

GENOVA

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Press release

Stockholm 28 September 2021

Genova makes a strategic company acquisition in Western Sweden – acquires 50 percent of Järngrinden and intends to finance the acquisition partly by a directed share issue of ordinary shares

- Genova Property Group AB (publ) ("**Genova**") acquires 50 percent of the shares in the property management and development company Järngrinden AB ("**Järngrinden**") for 562.5 MSEK, of which 275 MSEK will be paid through a capital injection in the form of a new share issue in Järngrinden and 287.5 MSEK in the form of a direct acquisition from the current principal shareholders of Järngrinden, including two options to acquire an additional 50 percent of the shares within five to seven years respectively (the "**Acquisition**").
- Järngrinden will use the capital injection to increase the pace of property development as well as acquisition of new investment properties.
- The property value in Järngrinden amounts to around 500 MSEK. The properties are primarily located in Western Sweden, including the Gothenburg region, and the property development portfolio includes almost 100,000 square meters of living space distributed on almost 1,700 rental apartments and residential condominiums.
- Through the acquisition, Genova is establishing itself as a relevant player in Western Sweden, including the Gothenburg region, and acquires a well-functioning platform with good prospects of future growth in Western Sweden.
- Genova intends to carry out the Acquisition through a combination of available funds and a directed share issue of around 2.25 million ordinary shares.
- Genova hereby announces its intention to, with deviation from the shareholder's preferential rights, carry out a new share issue directed to Swedish and international institutional investors through an accelerated book-building procedure, which is to commence immediately, and have for this reason engaged Carnegie Investment Bank AB (publ) ("**Carnegie**") and Swedbank AB (publ) ("**Swedbank**") to investigate the possibility to carry out the directed new share issue.

Background to the Acquisition

Genova has during the last ten years evolved to become a listed investment property and property development company with a focus on community service properties and residential units mainly in the Greater Stockholm area and Uppsala Region, with the business model to combine stable cash flow from the commercial property portfolio with value creating property development of mainly community service properties and residential units for the Company's own long term property management.

As Genova has grown, it has complemented its portfolio with properties on its main markets with investment properties and building rights in other growing cities in Sweden, such as Lund and Borås where Genova in 2016 created a joint venture with Järngrinden in conjunction with the acquisition of the property Gulmäran 7.

Through the Acquisition of 50 percent of Järngrinden, Genova acquires an experienced organisation, with a cash flow generating property portfolio as well as an investment property portfolio in Western Sweden, including the Gothenburg region², which is very well suited for the Company and contributes to the fulfilment of the operative and financial targets of Genova. In addition, Genova acquires an attractive platform which creates possibilities for future growth and increased presence in Western Sweden.

With Genova's capital injection of 275 MSEK to Järngrinden, in combination with Järngrinden's experienced organisation and knowledge of the market, the opportunity is created to scale up the ambitions and pace of property development. Hereby, the opportunity is created to increase mainly the proportion of rental housing which are developed for the Company's own long term management.

Michael Moschewitz, CEO at Genova

"Through the acquisition, Genova makes a strategic establishment in Western Sweden which complement our main markets in the Greater Stockholm area and Uppsala Region. I and Genova's founders know Patrik Ivarson and Järngrinden since a long time and we share common values and future ambitions. The acquisition also creates a platform for growth in western Sweden and opportunities for Järngrinden to increase its growth rate."

Patrik Ivarson, CEO at Järngrinden

"We have had good cooperation with Genova and the people there since many years and it feels both exciting and secure to, together with them, increase the pace and the scale of the business. It is with great energy that I will continue to contribute to the continued development of Järngrinden now when we are entering an expansive phase."

Järngrinden in short

Järngrinden is an investment property and property development company which focuses on development of both residential condominiums and rental apartments as well as property management. The company works with property development throughout the chain, from the purchase of the land, through the zoning plan process to the construction and, when applicable, the divestment. The company is active in Western Sweden with its seat in Borås. Järngrinden has a total of 14 employees, of which 9 are active in the property development.

The founders of Järngrinden have since the establishment of the company in 1981 conducted business within construction and investment properties. In 2004, the company established a property development business in Western Sweden. In 2013, the construction business was sold to what is now the listed company Wästbygg. In the property development business, Järngrinden is mainly active in Gothenburg, Borås, Kungsbacka, Varberg, Halmstad, Helsingborg and Malmö with surroundings.

Järngrinden has during the years completed approximately 2,000 residential units, of which 1,400 are residential condominiums and 600 are rental apartments. Through the capital injection it is deemed that the number of residential units in current ongoing production may be significantly increased from today's around 400 residential units. The property development portfolio consists of almost 100,000 sqm of living space distributed on almost 1,700 residential units, of which 55 percent are residential condominiums and 45 percent are rental apartments, where a considerable amount already have adopted zoning plans. Estimated investment volume in the property development portfolio is around SEK 3.9 billion with an estimated value of around SEK 4.7 billion when completed.

