed value of 3.75 to 4.0 percent means additional interest costs of around EUR 0.2 million for the Group. This already considers the interest rate hedges.

## 4. Forecast

The upheavals in the real estate market have clearly made themselves felt in the first half of 2023. Both residential property prices and sales transactions have declined significantly. Price differences between purchase and sales applications indicate the still ongoing price discovery phase due to the increased interest costs.

The change in market conditions also had an impact on the Noratis Group. In particular, the high financing costs, the decline in property prices and the associated devaluation of individual properties as well as the decline in sales transactions were the main drivers of the negative result in the first half of 2023.

Due to the restraint on the transaction market, sales proceeds in the 2023 financial year will be significantly lower than in the previous year 2022. In addition, financing costs remain high. These negative effects cannot be compensated for by the slightly higher rental income. The residential property market is still in a pricing phase. For this reason, there may still be a need for further write-downs on individual properties at the end of the year. For this reason, the Management Board of the Noratis Group - as already forecast in the 2022 annual report - continues to assume that earnings before taxes will be significantly negative in 2023. At the same time, the need for write-downs will have an additional negative impact on the originally expected pre-tax result.

Regarding events after the balance sheet date, we refer to the information in the notes.

## 5. Internal control system and risk management with regard to the Group financial reporting process

The control system about the Group financial reporting process results from the central accounting organisation at the Group's parent company Noratis AG. The Group's financial statements are prepared by its own employees with the support of external service providers, particularly regarding tax issues and payroll accounting. Rental accounting is also carried out by the Group's own employees for the purpose of controlling the external property management companies.

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

## 6. Closing statement by the Management Board on the dependent company report

There were no reportable measures in the first half of 2023.

Eschborn, 29 September 2023

Noratis AG

Igor Christian Bugarski
Chief Executive Officer

Andre Speth
Management Board member

ELSENFELD AM MAIN


NEUMÜNSTER

# Consolidated interim financial statements

*as of 30 June 2023*

# Consolidated statement of financial position

## ASSETS

| EUR '000 | Appendix no. | 30/06/2023 | 31/12/2022 |
|---|---|---|---|
| | | | |
| Investment property | 4.1 | 9,680 | 9,840 |
| Property, plant and equipment | 4.2 | 912 | 1,060 |
| Intangible assets | | 18 | 23 |
| Investments accounted for using the equity method | 2.2 | 43 | 43 |
| Other financial assets | 4.3 | 8,640 | 9,451 |
| Deferred tax assets | 4.9 | 5 | 4 |
| **Non-current assets** | | **19,298** | **20,421** |
| | | | |
| Properties held for sale | 4.4 | 441,722 | 454,812 |
| Trade receivables | 4.5 | 1,463 | 1,603 |
| Financial assets | 4.3 | 1,014 | 1,179 |
| Other assets | 4.5 | 8,110 | 4,838 |
| Cash and cash equivalents | 4.6 | 11,117 | 11,159 |
| **Current assets** | | **463,426** | **473,591** |
| | | | |
| **Total assets** | | **482,724** | **494,012** |

## EQUITY AND LIABILITIES

| EUR '000 | Appendix no. | 30/06/2023 | 31/12/2022 |
|---|---|---|---|
| | | | |
| Share capital | | 4,818 | 4,818 |
| Capital reserves | | 51,741 | 51,774 |
| Retained earnings | | 26,423 | 29,820 |
| **Total equity attributable to Noratis shareholders** | | **82,982** | **86,412** |
| Non-controlling interests | | 454 | 445 |
| **Total equity** | 4.7 | **83,436** | **86,857** |
| | | | |
| Other provisions | | 70 | 67 |
| Bond | 4.8 | 39,408 | 39,314 |
| Financial liabilities | 4.8 | 337,136 | 330,077 |
| Deferred tax liabilities | 4.9 | 1,186 | 2,089 |
| **Non-current liabilities** | | **377,800** | **371,547** |
| | | | |
| Other provisions | | 143 | 140 |
| Bond | 4.8 | 1,469 | 408 |
| Financial liabilities | 4.8 | 14,653 | 29,224 |
| Trade payables | | 1,400 | 2,092 |
| Tax liabilities | 4.9 | 444 | 440 |
| Contract liabilities | | 699 | 606 |
| Other liabilities | | 2,680 | 2,698 |
| **Current liabilities** | | **21,488** | **35,608** |
| | | | |
| **Total equity and liabilities** | | **482,724** | **494,012** |

