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Genova Property Group Year-end Report January–December 2023

Full-year January–December 2023

- Rental income amounted to SEK 503.0m (394.7), an increase of 27%.
- Net operating income amounted to SEK 367.6m (277.8), an increase of 32%.
- Income from property management decreased 50% to SEK 60.6m (120.8), of which income from property management attributable to shareholders was SEK -22.3m (64.3), corresponding to SEK -0.49 (1.53) per share. Excluding value changes in joint ventures and associated companies, income from property management amounted to SEK 88m (97).
- Net income for the year amounted to SEK -416.0m (255.9), corresponding to SEK -11.73 (3.98) per share. The decline was mainly due to negative changes in the values of properties of SEK -530.3m and higher interest expense.
- Long-term net asset value attributable to shareholders decreased 10% to SEK 3,219.8m (3,584.1), corresponding to SEK 70.59 (85.38) per share.
- The Board proposes a resolution to the AGM that no dividend be paid for the 2023 financial year.

October–December 2023 quarter

- Rental income amounted to SEK 125.9m (108.7), an increase of 16%.
- Net operating income amounted to SEK 86.9m (71.7), an increase of 21%.
- Income from property management decreased 28% to SEK 18.1m (25.2), of which income from property management attributable to shareholders was SEK -3.9m (9.2), corresponding to SEK -0.08 (0.22) per share. Excluding value changes in joint ventures and associated companies, income from property management amounted to SEK 23m (26).
- Net income for the quarter amounted to SEK -214.8m (-159.8), corresponding to SEK -5.31 (-4.03) per share.

Significant events during and after the end of the quarter

Fourth quarter October–December 2023

- In October, one property in Uppsala was divested at an underlying property value of SEK 50m, which is in line with book value.
- In October, the divestment of two fully let hotel properties in Palma was completed. The properties were divested for approximately EUR 35m, corresponding to approximately SEK 400m. The divestment provided Genova with considerable liquidity and strengthened the balance sheet.
- In October, the company's outstanding bond loan 2019/2023 with a final maturity date of 30 September 2023 was fully redeemed.
- In November, senior unsecured green bonds of SEK 500m were issued. The bonds carry a floating interest rate of 3m Stibor + 595 basis points and mature in November 2026.
- In November, the company's outstanding bonds 2020/2024 were redeemed before their maturity date. The total bond debt decreased from approximately SEK 1,300m to SEK 500m, with a positive impact on net financial items and earnings.
- In the fourth quarter, bank loans of approximately SEK 450m were refinanced with an average fixed-rate period of 1.8 years.
- Interest-rate swaps of SEK 850m with an average fixed rate of approximately 2.50% and a term of 3.6 years were entered into during the quarter.

Events after the end of the year

- After the end of the period, Genova entered into an additional interest-rate swap of SEK 500m with a fixed rate of 2.58% that expires in January 2030.

CEO'S STATEMENT

2023 was a challenging year that Genova managed in a good way with strong operational efforts in both our property management and project development. During the year, we maintained a clear focus on ensuring healthy liquidity, managing bond maturities and reducing our financial expenses. There is reason to feel cautiously optimistic about the outlook for 2024. In the coming year, Genova will complete about 400 environmentally certified rental apartments for own management with annual rent of approximately SEK 46m, while both the policy rate and inflation have probably peaked.

For the full-year, rental income increased 27% and net operating income 32%, mainly due to a larger investment property portfolio and completed projects. Income from property management decreased to SEK 61m, burdened by negative value changes in associated companies and higher interest expense. Excluding value changes in joint ventures and associated companies, income from property management amounted to SEK 88m compared to SEK 97m the previous year. We recognised negative value changes of SEK -530m from the investment properties, primarily attributable to increased yield requirements. Net asset value per share decreased 10% to SEK 70.59 per share.

Financing

In 2023, we completed several measures to reduce indebtedness, lower our borrowing costs and strengthen liquidity. During the year, we raised new equity of approximately SEK 200m and completed property sales for approximately SEK 550m, which freed up about SEK 450m in liquidity. After the redemption of bonds during the year, the next bond maturity dates are not until November 2026. The total bond debt decreased from approximately SEK 1,300m to SEK 500m, with a positive impact on net financial items and the loan-to-value ratio is 52%. In the past, Genova has focused on short-term fixed rates. During the year, we worked actively to create more predictable cash flows by hedging interest rate risk with derivatives, which will have a positive impact in the prevailing interest rate environment. In 2023, we hedged nearly SEK 2,150m at an average interest of approximately 2.5% with a remaining term of about four years.

Management

The investment property portfolio performed well during the year with a number of favourable new lettings and a continued high occupancy rate. The indexation of rents from January 2024 will strengthen our earnings by nearly SEK 30m. In the coming year, it will be important to monitor the portfolio and tenants in view of the challenging economic conditions. Genova has a stable property portfolio with a focus on Greater Stockholm and the Uppsala Region, where more than 60% of our income comes from community service properties, residential units and supermarkets, with average rent of about SEK 1,500 per sqm.

Investments

During the year, we continued to invest in sustainable new construction to drive profitable future growth. In 2024, we will complete nearly 400 rental apartments for own long-term management with annual rent of approximately SEK 46m, all with planned Nordic Swan Ecolabel environmental certification. In Viby in Upplands-Bro, we will be pursuing a large urban development project in 2024 and onwards. After the end of the year, the zoning plan for nearly 90 apartments in the Ekeby project in Uppsala came into force. We will continue to prioritise work on zoning plans in our building rights portfolio, which will create considerable value for Genova, and that we intend to realise through either our own project development or by divesting building rights.

Our Järngrinden subsidiary performed well during the year, which made a positive contribution to Genova's earnings. A number of residential projects were completed and exited while the construction of Apotea's new central warehouse in Varberg commenced, a

building that will be equipped with a solar PV system and hold SGBC, Silver environmental certification.

Looking forward

We are continuing to operate in an uncertain macro-environment, but an expected reduction of the policy rate in the coming year will create conditions for an upturn in Genova's income from property management. We will continue to invest in profitable project development based on our building rights with low intrinsic value, and in locations with strong demand. When the interest in residential construction picks up again, we also see opportunities to divest building rights in order to strengthen liquidity. Overall, Genova's position is stable as we enter 2024, with the ability to act on value-creating opportunities that arise.

Finally, I would like to thank all of our employees for their great commitment and dedication during the year, as well as our shareholders who believe in, and are enabling, Genova's continued development.

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 2023, the value of the company's property portfolio amounted to approximately SEK 9.9 billion with a lettable area of approximately 360,000 sqm and the company held approximately 8,800 building rights for residential units. Genova's share has been listed on Nasdaq Stockholm since 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 21 February 2024 at 8.00 a.m. CET.

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