The value of Järngrinden's shares in the wholly and partly owned real estate portfolio is around 500 MSEK, of which the biggest portion consists of commercial properties in Borås with accompanying land. The rental value on a yearly basis amounted to 31 MSEK and the operating surplus amounted to 22 MSEK.

The seller's advisor in the transaction has been Catella Corporate Finance.

The Acquisition in short

Genova acquires 50 percent of the shares in Järngrinden for a cash consideration of 562.5 MSEK, of which 275 MSEK derives from new share issues in Järngrinden in a new share issue to Genova and 287.5 MSEK in the form of a direct acquisition from the current principal shareholders of Järngrinden. Closing of the acquisition of the new shares is planned to take place on 28 October 2021 and no material conditions for closing exists.

In addition to acquiring 50 percent of the shares in Järngrinden, Genova receives a call option to acquire an additional 50 percent of the shares in Järngrinden from the seller. The option is divided so that Genova can acquire 50 percent of the seller's shares (*i.e.*, 25 percent of the shares in Järngrinden) during September 2026 and the remaining 50 percent of the seller's shares during September 2028. If Genova does not exercise the first call-option it will have the possibility to acquire 100 percent of the seller's shares (*i.e.*, the remaining 50 percent of the shares in Järngrinden) during September 2028. If Genova does not exercise the call options in accordance with the above, the seller will have the right to, during October 2028, in written form, demand that Genova acquires 50 percent of the seller's shares (*i.e.*, 25 percent of the shares in Järngrinden). If the call and put options above do not result in Genova's acquisition of all shares in Järngrinden, both Genova and the seller have the right to, during September 2031, demand that Genova acquires all the seller's shares in Järngrinden (*i.e.*, a mutual option).

The price for the shares that Genova acquires under the options (regardless who exercise the options), shall be calculated on the same principle as the initial 50 percent and be decided based on a company value calculated based on Järngrinden's consolidated equity for the applicable financial year (2026, 2028 and/or 2031), multiplied by 1.65 but adjusted for the capital injections Genova has done to Järngrinden, which shall be valued at the cash injection actually made (*i.e.*, multiplied by 1.0).

The ownership of Järngrinden will, from the fourth quarter 2021, be presented in the consolidated balance statement of the group as an associated company, entailing that 562.5 MSEK will be presented in the consolidated balance statement. Based on Järngrinden's financial results 12 months from the last day in June 2021, the Acquisition is expected to have a positive effect on Genova's results of around 35 MSEK on a yearly basis notwithstanding of the effects on the result from the capital injection of 275 MSEK to Järngrinden due to the Acquisition.

Carnegie and Swedbank have been assigned to investigate the possibilities to carry out a directed new share issue

Genova intends to finance the Acquisition partly by a directed share issue of around 2.25 million ordinary shares, and partly by utilising existing funds.

The board of directors in Genova have, based on the authorisation from the annual general meeting held on 7 May 2021, engaged Carnegie and Swedbank to investigate the possibilities to carry out a directed share issue of around 2,25 million ordinary shares through an accelerated book-building process.

The subscription price of the directed new share issue will be decided by the accelerated book building procedure, which will be initiated immediately after the publication of this press release. The new share issue is conditional upon a resolution from the board of directors, which, together with pricing and allocation, is expected to take place before the trading on Nasdaq Stockholm is initiated on 29 September 2021. Genova will publish the results of the directed new share issue when the book building procedure has been carried out, and no later than when trading is initiated on Nasdaq Stockholm on 29 September 2021. The board of directors for Genova can, at any time,

end, shorten or extend the book building procedure and refrain from, wholly or partly, carrying out the directed new share issue.

The reasons for deviation from the shareholder's preferential rights by carrying out a directed new share issue is that it is a pre-condition in order to be able to carry out the Acquisition of Järngrinden, that Genova procures necessary capital for part of the-financing of the Acquisition within a short timeframe, which is made possible by the faster and more cost efficient capital raising enabled by a directed new share issue. In addition, the board of directors consider it to be positive that the institutional ownership base is increased, which is also deemed to be positive for the liquidity in the share. The board of directors' overall assessment is thus that the reasons for carrying out the new share issue with deviation from the shareholder's preferential rights overweighs the principal rule that new share issues shall be carried out with preferential rights for existing shareholders and that a new issue with deviation from the shareholder's preferential rights is therefore in the interest of Genova and all its shareholders.

In connection with the directed new share issue, Genova has entered a lock-up agreement with the investment banks which entails that Genova cannot, with a few exceptions, carry out a directed new share issue during a period of 180 calendar days, calculated from 28 September 2021.

For further information, please contact:

CEO, Michael Moschewitz, mobile +46 (0)70-713 69 39, michael.moschewitz@genova.se

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 June 2021, the value of the company's property portfolio amounted to approximately SEK 7.1 billion with a lettable area of approximately 243,000 sqm and the company held 6,782 building rights for residential units. Genova's ordinary shares have 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 28 September 2021 at 17.40 CEST.

Genova – Smålandsgatan 12 – SE-111 46 Stockholm – www.genova.se

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an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the new share issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Genova.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Genova and to resolve on suitable distribution channels.