# Consolidated statement of comprehensive income

| EUR '000 | Appendix no. | HJ 2023 | HJ 2022 |
|---|---|---|---|
| | | | |
| **Total revenue** | | **33,479** | **68,117** |
| Proceeds from sales of inventory properties | 5.1 | 17,925 | 54,106 |
| Expenses from sales of inventory properties | | -14,443 | -44,272 |
| **Result from sales of inventory properties** | 5.2 | **3,482** | **9,834** |
| Proceeds from letting | 5.1 | 15,554 | 14,011 |
| Expenses from letting | | -7,665 | -6,841 |
| **Result from letting** | 5.3 | **7,889** | **7,170** |
| Other operating income | | 529 | 290 |
| **Interim result** | | **11,900** | **17,294** |
| Personnel costs | | -3,209 | -3,333 |
| Depreciation and amortisation | | -261 | -237 |
| Result from the fair value adjustment of investment property | 4.1 | -160 | 0 |
| Impairment of inventory properties | 4.4 | -3,678 | 0 |
| Other operating expenses | | -1,987 | -1,856 |
| **Earnings before interest and taxes (EBIT)** | | **2,605** | **11,868** |
| Result from companies accounted for using the equity method | | 0 | 5 |
| Financial income | 5.4 | 1,912 | 3,700 |
| Finance costs | 5.5 | -8,880 | -4,349 |
| **Earnings before taxes (EBT)** | | **-4,363** | **11,224** |
| Income taxes | | 975 | -3,228 |
| **Consolidated net income** | | **-3,388** | **7,996** |
| Attributable to: | | | |
| - Shareholders of the parent company | | -3,397 | 7,934 |
| - Non-controlling interests | | 9 | 62 |

A reconciliation of the consolidated net income to the total comprehensive income according to IAS 1.81 et seq. is not necessary, as the consolidated net income corresponds to the total comprehensive income.

# Consolidated statement of cash flows

| EUR '000 | Appendix no. | HJ 2023 | HJ 2022 |
| --- | --- | --- | --- |
| Consolidated net income | | -3,388 | 7,996 |
| Fair value adjustment of investment property | 4.1 | 160 | 0 |
| Depreciation and amortisation | | 261 | 237 |
| Change in properties held for sale | 4.4 | 9,365 | 12,328 |
| Impairment / write-up of inventory properties | 4.4 | 3,678 | 0 |
| Increase/decrease in trade receivables and other assets not attributable to investing or financing activities | | -2,947 | -2,074 |
| Increase/decrease in liabilities (not including financial liabilities) and provisions | | -467 | -12,805 |
| Result from companies accounted for using the equity method | 2.1 | 0 | -5 |
| Finance costs/finance income | 5.4 / 5.5 | 6,968 | 649 |
| Income taxes | | -975 | 3,230 |
| Income taxes paid | | -180 | -602 |
| Other non-cash expenses/income | | 139 | 251 |
| **Cash flow from operating activities** | | **12,614** | **9,205** |
| Cash outflow for investments in property, plant and equipment and intangible assets | | -12 | -23 |
| Interest received | | 1,701 | 0 |
| **Cash flow from investing activities** | | **1,689** | **-23** |
| Cash inflow from borrowings | 4.8 | 35,023 | 39,648 |
| Cash repayments of financial liabilities | 4.8 | -43,042 | -39,569 |
| Transaction costs from issuing bonds and loans | | -28 | -210 |
| Cash repayments of lease liabilities | | -207 | -134 |
| Repurchase of own shares | 4.7 | -65 | -157 |
| Cash inflow from the sale of own shares | 4.7 | 32 | 78 |
| Cash outflow for the purchase of derivatives | | 0 | -1,310 |
| Interest paid | | -6,058 | -2,418 |
| Dividends paid to shareholders of the parent company | | 0 | -2,650 |
| **Cash flow from financing activities** | | **-14,345** | **-6,722** |
| **Net change in cash and cash equivalents** | | **-42** | **2,460** |
| Cash and cash equivalents at beginning of period | | 11,159 | 8,724 |
| **Cash and cash equivalents at end of period** | | **11,117** | **11,184** |

