

Press release

Stockholm 3 May 2023

## Genova Property Group Interim Report January–March 2023

### January–March 2023 period

- Rental income amounted to SEK 128.9m (93.6), an increase of 38%.
- Net operating income amounted to SEK 90.9m (63.5), an increase of 43%.
- Income from property management decreased 64% to SEK 11.3m (30.9), of which income from property management attributable to shareholders was SEK -7.4m (19.2), corresponding to SEK -0.16 (0.46) per share. The decline was due mainly to negative changes in the values of properties in joint ventures of approximately SEK 19m and higher interest expense.
- Net income after tax amounted to SEK -40.2m (167.0), corresponding to SEK -1.85 (3.19) per share.
- Long-term net asset value attributable to shareholders increased 7% to SEK 3,685.1m (3,439.5), corresponding to SEK 80.79 (81.94) per share.

### Significant events during and after the end of the period

#### First quarter

- 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.
- In January, one of Järngrinden's rental unit projects outside Borås was exited. 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.
- At the beginning of the period, Genova initiated a process for a possible divestment of the company's assets in Palma in Spain.
- 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.

#### Events after the end of the period

- After the end of the period, 66 residential units in the Tryckeriet project in Norrtälje were completed for a rental value of approximately SEK 6.0m.

### CEO'S STATEMENT

Continuing uncertainty in the world is impacting the property market, presenting challenges in the form of high inflation and rising interest rates. During the first quarter of the year, Genova had a clear focus on liquidity and financing so as to reduce indebtedness. Property management operations performed stably and our ongoing projects are progressing well with occupancies scheduled for later this year. We are confident about our business model and, as always, we remain proactive in addressing and managing changes in the market.

Genova continued to grow in the first quarter of the year, reporting a 38% increase in rental income, part of which derives from the subsidiary Järngrinden that was incorporated in the Genova Group in December 2022. Net operating income rose 43%. Income from property management was impacted by rising interest expense, and above all negative changes in value of approximately SEK 19m in associated companies, falling to SEK 11.3m compared with SEK 30.9m in the same period in 2022. Long-term net asset value per share also declined. Looking back at our

performance since 2019, both income from property management per share and net asset value per share have increased an average of 38% per year.

Most of our rental agreements are adjusted for inflation according to the consumer price index, which means that annual rental income increases by about SEK 35m from January 2023. Our tenants generally handled rent increases well in the first quarter. We believe that the relatively low average rent in our investment property portfolio, approximately SEK 1,500 per sqm, is an important reason for this. We also have a mix of tenants that favourably diversifies risk. Community service properties, residential units and supermarkets account for about 60% of our rental income. It is more important than ever before that Genova works very closely with its tenants in its property management.

### **Ongoing projects**

Genova will continue to grow organically in 2023 by completing a number of projects. The ongoing projects in Norrtälje, Enköping, Upplands-Bro and Knivsta, totalling about 1,000 residential units in various stages of completion, are proceeding as planned. The Segerdal project in central Knivsta will be gradually completed in 2023 with occupancy scheduled from April, and occupancy of an additional 66 residential units in Norrtälje will take place in the first half of the year. We can see indications of a more cautious rental market, especially in the commercial sector, but we are continuing to note healthy demand for our new rental apartments.

### **Financing**

The balance sheet and financing situation are crucial in the current market climate. A clear focal point for Genova is to ensure a high level of liquidity and we are working actively to reduce indebtedness in 2023. During the quarter, we carried out a directed issue to a number of reputable investors who believe in, and want to invest long-term, in Genova, and we thereby strengthened our financial position.

Another measure we are taking is to repay our outstanding bond loan of SEK 525m that falls due in September 2023 using existing liquidity, and we made repurchases for about SEK 30m under the bond that matures in 2024. We will continue to work proactively by repurchasing bonds if possible in order to reduce our indebtedness. The process of evaluating a sale of our assets in Palma in Spain, in order to free up significant liquidity, is proceeding.

Despite an uncertain market with difficult conditions for the property sector, I can conclude that Genova's operations are essentially continuing to perform well in both property management and project development. As always, we are following a long-term approach and are continuing to act to ensure the stability of Genova, regardless of 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 March 2023, the value of the company's property portfolio amounted to approximately SEK 10.2 billion with a lettable area of approximately 369,000 sqm and the company held approximately 9,200 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 3 May 2023 at 8.30 a.m. CEST.

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