

GENOVA

Press release

Stockholm 22 February 2023

Genova Property Group Year-end Report January–December 2022

Full-year January–December 2022

- Rental income amounted to SEK 394.7m (319.9), an increase of 23%.
- Net operating income amounted to SEK 277.8m (235.3), an increase of 18%.
- Income from property management increased 22% to SEK 120.8m (99.2), of which income from property management attributable to shareholders was SEK 64.3m (39.2), corresponding to SEK 1.53 (0.98) per share.
- Net income after tax amounted to SEK 255.9m (611.0), corresponding to SEK 3.98 (13.66) per share.
- Long-term net asset value attributable to shareholders increased 9% to SEK 3,584.1m (3,274.7), corresponding to SEK 85.38 (78.01) per share.
- The Board proposes a resolution to the AGM that no dividend be paid for the 2022 financial year.

October–December 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 fourth quarter

- Henrik Zetterström was employed as new CFO and took up his position on 1 January 2023.
- The construction of Viby, Genova's urban development project in Upplands-Bro, commenced. The total lettable area upon completion is estimated to be about 70,000 sqm. The project is jointly owned with property company K2A (30%).
- In October, the zoning plan for Genova's upcoming project in Ekeby, Uppsala, comprising residential units and a grocery store, was approved.
- In November, an agreement was signed to acquire an additional 1% of the shares in Järngrinden for SEK 13m. Järngrinden was thereby consolidated as a subsidiary of the Genova Group as of the accession date of 31 December 2022. Genova already owns 50% of the shares in Järngrinden and has call options to acquire the remaining shares.
- Genova strengthened its financial stability with a new revolving credit facility of SEK 300m. The facility is secured and intended to be used for general business purposes, and enable the redemption of existing uncovered bonds.

Events after the end of the year

- In January, Genova completed a directed issue of approximately 3.6 million new ordinary shares at a subscription price of SEK 55 per ordinary share, and raised proceeds of approximately SEK 200m before deductions for share issue costs. Investors in the new share issue comprised a number of institutional investors. The new share issue strengthened Genova's financial position and the capacity to act on value-creating opportunities that are expected to arise due to the ongoing changes in the property market.
- In January, one of Järngrinden's rental unit projects outside Borås was exited. The project comprised 92 newly developed rental units. The exit had a positive impact on Genova's financial key metrics and an earnings effect of approximately SEK 30m.

- In January, Genova entered into a five-year interest-rate swap totalling SEK 800m, bringing the total derivatives portfolio to just over 35% of total outstanding debt attributable to banks.
- At the beginning of the year, Genova initiated a process for a possible divestment of the company's assets in Palma in Spain – one completed hotel, and one hotel scheduled for completion in May 2023. The properties do not hold any long-term strategic value for Genova, and with low indebtedness, a divestment would free-up considerable liquidity.
- On 21 February 2023, the Board decided to update the company's operational targets for ongoing construction, and the percentage of rental income from residential and community service properties.

CEO'S STATEMENT

In many ways, 2022 was a year of upheaval. While the pandemic subsided, war, rising interest rates, energy prices and inflation created uncertainty. Genova's stable financial performance with positive growth and improved earnings capacity in such an environment is a sign of strength. At the same time, we took important steps to secure our long-term financing and liquidity alongside of a heightened focus on sustainability. The Järngrinden property company was consolidated as a subsidiary of the Group, which demonstrates values and strengthens our balance sheet.

Genova continued to grow profitably during the year with completed projects and several strategic acquisitions that are contributing stable cash flows. Rental income increased 23% and we noted positive growth in income from property management per share of 17%, while net asset value per share increased 9%. If we look at the development since 2019, both income from property management per share and net asset value per share have increased by an average of 38 percent per year.

Most of our rental agreements are linked to the Consumer Price Index, which strengthens Genova's earnings and offsets rising interest rates and higher energy prices. As a result, annual rental income increased by approximately SEK 35m from January 2023. We have noted that our tenants are generally able to cope with higher rents and we see continued demand for Genova's premises. The relatively low average rent in our investment property portfolio, approximately SEK 1,500/sqm, is a contributing factor, as is our tenant mix. Community service properties, residential units and supermarkets account for about 60% of our rental income, which generally provides good risk diversification.

Järngrinden incorporated into the Genova Group

In December 2022, the Järngrinden property company was consolidated as a subsidiary of the Genova Group following our acquisition of an additional 1% of the shares in the company. Genova already owned half of the shares in Järngrinden, and I am happy that we took the next step in our partnership through this acquisition. Järngrinden's operations are stable and growing, with investment properties and profitable project development in western Sweden, which is well in line with Genova's strategy. The consolidation means that investment and project properties increase by just over SEK 1 billion, with a future earnings impact of SEK 60m in increased annual rental value. It therefore demonstrates values and strengthens Genova's balance sheet. Our long-term plan is to exercise our option to acquire the remaining shares in Järngrinden.

Organic growth

We continued to grow organically through our project development, with occupancy of a retirement home and rental apartments in the first stage of the Handelsmannen project in Norrtälje. Our other ongoing projects are proceeding as planned, with an approximate total of 1,000 residential units in Norrtälje, Enköping, Knivsta and Upplands-Bro and completion scheduled for 2023–2026. The first stages of our urban development project in Viby in Upplands-Bro commenced following the enactment of a new zoning plan during the year. This a fantastic and important step forward for Genova. We see continued demand for new rental apartments in our core markets of Greater Stockholm and the Uppsala Region, as well as our new West region.

Focus on financing

Long-term stable financing is central for Genova and acquired an even greater focus in the year's capital market uncertainty. We worked to secure financing for the coming years through refinancing and by extending loans. A directed issue in early 2023 further strengthened Genova's financial position and created the capacity to act on business opportunities that we believe may arise due to the ongoing changes in the property market. At the same time, reputable investors were added to the company's ownership structure, who believe in, and want to invest long-term, in Genova. At the beginning of the year, we also initiated a process for a possible divestment of our assets in Palma in Spain – one completed hotel, and one hotel scheduled for completion in May 2023. These properties do not hold any long-term strategic value for Genova, and with low indebtedness, a divestment would free-up considerable liquidity.

Genova is a company with a long-term ownership perspective that strives to be well-equipped for handling all types of markets, and we are looking forward to an active 2023. With stable cash flows from our investment property portfolio, we have the capacity to handle higher borrowing costs. At the same time, the building rights that we have created with low intrinsic value and excess value provide the flexibility to step up or step down our project development, depending on the market conditions.

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 31 December 2022, the value of the company's property portfolio amounted to approximately SEK 10.3 billion with a lettable area of approximately 368,000 sqm and the company held approximately 9,300 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 22 February 2023 at 8.30 a.m. CET.

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