# Consolidated statement of changes in equity

| EUR '000 | Issued capital | Capital reserves | Reserve for treasury shares | Retained earnings | Equity attributable to Group shareholders | Non-controlling interests | Consolidated equity |
|---|---|---|---|---|---|---|---|
| **As of 1 January 2022** | **4,818** | **51,817** | **0** | **24,238** | **80,873** | **423** | **81,296** |
| **Consolidated total comprehensive income** | | | | 7,934 | 7,934 | 62 | 7,996 |
| Acquisition of treasury shares | | -149 | -8 | | -157 | | -157 |
| Equity-settled share-based payment transaction | | 70 | 8 | | 78 | | 78 |
| Dividend payment | | | | -2,650 | -2,650 | | -2,650 |
| **As of 30 June 2022** | **4,818** | **51,738** | **0** | **29,521** | **86,077** | **485** | **86,562** |
| | | | | | | | |
| **As of 1 January 2023** | **4,818** | **51,774** | **0** | **29,820** | **86,412** | **445** | **86,857** |
| **Consolidated total comprehensive income** | | | | -3,397 | -3,397 | 9 | -3,388 |
| Acquisition of treasury shares | | -60 | -5 | | -65 | | -65 |
| Equity-settled share-based payment transaction | | 27 | 5 | | 32 | | 32 |
| Dividend payment | | | | 0 | 0 | | 0 |
| **As of 30 June 2023** | **4,818** | **51,741** | **0** | **26,423** | **82,982** | **454** | **83,436** |

BIELEFELD


KAMP-LINTFORT

# Notes to the consolidated financial statements

*as of 30 June 2023*

# 1. Information about the Group

Noratis AG, Hauptstraße 129, 65760 Eschborn, is a real estate company incorporated in Germany with its registered office in Eschborn and entered in the commercial register of Frankfurt am Main under the registration number HRB 108645.

Noratis AG shares have been listed in the Scale Segment of the Regulated Unofficial Market of the Frankfurt Stock Exchange since 30 June 2017.

These consolidated interim financial statements present the financial situation and operating results of Noratis AG as the parent company and its subsidiaries (together referred to as „Noratis" or the „Group").

The Group acquires residential real estate throughout Germany with a view to either selling it again after successful development or holding it for long-term rental. Targeted modernisation of flats, buildings and outdoor facilities is intended to preserve affordable living space while at the same time reducing vacancy rates. The measures are aimed at increasing the value of the property in the long term. The focus is on housing estates, factory flats and neighbourhoods in secondary locations in Germany.

The consolidated interim financial statements for the period from 1 January to 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and authorised for issue by the Management Board on 29 September 2023. The condensed interim consolidated financial statements have not been audited or reviewed.

These interim financial statements do not contain all the information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2022.

The interim consolidated financial statements are generally prepared using amortised cost. This does not apply to derivative financial instruments, which are recognised at fair value.

The interim consolidated financial statements are prepared and published in euros, the company's functional currency. Unless otherwise stated, figures are rounded to the nearest thousand euros. For computational reasons, rounding differences may therefore occur.

