

GENOVA

Press release

Stockholm 27 October 2022

Genova Property Group Interim Report January–September 2022

January–September 2022 period

- Rental income amounted to SEK 286.0m (225.2), an increase of 27%.
- Net operating income amounted to SEK 206.1m (170.6), an increase of 21%.
- Income from property management increased 45% to SEK 95.6m (65.9), of which income from property management attributable to shareholders was SEK 55.1m (17.9), corresponding to SEK 1.31 (0.45) per share.
- Net income after tax amounted to SEK 415.7m (348.4), corresponding to SEK 8.01 (7.59) per share.
- Long-term net asset value attributable to shareholders increased 26% to SEK 3,703.0m (2,935.3), corresponding to SEK 88.21 (69.94) per share.

July–September 2022 quarter

- Rental income amounted to SEK 100.3m (83.4), an increase of 20%.
- Net operating income amounted to SEK 73.8m (66.4), an increase of 11%.
- Income from property management increased 26% to SEK 39.3m (31.1), of which income from property management attributable to shareholders was SEK 24.0m (19.1), corresponding to SEK 0.57 (0.48) per share.
- Net income after tax amounted to SEK 73.2m (84.6), corresponding to SEK 0.95 (1.83) per share.

Events during the third quarter

- Edvard Schéele announced that he will be stepping down as CFO to take up a position outside the company. Edvard will remain in office until the end of the year.
- The zoning plan for Viby, Genova's urban development project in central Brunna in Upplands-Bro Municipality, came into force. The total lettable area upon completion is estimated to be about 60,000 sqm. The project is jointly owned with property company K2A, which owns a 30% stake, and construction is planned to commence in the fourth quarter of 2022.
- 66 rental apartments were completed and occupied in the first stage of the Handelsmannen 1 project (Tryckeriet quarter) in Norrtälje.

Events after the end of the period

- Henrik Zetterström has been employed as new CFO and will take up his position on 1 January 2023.
- In October, the zoning plan for Genova's upcoming project in Ekeby, Uppsala, comprising residential units and a grocery store, was approved.

CEO'S STATEMENT

The social challenges created by inflation, interest rate hikes and geopolitical uncertainty are obvious to everyone. This situation calls for caution and Genova's focus on cash flow, healthy liquidity and to safeguard the balance sheet are key elements for navigating a turbulent business environment. At the same time, we delivered a quarter with continued growth in income from property management and net asset value. Genova's business model, which combines stable cash flows from investment properties with project development for long-term ownership, is also serving the company well in this market situation.

Stable financing

We are experiencing a well-functioning bank market while bond markets remain challenging and almost closed. This is creating challenges for the property sector in general, since the sector is financed to a large extent by bonds. Genova's financing mainly comprises bank loans from major Nordic banks (approximately 80%), while the remainder is bond financing, and predominantly green bonds. During the period, we worked proactively with our capital structure to secure Genova's long-term financing, and in the second quarter, we signed new financing agreements for approximately 3.2 billion for our existing investment property portfolio, and were granted additional construction credit of approximately SEK 400m for our project development. This means that we have refinanced a substantial share of our loan volume, with long maturities at favourable terms that reduce Genova's total borrowing costs, while also strengthening our liquidity. We strive for good foresight when it comes to maturity dates, and continuously evaluate our refinancing options 12–24 months before loans fall due.

Continued growth

Genova continued to grow profitably during the period due to acquisitions and completed projects, and posted increases in rental income as well as income from property management and net asset value per share. At the same time, the third quarter was marked by interest-rate hikes and surging energy prices. Most of Genova's rental agreements are inflation-adjusted using the Consumer Price Index at year-end, which offsets cost increases to some extent. During the quarter, we completed several lettings and we see continued favourable demand for Genova's premises. We maintain close dialogue with our tenants and the assessment is that rental increases are manageable. Our tenant mix, where community service properties, residential units and supermarkets account for approximately 60% of our rental income, provides good risk diversification, while the average rent in the investment property portfolio in total is relatively low, about SEK 1,450/sqm.

Ongoing and planned projects

Genova currently has four ongoing production projects, with the construction of approximately 800 rental apartments and premises in expansive parts of Uppsala and the Stockholm region for our own long-term ownership. All projects are progressing well, with occupancy planned for the current year and up to 2024. In the third quarter, we completed the first stage of our largest ongoing project, Handelsmannen 1, in Norrtälje, with the occupancy of 66 rental apartments in the Tryckeriet quarter, and in the coming quarter, we will occupy one retirement home, one preschool and additional rental apartments.

Next on our planning agenda is the Viby urban development project in Upplands-Bro, for which a new zoning plan came into force during the quarter. The Viby project is an example of Genova's long-term value creation, where we have worked methodically since the acquisition in 2014 to create the conditions for a completely new district comprising a mix of housing, services, schools and green areas with a total lettable area of approximately 60,000 sqm.

In the construction contract market, we see signs of a slowdown in prices. That creates conditions for reasonable construction costs in our future and planned projects. For the Viby project, construction is planned to commence in the fourth quarter of 2022, and we currently assess the conditions for both financing and contractor procurement as favourable.

I can once again confirm that Genova's business model and operations are stable and resilient, with a clear long-term approach and focus on cash flows. Our own building rights in attractive locations have low intrinsic value and considerable excess value that is not currently reflected on our balance sheet. We have full control over our building rights portfolio and also, therefore, the flexibility to adapt our project development to the prevailing market conditions and demand as we move forward. At the same time, our investment properties generate secure and healthy cash flows. That is more important than ever in the current market situation.

Michael Moschewitz, CEO

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About Genova

Genova Property Group AB (publ) is a modern property company with a personal touch that owns, manages and develops properties with focus on Greater Stockholm area and Uppsala Region. On 30 September 2022, the value of the company's property portfolio amounted to approximately SEK 9.0 billion with a lettable area of approximately 299,700 sqm and the company held approximately 7,000 building rights for residential units. Genova's share has been listed on Nasdaq Stockholm since June 2020.

This information is such information that Genova Property Group AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 27 October 2022 at 8.30 a.m. CEST.

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