# 2. Composition of the Group

### 2.1. List of subsidiaries

The interim consolidated financial statements of Noratis AG include the following subsidiaries, all of which are domiciled in Germany:

| | Equity ratio in % | |
|---|---|---|
| Company | HJ 2023 | 2022 |
| Noratis Domus GmbH, Eschborn | 100.0 | 100.0 |
| Noratis Habitat GmbH, Eschborn | 100.0 | 100.0 |
| Noratis Living GmbH, Eschborn | 94.0 | 94.0 |
| Noratis Nordost GmbH, Eschborn | 94.9 | 94.9 |
| Noratis West GmbH, Ratingen | 65.0 | 65.0 |
| Noratis Wohnen GmbH, Eschborn | 100.0 | 100.0 |
| Noratis Wohnwert GmbH, Eschborn | 100.0 | 100.0 |

Noratis AG and all its subsidiaries operate in the same segment and focus on the development of real estate portfolios in Germany.

### 2.2. Shares in an associated company

The Group acquired a 49 percent interest in G+N Energieeffizienz GmbH, Magdeburg, which was founded in cash in February 2020. This company is not controlled by Noratis and is therefore included in the interim consolidated financial statements using the equity method. There are no financial obligations or guarantees towards G+N Energieeffizienz GmbH. The company has equity of TEUR 88 as of 30 June 2023.

# 3. Significant accounting and valuation methods

The accounting policies applied in the condensed interim consolidated financial statements are basically the same as those applied in the consolidated financial statements as at 31 December 2022.

The preparation of the interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures, and the disclosure of contingent liabilities. There were no significant changes to the estimates and assumptions made in the consolidated financial statements as at 31 December 2022.

The new standards and interpretations to be applied since 1 January 2023 have no material impact on the consolidated financial statements.

# 4. Selected notes to the consolidated balance sheet

## 4.1. Investment property

Reconciliation of the carrying amount

| EUR '000 | 30.06.2023 | 31.12.2022 |
|---|---|---|
| As at 1 January | 9,840 | 10,200 |
| Acquisitions | 0 | 0 |
| Transfer from inventory properties | 0 | 0 |
| Change in fair value | -160 | -360 |
| **As at 31 December** | **9,680** | **9,840** |

At the end of the 2021 financial year, properties that are to remain in the portfolio for long-term rental were reclassified from inventories to investment property. The change in the intended use was made on the basis of the following objective criteria, which must be fulfilled cumulatively:

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

In the first half of 2023, there was no reclassification from inventories to investment property.

### Amounts recognised in profit or loss

Investment property is measured at fair value. The difference in value determined in this context is recognised in profit or loss and reported in the item „Result from fair value adjustment of investment property". The related losses are unrealised.

Rental income from investment property amounted to EUR 419 thousand in the first half of the financial year (first half of 2022: EUR 405 thousand) and is included in rental income. The directly attributable operating expenses amounted to EUR 255 thousand (first half of 2022: EUR 216 thousand) and are included in the expenses from letting.

### Determination of fair values

The fair value of the investment properties as at 30 June 2023 was determined by external, independent property valuers who have the appropriate professional qualifications and experience to perform the valuation. The valuation was performed using inputs based on unobservable market data and therefore corresponds to level III of the fair value category.

The appraisals are based on information provided by the Company, such as maintenance and management costs, current rents and vacancies. Furthermore, the appraiser makes assumptions based on market data and his professional qualifications, such as market rents, location and condition of the property, discount and capitalisation rates, typical maintenance and management cost rates.

The following overview shows the significant assumptions and results used in determining the fair value of the investment properties within the framework of the valuation according to the DCF method:

| Measurement parameters | Unit | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| Management costs | EUR / rental unit per year | 347 | 326 |
| Market rent | EUR / sqm per month | 6.56 | 6.54 |
| Discount rate | In % | 5.5 | 5.3 |
| Capitalization rate | In % | 5.5 | 5.3 |
| Vacancy rate | In % | 5.8 | 7.1 |

The discount rate and the underlying rents were identified as significant value drivers influenced by the market. Vacancy rates, on the other hand, have less of an impact.

The effects of possible fluctuations in these parameters are shown in isolation from each other in the following list:

| 30.06.2023 | | | | | |
|---|---|---|---|---|---|
| Discount rate | **5.7 %** | **+0.3 %** | **5.4 %** | **-0.3 %** | **5.1 %** |
| Change in EUR '000 | 9,170 | -510 | 9,680 | 570 | 10,250 |
| Letting revenue | | **- 5.0 %** | | **+ 5.0 %** | |
| Change in EUR '000 | 9,040 | -640 | 9,680 | 640 | 10,320 |
| Vacancy rate | | **+ 50.0 %** | | **- 50.0 %** | |
| Change in EUR '000 | 9,540 | -140 | 9,680 | 130 | 9,810 |

| 31.12.2022 | | | | | |
|---|---|---|---|---|---|
| Discount rate | **5.6 %** | **+0.3 %** | **5.3 %** | **-0.3 %** | **5.0 %** |
| Change in EUR '000 | 9,320 | -520 | 9,840 | 600 | 10,440 |
| Letting revenue | | **- 5.0 %** | | **+ 5.0 %** | |
| Change in EUR '000 | 9,200 | -640 | 9,840 | 650 | 10,490 |
| Vacancy rate | | **+ 50.0 %** | | **- 50.0 %** | |
| Change in EUR '000 | 9,710 | -130 | 9,840 | 150 | 9,990 |

## 4.2. Property, plant and equipment

Property, plant and equipment consists mainly of rented office space (IFRS 16) and office furniture and equipment.

## 4.3. Financial assets

The financial receivables consist primarily of interest rate hedges. In order to hedge possible interest rate increases, the Group has concluded interest rate caps. As at 30 June 2023, the total hedged value is EUR 180.9 million.

These derivatives are generally not designated as hedging instruments and are measured at fair value (FVTPL). The decreasing remaining term led to a decline in market values of EUR 1.0 million in the first half of 2023. At the same time, the high interest rate level led to income from derivatives of EUR 1.9 million. See also item 5.4 Financial income and 5.5 Financial expenses.

## 4.4. Inventory properties

The inventory properties are valued at acquisition cost plus expenditure for modernisation measures (CAPEX). During the holding period, vacancies are reduced and the flats are upgraded. During modernisation, care is taken to maintain an appropriate price-performance ratio for tenants with lower and medium incomes. Letting and the associated rental income are - in addition to sales - an essential part of the business model.

In the first half of 2023, a total of 18 residential and commercial units with a purchase price including ancillary costs of EUR 1.4 million were newly added. In the same period, 176 units were sold. The portfolio as of 30 June 2023 amounts to 4,390 units, of which 51 are commercial units.

Composition of the real estate portfolio:

| EUR ‘000 | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Inventory properties | 432,405 | 444,207 |
| Rights of use – leasehold contracts | 9,317 | 9,364 |
| Advance payments on inventory properties | 0 | 1,241 |
| **Total** | **441,722** | **454,812** |

The advance payments made in the previous year relate to notarised purchases for which the transfer of benefits and encumbrances has not yet taken place. Borrowing costs are not recognised.

The market values for the inventory properties were determined by an independent appraiser as of the balance sheet date. This led to a need for devaluation of a total of EUR 3,678,000 for individual properties. If the market values develop accordingly, this will lead to write-ups in the future. The inventory properties serve almost exclusively as collateral for the financial debts.

Due to the valuation at acquisition cost, considerable valuation reserves are contained in the properties despite the devaluation of individual properties. These will only be realised at the time of sale.

The market value of the properties held in inventories, as determined by an independent external expert, amounts to approximately EUR 491 million as of 30 June 2023, which is EUR 59 million higher than the current book value excluding rights of use and advance payments of EUR 432 million. Taking into account these hidden reserves less income tax of currently 27.4 percent, the company's equity amounts to around EUR 126 million, which corresponds to an NAV per share of EUR 26.15 and leads to an equity ratio of around 23.3 percent.

### 4.5. Receivables and other assets

Trade receivables almost exclusively include receivables from rental agreements. The other assets are essentially advance payments for ancillary costs and receivables from advance tax payments.

### 4.6. Means of payment

Cash and cash equivalents mainly include short-term bank balances. The increase in cash and cash equivalents is mainly due to the net value of payments received from the sale of properties and the financing of newly acquired properties. Furthermore, as of the balance sheet date, the Group has non-property-related credit and current account lines amounting to EUR 15.6 million, of which EUR 15.3 million are still available.

### 4.7. Equity

Group equity fell by EUR 3.4 million or 3.9 percent to EUR 83.4 million due to the loss incurred in the first half of the year. As a result, the equity ratio fell from 17.6 percent to 17.3 percent.

In the 2022 financial year, a total of 4,868 share options were granted as part of an employee share ownership programme, of which 4,868 were exercised in the first half of 2023.

### 4.8. Financial liabilities and corporate bond

The bond liabilities include accrued interest of EUR 1,469 thousand and mature in November 2025 (nominal value of EUR 30 million) and August 2027 (nominal value of EUR 10 million).

Financial liabilities to credit institutions decreased primarily due to repayments resulting from the sale of properties. In the first half of 2023, financing was provided for newly acquired properties, current loans for modernisation measures were increased and current loans were refinanced in the amount of EUR 35,023 thousand. The repayment of loans due to refinancing as well as scheduled and unscheduled repayments of TEUR 43,042 had the opposite effect.

Apart from an unsecured bank loan of TEUR 5,000, all loans are secured by land charges on the financed properties.

### 4.9. Deferred tax assets and liabilities

Deferred tax changed during the year as follows:

| | 30.06.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| EUR '000 | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Investment property | - | 865 | - | 896 |
| Property, plant and equipment and lease liabilities | 7 | - | 7 | - |
| Derivatives | - | 2,235 | - | 2,421 |
| Rights of use within property inventory | 26 | - | 25 | - |
| Financial liabilities | - | 146 | - | 167 |
| Loss carried forward | 2,032 | - | 1,367 | - |
| Settlement | -2,060 | -2,060 | -1,395 | -1,395 |
| **Line item in statement of financial position** | **5** | **1,186** | **4** | **2,089** |

The changes in deferred taxes in the amount of EUR 904 thousand in the first half of 2023 (31 December 2022: EUR -1,523 thousand) related to items recognised in profit or loss and resulted primarily from the tax bases and IFRS valuations of investment property, derivatives, and financial liabilities (effective interest method).

Deferred tax assets on tax loss carry forwards are recognised at the amount at which the realisation of the related tax benefits with future taxable profits is probable. As at the balance sheet date, deferred tax assets were recognised on all tax loss carry forwards.

Tax liabilities include obligations from corporate income tax of EUR 263,000 and from trade tax of EUR 181,000.

## 5. Selected notes to the consolidated statement of comprehensive income

### 5.1. Sales revenue

The Noratis Group generates revenues from the sale of investment properties (time-related) and from rental income (time-period-related).

| EUR '000 | H1 2023 | H1 2022 |
|---|---|---|
| Revenue from sales of inventory properties | 17,925 | 54,106 |
| Letting revenue | 15,007 | 13,498 |
| Letting revenue from commercial properties | 547 | 513 |
| **Total** | **33,479** | **68,117** |

The rental income consists of the contract components net rent and operating and heating costs. The contract component net rent falls under the scope of application „leases“. In contrast, the revenues from operating and heating costs and from the sale of inventory properties are allocated to the area of application „Revenues from contracts with customers“.

### 5.2. Result from the sale of inventory properties

Sales revenue fell by EUR 36,181,000 or 66.9 percent to EUR 17,925,000 and, as in the previous year, was generated almost exclusively through block sales.

The result from the sale of inventory properties in relation to sales revenue increased by 1.2 percent to 19.4 percent and is within the normal fluctuation range.

### 5.3. Result from letting

| EUR '000 | H1 2023 | H1 2022 |
|---|---|---|
| Net rent | 10,398 | 9,259 |
| Income from ancillary rental costs | 5,156 | 4,752 |
| Expense from ancillary rental costs | -5,156 | -4,752 |
| Repair and maintenance | -1,557 | -1,125 |
| Non-apportionable rental expenses | -952 | -964 |
| **Total** | **7,889** | **7,170** |

The 12.3 percent increase in net rents is essentially due to the increase in inventory properties in the previous year.

### 5.4. Financial income

The financial income results primarily from the interest payments from the interest rate hedges (CAPs). These compensate for part of the interest rate risk for the loans with variable interest rates. In the comparable period of the previous year, the financial income is attributable to the increase in the fair values of the interest rate hedges due to the higher interest rate level.

### 5.5. Financial expenses

Finance expenses are made up as follows:

| EUR '000 | H1 2023 | H1 2022 |
|---|---|---|
| Current interest on financial liabilities | 6,677 | 3,130 |
| Interest from the bond | 1,155 | 1,150 |
| Expenses for derivative financial instruments | 976 | 0 |
| Interest expense from lease liabilities | 72 | 69 |
| **Total** | **8,880** | **4,349** |

The main driver for the increase in interest was the significant rise in interest rates compared to the first half of the previous year. The expenses for derivative financial instruments include the change in fair values due to the decline in remaining terms. In the first half of the previous year, there was still financial income from fair value measurement of EUR 3,700,000 due to the sharp rise in interest rates.

# 6. Supplementary information

## 6.1. Earnings per share

In calculating the undiluted earnings per share, the consolidated earnings are divided by the weighted number of shares in circulation in the financial year. The diluted and undiluted result amounts to:

| | 30.06.2023 | 31.12.2022 |
|---|---|---|
| | | |
| **Consolidated result** in EUR '000 | | |
| Earnings without minorities - basic | -3,397 | 8,232 |
| Earnings for the period - diluted | -3,397 | 8,232 |
| | | |
| **Number of shares** in '000 | | |
| Unweighted number of shares | 4,818 | 4,818 |
| Weighted number of shares - basic | 4,818 | 4,818 |
| Weighted number of shares - diluted | 4,818 | 4,818 |
| | | |
| **Earning per share** in EUR | | |
| Unweighted - basic | -0,71 | 1,71 |
| Weighted - basic | -0,71 | 1,71 |
| Weighted - diluted | -0,71 | 1,71 |

## 6.2. Information on the consolidated cash flow statement

The financial resources fund consists of cash and bank balances.

## 6.3. Additional disclosures on financial instruments

The table below shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| EUR '000 | 30 June 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Appendix no. | Fair value through profit and loss | Financial assets at amortised cost | Other financial liabilities | **Total** | Fair value |
| **ASSETS** | | | | | | |
| Investments values at equity | | | 43 | | 43 | |
| Derivatives | 4.3 | 9,606 | | | 9,606 | 9,606 |
| Trade receivables | 4.5 | | 1,463 | | 1,463 | |
| Financial assets | | | 48 | | 48 | |
| Cash and cash equivalents | 4.6 | | 11,117 | | 11,117 | |
| **Total financial assets** | | **9,606** | **12,671** | --- | **22,277** | **9,606** |
| **EQUITY & LIABILITIES** | | | | | | |
| Financial liabilities | 4.8 | | | 351,789 | 351,789 | |
| Bond | 4.8 | | | 40,877 | 40,877 | 38,469 |
| Trade payables | | | | 1,400 | 1,400 | |
| Other liabilities | | | | 2,680 | 2,680 | |
| **Total financial liabilities** | | --- | --- | **396,746** | **396,746** | **38,469** |

| EUR '000 | 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Appendix no. | Fair value through profit and loss | Financial assets at amortised cost | Other financial liabilities | **Total** | Fair value |
| **ASSETS** | | | | | | |
| Investments values at equity | | | 43 | | 43 | |
| Derivatives | 4.3 | 10,582 | | | 10,582 | 10,582 |
| Trade receivables | 4.5 | | 1,603 | | 1,603 | |
| Financial assets | | | 48 | | 48 | |
| Cash and cash equivalents | 4.6 | | 11,159 | | 11,159 | |
| **Total financial assets** | | **10,582** | **12,853** | --- | **23,435** | **10,582** |
| **EQUITY & LIABILITIES** | | | | | | |
| Financial liabilities | 4.8 | | | 359,301 | 359,301 | |
| Bond | 4.8 | | | 39,722 | 39,722 | 38,833 |
| Trade payables | | | | 2,092 | 2,092 | |
| Other liabilities | | | | 2,698 | 2,698 | |
| **Total financial liabilities** | | --- | --- | **403,813** | **403,813** | **38,833** |

Trade receivables, other financial assets and cash and cash equivalents have residual terms of a short-term nature. Therefore, their carrying amounts at the balance sheet date correspond to their fair values. The same applies to trade payables and other current liabilities. The Noratis Group's non-current and current financial liabilities were recognised at fair value less transaction costs, which regularly corresponded to the cost of acquisition.

As a result, the carrying amount of all non-current and current financial liabilities as at the balance sheet date represents the value that results in amortised cost using the effective interest method. Newly acquired inventory properties are generally financed by taking out new financial loans. The Group therefore has a good knowledge of the market situation.

The fair value of financial liabilities is derived from existing offers and new contracts for existing loans. Most of Noratis' financial liabilities are based on the three-month Euribor rate, which leads to an adjustment of the interest rates in the event of a positive value. As a result of the automatic adjustment of the interest rate parameters, the fair value of the financial liabilities approximates the amortised cost.

For the derivatives, the fair values were determined by the credit institutions using the indicative market interest rates prevailing on the reporting date, which corresponds to level II of the fair value hierarchy.

The fair value of the 2020 bond was determined using the Xetra closing price on 30 June 2023 or 30 December 2022 plus accrued interest and thus corresponds to Level I of the fair value category. The issue of the 2021 bond with a nominal value of EUR 10 million took place within the scope of a private placement. The fair value was therefore set at the amount of the nominal value plus accrued interest.

### 6.4. Financial risks

The Group is exposed to various risks through its business activities. These include, in particular, liquidity risks. The majority of property financing is concluded on the basis of the three-month Euribor. Medium- and longer-term commitments are partially hedged against change risks through separate cap agreements with credit institutions. As of the balance sheet date, the hedged amount was EUR 181 million.

Targeted financial risk management is designed to minimise the negative impact of these risks on the Group's net assets, financial position, results of operations and cash flows.

The three-month Euribor was around 2.3 percent in January 2023 and has increased to an average of 3.5 percent by June 2023. The Group expects the average three-month Euribor to be around 3.75 percent in Q3 2023 and around 4.0 percent for Q4. A slightly decreasing value is assumed in 2024. Based on the loan and bond volume as of 30 June 2023, this means an interest expense of around EUR 9 million for the Group for the second half of 2023, of which around EUR 2.5 million can be compensated for through interest rate hedging transactions. An increase to 4.0 percent and 4.25 percent in the third and fourth quarters of 2023 results in an additional interest expense of around EUR 0.3 million, of which around EUR 0.1 million can be compensated by the interest rate hedges.

Due to the decline in the remaining terms of the interest rate hedges, the Group continues to expect an expense of around EUR 2.5 million from the fair value measurement of the derivatives for the second half of 2023.

### 6.5. Segment reporting

Internal reporting to the Management Board of Noratis AG, which is the most senior management body within the meaning of IFRS (management approach), does not include any regional breakdown or segmentation. The Group operates only in Germany. There is therefore no geographical segmentation.

### 6.6. Other financial obligations

In the first half of 2023, the Group did not conclude any purchase agreements for inventory properties for which the transfer of risks and rewards of ownership will not take place until after 30 June 2023.

### 6.7. Relationships with related companies and persons

There have been no material changes in the related parties disclosed as of 31 December 2022.

Noratis AG

Eschborn, 29 September 2023

Igor Christian Bugarski
Chief Executive Officer

André Speth
Management Board member


REMSCHEID

# Financial Calendar / Imprint / Contact

| | |
|---|---|
| **04 - 06 October 2023** | **EXPO REAL in Munich** |
| **11 November 2023** | **Annual interest payment for 5.5% Bond 2020/2025** |
| **27 - 29 November 2023** | **Equity Forum in Frankfurt/Main** |
| **31 December 2023** | **End of the financial year 2023** |

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## Disclaimer

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